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THE INFLUENCE OF SHARIA ECONOMIC SHADOW AND INFORMATION INEQUALITY ON PROFIT-SHARING MSME FINANCING DECISIONS

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Abstract

This study aims to analyze the influence of the Islamic shadow economy and information asymmetry on the profit-sharing financing decisions of micro and small enterprises (MSMEs). The method used is multiple regression analysis based on data collected from respondents involved in MSME financing. The results show that simultaneously, the variables of the Islamic shadow economy and information asymmetry have a significant influence on MSME financing decisions, with a significance value of 0.002. However, partially, only information asymmetry has a significant effect, while the Islamic shadow economy does not show a significant influence. The coefficient of determination (R^2) of 14.9% indicates that other factors outside the model also affect MSME financing decisions. This research provides insight into the importance of accurate information management in MSME financing and highlights that the Islamic shadow economy does not have a direct significant influence in this context.

Keywords: ***Islamic Shadow Economy, Information Asymmetry, MSME Financing, Profit Sharing,***

INTRODUCTION

Sharia shadow economy. The shadow economy refers to economic activities that are not officially recorded but are not always illegal, and in the context of Islam, are still carried out while maintaining the principles of halal and justice. This phenomenon poses its dilemma for Islamic financial institutions because even though these businesses run by Islamic values, they do not have adequate administrative completeness and legality to be formally assessed as potential recipients of financing. On the other hand, information asymmetry between MSME actors and financial institutions is a structural obstacle in the financing process. In the mechanism of profit-sharing contracts such as mudharabah and musyarakah, trust and information disclosure are the main requirements so that the partnership scheme can run fairly. But in reality, MSME actors often have limitations in understanding the Sharia financing system, ranging from basic principles to administrative obligations. On the other hand, financial institutions often have difficulties in accessing valid information about the performance and feasibility of micro businesses that run outside the formal system. This inequality raises the risk of moral hazard, adverse selection, and failure of sharia contracts, ideally.

In the context of Islamic economics, it is important to review conventional assumptions about the legality of business and the feasibility of financing. Islam does not necessarily exclude informal business actors if their business is run with halal, fair, and non-detrimental principles. Therefore, a new approach is needed in understanding the relationship between the existence of the sharia shadow economy and the pattern of financing decision-making by MSMEs, especially in choosing or rejecting profit-sharing schemes. On the other hand, an approach based on Islamic literacy and information education needs to be strengthened so that information inequality can be minimized, so that a more equal and sustainable partnership relationship is created between Islamic financial institutions and the small business sector. This phenomenon is becoming increasingly relevant in the post-pandemic economic landscape, where many MSMEs survive by relying on community networks, social capital, and trust-based business practices. Although not integrated with the formal financial system, many of them still maintain Islamic business ethics. However, this low integration creates a significant gap in access to Sharia financing instruments that are more in line

with the spirit of partnership, compared to conventional interest-based financing. Therefore, it is important to study the influence of the existence of the sharia shadow economy and information inequality on profit-sharing-based financing decisions. This study aims to empirically analyze how the two independent variables affect the decision of MSME actors in accepting or rejecting Sharia financing schemes. By using a quantitative approach, this study is expected to make a theoretical and practical contribution in expanding the understanding of Islamic economics, especially in the issue of Islamic financial inclusion for informal micro business actors. In addition, the results of this study are expected to be the basis for formulation of a new strategy for Islamic financial institutions in reaching the potential but so far less touched shadow economy sector.

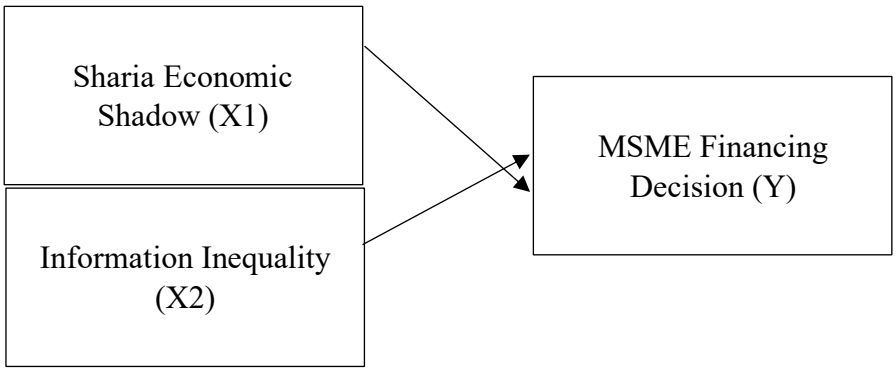
RESEARCH METHOD

This study uses a quantitative approach to analyze the influence of the sharia shadow economy and information inequality on profit-sharing-based MSME financing decisions. Primary data was obtained through the distribution of questionnaires to 70 MSME actors who run businesses with sharia principles. The sampling technique used is purposive sampling, with the respondent criteria being MSME actors who have not been fully integrated into the formal financial system but understand Islamic economic values. The questionnaire instrument was prepared based on indicators from each research variable, namely the sharia shadow economy (X1), information inequality (X2), and profit-sharing-based financing decisions (Y), all of which were measured using a Likert scale of 1–5. Data processing is carried out using SPSS software version 25. Before regression analysis is carried out, the data is first tested through classical assumption tests, which include normality, multicollinearity, and heteroscedasticity tests, to ensure the feasibility of the regression model used. The results of the analysis are expected to provide an empirical picture of the factors influencing sharia-based MSME financing decisions, as well as contribute to the development of Islamic financial inclusion strategies that touch the informal sector more fairly and effectively. (Sugiyono, 2025).

