

The Influence of Sharia Values on Sustainability Interest in Partnering in Sharia MLM

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Abstract

*This study aims to formulate a comprehensive Sharia-based construction of multi-level marketing (MLM) systems grounded in halal products within the framework of Islamic economic law. Triggered by the rapid growth of the global halal economy and the massive expansion of MLM in Indonesia, the research responds to the tension between strong normative guidelines especially DSN-MUI Fatwa No. 75/DSN-MUI/VII/2009 on Sharia tiered direct selling and the frequent emergence of money game-like practices under Sharia labels. Using a qualitative normative-juridical approach and library research, this study analyzes primary sources (Qur'an, hadith, fiqh muamalah, DSN-MUI fatwa, and Indonesian MLM regulations) and secondary empirical studies on Sharia MLM cases such as PayTren, K-LINK Syariah, and Tiens Syariah. The analysis proceeds through normative-descriptive mapping of Sharia principles, structural comparison between the PLBS framework and actual MLM designs, critical assessment using *usul al-fiqh* and *maqasid al-shariah*, and constructive model building. The findings show, first, that DSN-MUI Fatwa No. 75/2009 already provides a robust normative framework that centers on real halal products, sales-based commissions, prohibition of pyramid schemes, price fairness, and ethical marketing. Second, there is a consistent gap between this framework and field practice: compensation systems still allow significant passive income for uplines without proportional sales effort, recruitment narratives overshadow genuine product distribution, and pricing and promotion patterns often verge on *gharar*, *maysir*, *riba*, and *zulm*. Third, empirical evidence indicates that substantive implementation of Sharia principles positively affects MLM performance, suggesting that rigorous compliance is commercially viable. The study concludes by proposing that a Sharia-compliant MLM system based on halal products must integrate three inseparable dimensions: a clear fiqh- and fatwa-based normative foundation, detailed operational design of network and compensation structures that structurally minimize exploitation, and effective governance and supervision to ensure ethical consistency at distributor level. This integrated construction is expected to serve as a normative and practical reference for regulators, Sharia boards, and halal-based MLM entrepreneurs.*

INTRODUCTION

The multi-level *marketing* (MLM) business model is developing as one of the distribution strategies that are widely used in modern industries. (Purcaru et al., 2022) In this system, consumers not only play the role of product users, but also have the opportunity to actively engage in marketing activities and network development. This pattern makes MLM different from conventional sales systems because it combines consumption, distribution, and network building activities in one integrated business structure. (Wrenn, 2023)

The main attraction of the MLM business lies in the flexibility of time, independence in business management, and the opportunity to earn performance-based rewards.(DeLiema et al., 2021; Fluegel & King, 2022) This model allows individuals to tailor business activities to their respective social and family conditions. Therefore, MLM is often seen as a relatively inclusive business alternative, especially for community groups that have limited access to formal work, especially among women.(Enstein & Taylor, 2016). In addition, partners are entitled to earn income in accordance with predetermined achievement targets.(Enstein & Taylor, 2016; Fluegel & King, 2022; Imanah, 2021)

However, in practice, the development of the MLM industry is also accompanied by various ethical and legal issues. A number of companies run a system that is not entirely based on the sale of real products, but rather emphasizes the recruitment of new members as the main source of income.(Muzakki, 2020; Suwitho et al., 2023) This kind of pattern causes losses for partners and has an impact on low public trust in the MLM industry in general.

In the context of Muslim society, the problem is even more complex when MLM practices are considered not in harmony with sharia principles. The elements of transaction ambiguity, imbalance in the distribution of rewards, and speculative tendencies are the main concerns in the assessment of Islamic law on the MLM business.(Nasution & Soemitra, 2022) This condition encourages the birth of the sharia MLM model as an effort to reconstruct a tiered marketing system to be in line with the values of justice, halal, and transparency.

Sharia MLM places compliance with sharia principles as the main foundation of business operations, both in terms of products, compensation systems, and partner development mechanisms so that relationships in partnerships can be well maintained.(Constantin, 2009; Zahra, 2023) The implementation of these values is not only intended to meet normative provisions, but is also expected to be able to form positive perceptions and trust of partners in the sustainability of the business being run.

