

ANALYSIS OF SHARIA MLM BUSINESS ON ECONOMIC INDEPENDENCE: EMPIRICAL STUDY ON HNI-HPAI

Bayu Bandono¹, Zulkarnain Muhammad Ali²
Universitas Tazkia^{1,2}

¹bayubandono@gmail.com, ²zulkarnainmal@tazkia.ac.id

Abstract

Economic independence of members constitutes a key objective in the development of Sharia-compliant multi-level marketing (MLM) businesses in Indonesia. This study aims to analyze the effects of business skills, rewards, motivation, corporate support, social networks, and trust in the Sharia system on the economic independence of HNI-HPAI members. This research employs a quantitative approach using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method and involves 153 active member respondents. The results of hypothesis testing indicate that business skills, rewards, and social networks have a positive and significant effect on the economic independence of HNI-HPAI members. In contrast, motivation, corporate support, and trust in the Sharia system do not exhibit a significant effect. These findings suggest that enhancing business skills, providing adequate rewards, and strengthening social networks are critical factors in promoting members' economic independence in accordance with Sharia MLM principles.

Keywords: Sharia MLM, economic independence, business skills, social networks, company support

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^{1,2}Universitas Tazkia and Jl. Ir. H. Djuanda No. 78, Sentul City, Citaringgul, Kecamatan. Babakan Madang, Kabupaten Bogor, Jawa Barat

E-mail: ¹bayubandono@gmail.com, ²zulkarnainmal@tazkia.ac.id

INTRODUCTION

Sharia Multi-Level Marketing (MLM) represents a business model grounded in Islamic economic principles, emphasizing direct selling activities while ensuring compliance with prohibitions against *riba*, *gharar*, and *maysir* (Ardabili, 2023a; DSN-MUI, 2009). Beyond functioning as a marketing mechanism, Sharia MLM also serves as a vehicle for community empowerment through ethical and halal-based economic opportunities (Wrenn, 2023). In the digital era, the rapid expansion of information and communication technologies has further accelerated the growth of MLM practices, enabling broader market access through social media and digital platforms (Purcaru, 2022; Statista, 2024). Within this context, Sharia MLM emerges as a potentially strategic instrument in addressing socio-economic challenges, particularly in fostering economic independence defined not merely as financial sufficiency, but as the capability to manage resources and leverage opportunities effectively (Ahmed et al., 2024; Campanella, 2023). This perspective aligns with the Capability Approach, which emphasizes that individual well-being is determined by the ability to transform resources into valuable functionings through capabilities such as skills, social support, and access to opportunities (A. Sen, 1999). Empirically, economic independence has been associated with broader developmental outcomes, including poverty reduction, improved quality of life, and greater socio-political stability (Ahmed et al., 2024; Omata, 2022).

Existing literature highlights that economic independence is influenced by multiple structural and individual factors, including education, access to capital, and supportive institutional policies (KemenkopUKM, 2023; Oxfam, 2022; Phillimore et al., 2021). In the context of MLM, prior studies demonstrate that this model can provide alternative income opportunities, particularly in regions with limited formal employment (Dixon, 2023). However, outcomes remain heterogeneous; while some participants experience income growth, many others incur losses due to insufficient business skills or limited network development (Bosley et al., 2020; Suwitho et al., 2023). This indicates that success in MLM is contingent upon individual capabilities and structural support systems. Furthermore, the evolution of MLM into digital and network-based systems underscores the increasing importance of social networks, rewards, and organizational mechanisms in shaping economic outcomes (DSA, 2024; Granovetter, 2019; Lee, 2023; Roman et al., 2021).

Within Sharia MLM specifically, the emphasis on fairness, transparency, and halal compliance introduces an additional ethical dimension, yet also presents challenges in ensuring member understanding and adherence to Islamic business principles (Crockford, 2024). Despite the growing presence of Sharia MLM in Indonesia particularly through companies such as HNI-HPAI, which demonstrate significant expansion and member participation (APLI, 2023; HNI-HPAI, 2023) existing research remains largely fragmented and limited in scope.

Prior studies on Sharia MLM have predominantly focused on normative or fiqh-based legal analyses (Oktavia et al., 2023) or on Islamic marketing practices within specific firms (Ardabili, 2023a), while empirical investigations examining its role in enhancing economic independence through an integrated capability-based framework remain scarce. In this study, economic independence refers to members' ability to meet their basic household needs, maintain stable and reliable income, allocate part of their income to savings and emergency needs, reduce their dependence on income sources outside the HNI-HPAI business, and exercise greater control over their personal and household finances. Thus, economic independence is treated as a multidimensional outcome encompassing financial sufficiency, income stability, financial resilience, reduced external dependence, and financial autonomy. Moreover, although several determinants such as business skills, rewards, motivation, corporate support, and social networks have been individually identified as important factors in economic performance (Amin et al., 2024; Sadili et al., 2024; Deci & Ryan, 1985; Drucker, 2007; Meyer et al., 1993), there is still limited empirical evidence that systematically examines their simultaneous effects within the context of Sharia MLM.