$=\alpha+\beta1x1+\beta2x2+e$

$\beta1, \beta2, \beta3$ = Regression Coefficient X1,X2. Y = Profit Sharing Financing
A = Constant
X1 = Shadow of Sharia Economy X2 = Information Inequality
ε = Eror

1. If the value of Asymp. Sig. (2-tailed) is less than 5% or 0.05, then H0 is rejected and Ha is accepted, which means that residual data occurs systematically.
2. If the value of Asymp. If the sig. (2-tailed) is more than 5% or 0.05, then H0 is accepted and Ha is rejected, which means the residual data occurs randomly.



RESULTS AND DISCUSSION

Results and Discussion Validity Test

A. Validity Test

Tests that show the extent to which the instrument can be considered valid or by the purpose of measurement (Arikunto, 2014:47). An instrument is said to be valid if it can measure the variables in question correctly. To test the validity of the instrument, a correlation is made between the answer score of each item and the total score of the instrument. If the correlation coefficient exceeds the critical value at a significance level of 5%, then the instrument is considered valid.

Variabel	Indicator	R count	R table	Information
Shadow Economy Shariah X1	X1.1	0,802	0.1946	Valid
	X1.2	0,784	0.1946	Valid
	X1.3	0,796	0.1946	Valid
	X1.4	0,743	0.1946	Valid
	X1.5	0,830	0.1946	Valid
Information Inequality X2	X2.1	0,895	0.1946	Valid
	X2.2	0,890	0.1946	Valid
	X2.3	0,912	0.1946	Valid
	X2.4	0,840	0.1946	Valid
	X2.5	0,442	0.1946	Valid
Financing for Y1 Result	Y.1	0,793	0.1946	Valid
	Y.2	0,879	0.1946	Valid
	Y.3	0,897	0.1946	Valid
	Y.4	0,913	0.1946	Valid
	Y.5	0,897	0.1946	Valid

The results of the validity test showed that all items in the three variables (X1: Sharia Shadow Economy, X2: Information Inequality, and Y: Financing Decisions) had a significant Pearson correlation value at the level of 0.01. where all items have a significant correlation to their total score. Therefore, all questionnaire items are declared valid.

B. Reliability Test

The reliability test checks the consistency of the measurement results when repeated. Reliability is required so that the instrument can produce stable and reliable data. An instrument is considered reliable if Cronbach's Alpha value is above the minimum standard, usually 0.6

Variabel	Cronbach's Values Alpha	R Table	Information
Shadow Sharia Economy	0,804	0,6	Reliabel
Information Inequality	0,809	0,6	Reliabel
Revenue Sharing Financing	0,821	0,6	Reliabel

The reliability test is used to measure the internal consistency of the questionnaire instrument. Cronbach's Alpha value for the variable X1 is 0.804, for X2 it is 0.809, and for Y it is 0.821. All three values are above the

minimum threshold of 0.7 set by Nunnally as a good reliability standard. This means that each item in each variable has a high consistency and is worth using in further analysis.

C. Normality Test

The normality test evaluates whether the residual data is normally distributed. Residual normality is important because many classical regression analyses rely on this assumption. The data is considered normal if the test results show a significance value greater than 0.05

N		70
Normal Parametersa.b	Mean	,0000000
	Std, Deviation	3,68068934
	Absolute	,085
	Positive	,043
	Negative	-,085
Test Statistic		,085
Asymp.Sig. (2-Tailed)		,200

The result shows an Asymp value. Sig. is 0.200 (> 0.05), which indicates that residual data is normally distributed. This residual normal distribution is an important condition in classical linear regression analysis, so that the regression results obtained can be interpreted legitimately.