However, the number of MLM companies that consistently apply sharia principles is still relatively limited compared to the total number of MLM companies operating in Indonesia.(Ghoni & Jauhari, 2022) This condition shows a gap between the potential of the market based on sharia values and the reality of implementation in the field. Therefore, it is important to understand the extent to which the application of sharia values affects the partner's interest in continuing to survive and participate in sharia MLM.

Based on this background, this study aims to analyze the influence of sharia values on the sustainability interest of partnering with sharia MLM companies. In addition, this study also examines the role of demographic factors as supporting variables in explaining the sustainability of partner participation.

LITERATURE REVIEW

Individual economic behavior is basically not formed spontaneously, but is influenced by interrelated cognitive, social, and normative processes. One of the widely used approaches to explain this process is the Theory of Planned Behavior (TPB). This framework views that individual intentions are the main indicators that bridge attitudes, social norms, and behavioral control with actual actions.(Ajzen, 2002)

In the perspective of SDGs, intention reflects the readiness of an individual to perform a certain behavior. The stronger the intention, the more likely it is that the behavior will be realized. Intention is influenced not only by rational considerations of the merits of an action, but also by

the normative pressures and moral beliefs that live in the social environment of the individual. (Ajzen, 2011)

In the context of value-based businesses, such as sharia MLM, religious norms and beliefs have a significant role in shaping behavioral intentions. The sharia values inherent in the business system—such as halal, justice, trust, and transparency—can serve as normative references that influence the way individuals assess and respond to an economic activity.

Thus, the application of sharia values in MLM not only serves as a fulfillment of legal-formal aspects, but also as a psychosocial factor that influences an individual's interest in joining and maintaining a partnership. Within the framework of the SDGs, these values can be positioned as part of subjective norms and attitudes towards behavior, which ultimately shape the sustainability intentions of partnering.

HIPOTESIS

Based on the framework of *the Theory of Planned Behavior*, sharia values are positioned as normative and cognitive factors that play a role in shaping individual behavioral intentions. In this study, sharia values that were operationalized based on the indicators in the DSN-MUI Fatwa No. 75 of 2009 were treated as independent variables, while sustainability interest in partnering with sharia MLM companies was treated as a dependent variable. Therefore, the research hypothesis is formulated as follows:

H1 : Sharia values have a positive and significant effect on sustainability interest in partnering with Sharia MLM companies.

This hypothesis states that increased understanding and internalization of sharia values by partners will be followed by increased interest in continuing to participate in sharia MLM. Hypothesis testing was performed statistically through Pearson correlation analysis and simple linear regression with a significance rate of 5 percent.

METHOD

This study uses a *mixed-methods* approach by combining qualitative and quantitative methods to analyze the influence of sharia values on the sustainability interest of partnering with sharia multi-level marketing (MLM) companies. (Sugiyono, 2014) This approach was chosen so that the research not only gains a deep conceptual understanding, but also produces empirical findings that are statistically measurable and scientifically accountable.

The qualitative method is carried out through a literature study by reviewing relevant literature on the theory of *planned behavior* (*Theory of Planned Behavior*), the concept of sharia values in the MLM business, and the provisions listed in the DSN-MUI Fatwa No. 75 of 2009 concerning Sharia Tiered Direct Sales. The results of the literature review are used to compile a theoretical framework for research, formulate variable indicators, and develop quantitative research instruments in the form of questionnaires.

Quantitative methods are used to test the relationships and influences between research variables. In this study, sharia values were positioned as an independent variable (X), while sustainability interest in partnering with sharia MLM was positioned as a dependent variable (Y). Variable X was measured through 23 statement items representing the application of sharia values in sharia MLM practices, while variable Y was measured through the total value of partnering sustainability interest.

Variable Operational Definition

The following table explains the definition of each variable X and Y which is then used as an indicator for making a questionnaire.