This gap is particularly relevant given the inconsistent findings in conventional MLM studies and the unique ethical and institutional characteristics embedded in Sharia-compliant systems. Therefore, this study seeks to address this gap by adopting an integrative approach based on the Capability Approach to analyze how key factors namely business skills, rewards, motivation, corporate support, social networks, and trust in the Sharia system contribute to enhancing the economic independence of HNI-HPAI members. By doing so, this research offers a novel contribution by bridging the gap between theoretical capability-based frameworks and empirical analysis in Sharia MLM contexts, while providing practical insights for optimizing Sharia-based business models in promoting sustainable economic empowerment, particularly among lower socio-economic groups.

To establish a stronger and more integrated theoretical foundation, this study draws on several complementary theoretical perspectives to explain the distinct roles of the six predictors in shaping members' economic independence. The Capability Approach serves as the overarching theoretical foundation of this study because it explains how individuals convert available resources and opportunities into valued economic functionings (Sen, 1999; Robeyns, 2005). Economic independence is therefore conceptualized as an achieved functioning, while the six predictors represent distinct resources and conversion factors that may enable members to attain this outcome. Business skills are grounded in Human Capital Theory, as knowledge, financial management ability, marketing competence, and entrepreneurial skills enhance members' productive capacity and their ability to manage and develop their businesses (Drucker, 2007) and

motivation are explained through Self-Determination Theory, which distinguishes extrinsic incentives from internal drives that encourage effort, persistence, and active participation in business activities (Deci & Ryan, 1985; Roman et al., 2021). Corporate support represents organizational resources, including training, mentoring, market information, and business facilities, that enable members to apply and develop their capabilities more effectively (Eisenberger et al., 2002; Meyer et al., 1993a). Social networks are grounded in Social Capital Theory because relationships with mentors, business partners, communities, and customers provide access to information, referrals, market opportunities, and collaborative resources (Coleman, 1988; Granovetter, 2019).

Trust in the Sharia MLM system is grounded in Commitment-Trust Theory and Islamic entrepreneurship principles. Confidence in the fairness, transparency, and Sharia compliance of the business system reduces perceived uncertainty and supports members' sustained participation (DSN-MUI, 2009; Morgan & Hunt, 1994). From an Islamic business perspective, economic activities must also be conducted through lawful and ethical practices that uphold honesty, justice, trustworthiness, and the avoidance of *riba*, *gharar*, and *maysir*. Accordingly, the proposed model integrates personal resources represented by business skills and motivation, economic incentives represented by rewards, organizational resources represented by corporate support, relational resources represented by social networks, and ethical-institutional assurance represented by trust in the Sharia system. These factors are examined simultaneously as conversion mechanisms through which participation in Sharia MLM may be translated into stable income, reduced financial dependence, and greater control over members' personal and household finances.

METHODS

This study employs a quantitative approach as the analytical framework, enabling the collection and analysis of objective numerical data. The research model examines the effects of business skills, rewards, motivation, corporate support, social networks, and trust in the Sharia MLM system on the economic independence of HNI-HPAI members. To examine complex relationships among variables, this study utilizes Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach (Hair et al., 2021).

The population consisted of active HNI-HPAI members in Indonesia. Respondents were selected using purposive sampling based on their active membership status and direct involvement in HNI-HPAI business activities. Data were collected through an online questionnaire distributed to 200 members in January 2025. A total of 174 responses were obtained. During the data-screening

process, 21 responses were identified as outliers and were therefore excluded from the analysis. Consequently, 153 responses were retained and considered suitable for the final PLS-SEM analysis. The data analysis begins with the evaluation of the measurement model to assess the validity and reliability of latent variable indicators. This evaluation includes several key steps: Outer Loadings, with a minimum threshold of 0.60, to assess indicator validity (Chin & Marcoulides, 1998), Cronbach's Alpha and Composite Reliability, requiring minimum values of 0.60 and 0.70, respectively, to measure internal consistency; Convergent Validity, assessed using Average Variance Extracted (AVE) with a minimum value of 0.50; and Discriminant Validity, evaluated using cross-loadings and the Fornell–Larcker criterion to ensure construct distinctiveness.

The next stage is the evaluation of the structural model (inner model), which involves hypothesis testing through three main steps. First, assessing the inner Variance Inflation Factor (VIF) to detect multicollinearity issues ($VIF < 5$). Second, testing hypotheses based on p-values of path coefficients, where p-values < 0.05 indicate significant relationships. Third, measuring Effect Size (f^2) to evaluate the magnitude of the influence, with values of 0.02 (small), 0.15 (medium), and 0.35 (large) (Hair et al., 2019, 2021).

The final stage is the evaluation of model fit and predictive relevance to ensure the adequacy of the PLS-SEM model. This includes R-square, which measures the variance explained by exogenous variables (0.19 = weak, 0.33 = moderate, 0.66 = substantial); Q-square, which assesses predictive relevance (values > 0 indicate good predictive capability); and the Goodness-of-Fit (GoF) index, with thresholds of 0.10 (small), 0.25 (medium), and 0.36 (large) (Henseler & Sarstedt, 2013). Finally, PLS Predict is used to compare the predictive performance of the PLS model with a linear regression model, where the PLS model is considered superior if it produces lower RMSE values.