D. Multicollinearity Test

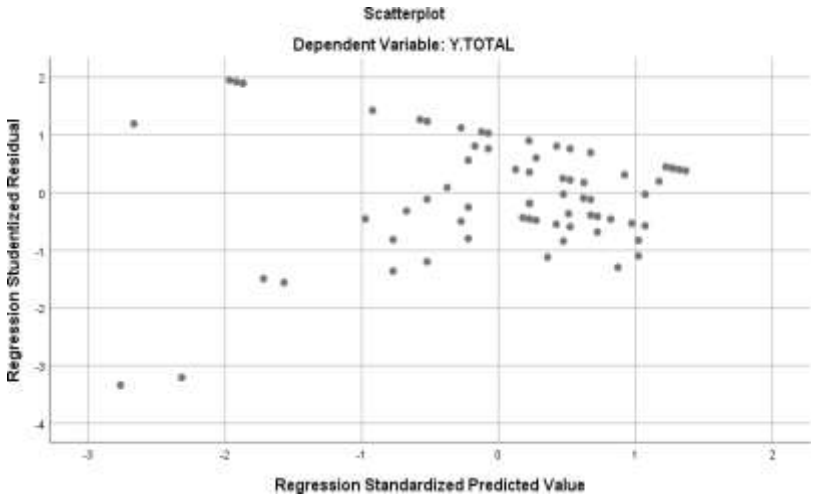
The multicollinearity test checks for the presence of too strong relationships between independent variables. Multicollinearity should be avoided as it can interfere with the accuracy of regression coefficient estimation. There is no multicollinearity if the Variance Inflation Factor (VIF) value is below 10 and the tolerance is above 0.1.

Model	Collinearity Statistics	
	Tolerance	BRIGHT
(Constant)		
Shadow Sharia Economy	0,996	1.004
Information Inequality	0,996	1.004

The test results showed a Tolerance value of 0.996 and a Variance Inflation Factor (VIF) value of 1.004 for both independent variables (X1 and X2). Because the value of VIF < 10 and the Tolerance value > 0.1, then it can be concluded that there is no multicollinearity in this regression model.

E. Heteroscedasticity Test

The heteroscedasticity test looks at whether the residual variance remains the same across the prediction level. Heteroscedasticity should be avoided because it makes the model biased and inefficient. If the residual graph does not form a specific pattern or the results of statistical tests show significance greater than 0.05, then heteroscedasticity does not occur.



the residual of other observations, especially in the data of time series data. Autocorrelation needs to be avoided as it can lead to errors in testing the significance of the model.

F. Correlation Test

The autocorrelation test checks whether the residual of one observation correlates with the residual of other observations, especially in the data of time series data. Autocorrelation needs to be avoided as it can lead to errors in testing the significance of the model.

	Unstandardized Residual
Test Valuea	-,23914
Cases<Test Value	35
Cases>=Test Value	35
Total Cases	70
Number Of Runs	41
With	1,204
Asymp.Sig. (2Tailed)	,229

G. Test F

The F test is used to find out whether all independent variables together affect the dependent variables. This test is important to assess eligibility regression model as a whole. The model is considered significant if the significance value of the F test is less than 0.05.

Model		Sum Of Square	df	Mean Square	F	Itself.
1	Regression	193,310	2	98,115	7,035	0,002b
	Residual	934,776	67	13,952		
	Total	1131,086	69			

Based on the results of ANOVA, the F value was obtained at 7.035 with a significance value of 0.002 (< 0.05). This means that together, the sharia shadow economy and information inequality have a significant effect on profit-sharing MSME financing decisions.

H. T Test

The t-test tests the influence of each independent variable on the dependent variable partially. This test is important to determine which variables are really influential. A variable is considered significant if its significance value is less than 0.05.

Model	Unstandardized		Coefisient	Standardized Coefficients Beta		
1		B	Std. Eror		t	Itself
	(Constant)	16,956	3,722		4,556	0,00
	Shadow Economy	-,082	,152	,060	-,539	0,592
	Information Inequality	,336	,090	,416	3,739	0,000

The test results showed that the sharia shadow economy variable (X1) had a significance value of 0.592 (> 0.05), which means that it did not have a partial significant effect on financing decisions. On the other hand, information inequality (X2) has a significance value of 0.000 (< 0.01), so it can be concluded that X2 has a significant effect on profit-sharing-based MSME financing decision.

I. R2 Test

The R^2 test shows how much the independent variables can explain the variation of the dependent variables. R^2 is important to measure how well the model describes the data. The closer it is to 1, the better the model is at explaining the dependent variables.

Model	R	R Square	AdjustR Square	Std, Error of the Estimate
1	,417a	,174	,149	3,73522

The determination coefficient (R^2) of 0.174 indicates that 17.4% variation in MSME financing decisions can be explained by sharia shadow economy variables and information inequality. The remaining 82.6% was influenced by other factors not included in this model. This moderate R^2 value suggests that although the model has a significant influence, there is still room to explore other variables in follow-up studies.

Conclusion

Based on the results of the regression analysis, it can be concluded that the Sharia economic shadow variable and information inequality simultaneously have a significant effect on the financing decision of MSMEs with a profit-sharing scheme, which is indicated by a significance value of 0.002 ($p < 0.05$). However, only partial information inequality was proven to have a significant effect on financing decisions, with a significance value of 0.000 ($p < 0.05$) and a positive coefficient, while the shadow of the Islamic economy did not show a significant influence with a significance value of 0.592 ($p > 0.05$). The results of the determination test showed that the contribution of the two independent variables to the dependent variable was only 14.9%, while the rest was influenced by other variables outside the model. Thus, it can be concluded that in the context of profit-sharing MSME financing, information inequality is an important factor that needs to be considered, while the shadow of the Sharia economy has not shown a significant role directly.

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