Table 1. Variable Operational Definition

Variabel	Indicator	Item Quesioner	Scale
Sharia Values (X)	Halal products and business processes	1 (+), 2 (-), 3 (+), 4 (-)	Likert (1-5)
	Sharia ethics in corporate activities and ceremonies	5 (+), 6 (-)	Likert (1-5)
	The existence of real products and price reasonableness	7 (+), 8 (-), 9 (+), 10 (-)	Likert (1-5)
	Transparency of the bonus and commission system	11 (+), 12 (-)	Likert (1-5)
	Fairness of bonus and commission distribution	13 (+), 14 (-)	Likert (1-5)
	Sponsor/upline coaching and responsibilities	15 (+), 16 (-)	Likert (1-5)
	Reasonableness and realism of rewards	17 (+), 18 (-)	Likert (1-5)
	Real sales-based revenue sources	19 (+), 20 (-)	Likert (1-5)
	Performance-based fairness and anti-money games	21 (+), 22 (-), 23 (+)	Likert (1-5)
Partnered Sustainability Interest (Y)	Intention to stay in the partnership and maintain the partnership	Total score of variable Y	Likert (1-5)

Description: (+) positive statement, (-) negative statement (reverse item).

Source: Primary data processed by researchers

Quantitative data was collected through the distribution of questionnaires to active partners of sharia MLM companies in Indonesia. The sampling technique was carried out with a combination of probability sampling and non-probability sampling, with respondent restrictions on active partners and voluntary participation in filling out questionnaires.

The collected data is then converted into numerical form and analyzed using SPSS software. The analysis stages include testing the validity and reliability of the instrument, Pearson correlation analysis to determine the strength and direction of the relationship between variables, and simple linear regression analysis to measure the magnitude of the influence of sharia values on the sustainability interests of partners. Hypothesis testing was performed at a significance level of 5 percent.

RESULTS AND DISCUSSION

Quality of Research Instruments

Before further analysis was carried out, the research instrument was tested from the aspects of validity and reliability. The results of the validity test showed that of the 23 questionnaire items used to measure sharia values, 22 items were declared valid, while 1 item was declared invalid because it had a *Corrected Item–Total Correlation value* below the minimum limit of 0.30, so it was excluded from the follow-up analysis.

A reliability test of 22 valid items showed a Cronbach's Alpha value of 0.916, which was above the threshold of 0.70. This value indicates that the research instrument has a very high internal consistency and is suitable for use as a measuring tool in research.

(Detailed validity test table is presented in the Appendix)

The Relationship between Sharia Values and Sustainability Interests in Partnership

To find out the relationship between sharia values and partnering sustainability interests, a Pearson correlation analysis was conducted. The results of the analysis as presented in Table 2 show a correlation coefficient value of $r = 0.743$ with a significance level of $p < 0.01$.

Table 2. Correlation of Sharia Values and Sustainable Interests in Partnership

		Total X	Total and
Islamic Values	Pearson Correlation	1	,743**
	Sig. (2-tailed)		,000
	N	197	197
Interest	Pearson Correlation	,743**	1
	Sig. (2-tailed)	,000	
	N	197	197

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS test results

These findings show a positive and significant relationship between the sharia values applied in sharia MLM and the interest of partners to continue to join. The value of the correlation coefficient which is relatively strong indicates that the higher the partner's perception of the application of sharia values, the higher their intention to maintain the partnership. In the perspective of *the Theory of Planned Behavior*, sharia values function as *normative beliefs* and *attitude toward behavior* that shape the behavior intentions of partners. (Ajzen, 2002, 2011)

The Influence of Sharia Values on Sustainability Interest in Partnering

A simple linear regression analysis was carried out to test the influence of sharia values on the sustainability interests of partners. The results of the regression analysis as presented in Table 3 show a determination coefficient value (R Square) of 0.552.

Table 3. The Influence of Sharia Values on Sustainability Interest in Partnering

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Sig. F Change
					R Square Change	F Change	df1	
1	,743 ^a	,552	,550	1,120	,552	240,112	1	195 ,000

Source: SPSS test results

These values indicate that 55.2% of the variation in partnering sustainability interests can be explained by sharia values, while the rest are influenced by other factors outside the research model. An *Adjusted R Square* value of 0.550 indicates that the regression model is stable and feasible to use. Thus, the research hypothesis that sharia values have a positive and significant effect on the interest in sustainability in partnership is acceptable.

The Influence of Demographic Factors on Sustainability Interest in Partnering

In addition to the main variables, this study also analyzes several demographic factors as supporting variables. The results of the analysis showed that income levels had a positive and significant relationship with the sustainability interest of partners, where partners with higher incomes tended to have greater survival interests.

The duration of the joining time also shows a significant relationship, which indicates that the longer a partner is involved in sharia MLM, the higher the tendency to maintain the partnership.

The results of the differential test showed that female partners had a higher level of interest in sustainability than male partners, and that partners with more mature age showed stronger commitment than younger age groups. These findings indicate that social stability and experience factors play a role in the sustainability of participation in sharia MLM.

(Demographic analysis table is presented in the Appendix)

Reasons for Partners to Stay in MLM Sharia

Analysis of the frequency of partner reasons for staying in sharia MLM as presented in Table 4 shows that product is the main factor that drives partnership sustainability by 26%, followed by revenue by 24% and systems with presenase by 16%. These findings suggest that rational and economic considerations are the dominant factors in partners' decisions to remain participatory.

Table 4. Reasons for Partners to Survive in Sharia MLM

Reasons to Survive		Responses		Percent of Cases
		N	Percent	
Reasons to Survive	Products	154	26,6%	78,6%
	Relationship	64	11,1%	32,7%
	Income	139	24,0%	70,9%
	System	94	16,3%	48,0%
	Marketing	72	12,5%	36,7%
	Tourism	55	9,5%	28,1%

Total	578	100,0%	294,9%
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Source: Multiresponse Analysis Output

Meanwhile, marketing factors, relationships, and non-economic incentives have a more supportive role. Overall, these results confirm that product quality, income certainty, and a fair revenue-sharing system are the main determinants of partnership sustainability in sharia MLM.

Comparatively, the findings of this study are in line with a number of previous studies that stated that product quality and income potential are the main determinants of participation and loyalty in sharia-based tiered marketing businesses and Islamic economics. (Jain et al., 2015; Kumar & Satsangi, 2021) Several other studies, especially those that highlight aspects of community and social capital, actually place relationships and networks as dominant factors. These differences show that the characteristics of the business context, institutional model, and respondent profiles influence the motivation structure of partners. Thus, the sustainability of partnering in sharia MLM can be understood as the result of integration between product use value, economic rationality, and business systems that are perceived as fair and trustworthy.

Sociodemographic Profile of Sharia MLM Partners

Based on the analysis of respondents' profiles, the majority of partners at the time of first joining came from housewives, followed by private workers and entrepreneurs. The dominance of housewives shows that the time flexibility and income opportunities offered by sharia MLM are relevant to the needs of this group. The diversity of partners' professional backgrounds also shows that sharia MLM is inclusive and accessible to various socio-economic groups.

(The professional profile table is presented in the Appendix)

CONCLUSION

This study concludes that sharia values have a positive and significant effect on the sustainability interest of partnering with sharia multi-level marketing (MLM) companies. The results of correlation and regression analysis showed that the application of sharia values—including the halalness of products and business processes, the fairness and transparency of the bonus system, and compliance with the DSN-MUI fatwa—was able to significantly explain the intention of partners to continue to participate in sharia MLM. These findings confirm that sharia values play a key determinant in the formation of partner behavior intentions. In addition, demographic factors such as income level and partnership duration show a positive correlation with partnering sustainability interests. Female partners, the majority of whom work as housewives, as well as partners with a more mature age also show a higher level of commitment. Theoretically, these findings reinforce the relevance of *the Theory of Planned Behavior* in the context of Islamic business, particularly in explaining the role of normative values and religious beliefs in shaping the intentions of economic behavior.

Based on these findings, sharia MLM companies are advised to strengthen the internalization and implementation of sharia values consistently, not only in the product aspect, but also in the compensation system, management transparency, and sustainable partner development. The research can further develop an analysis model by including mediation or moderation variables, such as the level of religiosity or Islamic financial literacy, in order to gain a

more comprehensive understanding of the factors that affect the sustainability of partnerships in Islamic MLM.

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