Conceptual Framework

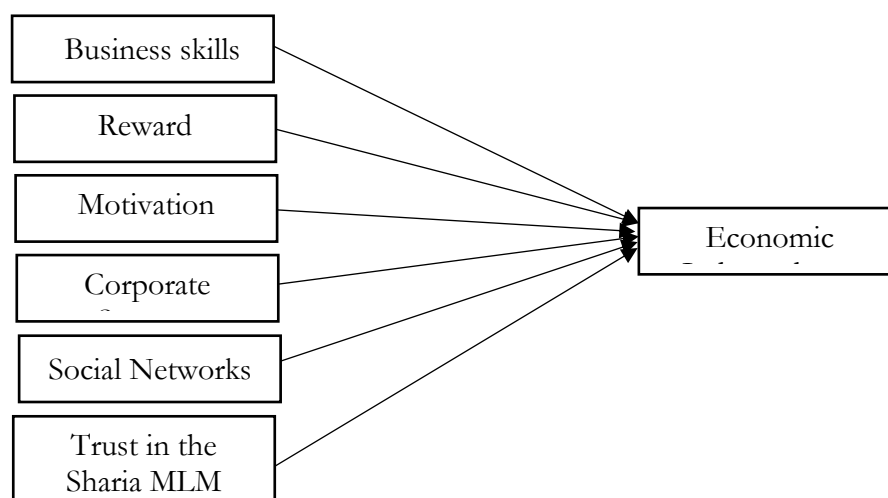


Figure 1. Conceptual Framework

Hypothesis Development

In the context of member capability development, the Capability Approach Sen (1999), provides a robust framework for understanding human well-being and development. This approach is particularly relevant for analyzing individuals' abilities to perform essential functions in their lives. Factors such as business skills, incentives, motivation, institutional support, and social networks are considered to play significant roles in enhancing individual capabilities (Ahmed et al., 2024).

Based on this framework, this study adopts a modified Capability Approach to examine the contribution of HNI-HPAI programs to the enhancement of members' capabilities. Therefore, the following hypotheses are proposed:

- H1: Business skills provided by HNI-HPAI have a positive and significant effect on members' capabilities to achieve economic independence.
- H2: Rewards provided by HNI-HPAI have a positive and significant effect on members' capabilities to achieve economic independence.
- H3: Motivation provided by HNI-HPAI has a positive and significant effect on members' capabilities to achieve economic independence.
- H4: Corporate support provided by HNI-HPAI has a positive and significant effect on members' capabilities to achieve economic independence.
- H5: Social networks offered by HNI-HPAI have a significant effect on members' capabilities to achieve economic independence.
- H6: Trust in the Sharia MLM system offered by HNI-HPAI has a positive and significant effect on members' capabilities to achieve economic independence.

RESULTS AND DISCUSSION

The data in this study were collected through the distribution of questionnaires and subsequently analyzed using both descriptive and modeling approaches.

Descriptive analysis was employed to identify the characteristics of the respondents using SPSS version 26, while model analysis was conducted using SmartPLS 3.0. This study involved the participation of HNI-HPAI members across all provinces in Indonesia. The questionnaires were distributed online in January 2025.

Out of the 174 questionnaires collected, a total of 153 met the required criteria and were deemed suitable for further analysis.

Table 1. Demographic Characteristics of Respondents

Category	Description	Total
Age	18 - 25 years	2
	26 - 35 years	14
	36 - 45 years	40
	46 - 55 years	80
	> 55 years	17
Gender	Male	59
	Famale	94
Marital Status	Married	142
	Unmarried	4
	Single Parent	7
Education Level	Primary School / Equivalent	1
	Junior High School / Equivalent	2
	Senior High School / Vocational High School	36
	Diploma (D1/D2/D3)	23
	Bachelor's Degree (S1)	78
	Postgraduate (S2/S3)	13
Employment Status	Unemployed	3
	Informal Workers (entrepreneurs, traders, freelancers, etc.)	101
	Formal Workers (private employees, civil servants, corporate employees, etc.)	22
Length of Membership in HNI-HPAI	Students	1
	Housewives	26
	< 6 months	3
	6 months - 1 year	2
	1 - 3 tahun	5
	3 - 5 years	6
	> 5 years	137
Monthly Income Range	< Rp1.000.000	10
	Rp1.000.000 - Rp2.999.999	12
	Rp3.000.000 -Rp4.999.999	22
	Rp5.000.000 - Rp9.999.999	36
	> Rp10.000.000	73

Source: Processed from research data (2025)

PLS-SEM Testing Results

Measurement Model Evaluation (Outer Model)

At this stage, the evaluation is conducted to assess the validity and reliability of the indicators in measuring their respective constructs. Reflective indicators are considered valid if they exhibit a minimum loading factor of 0.70 with their corresponding constructs; indicators with loading values below 0.70 are deemed invalid and are therefore excluded from further analysis.

The results of the measurement model evaluation are presented in the following figures and table.

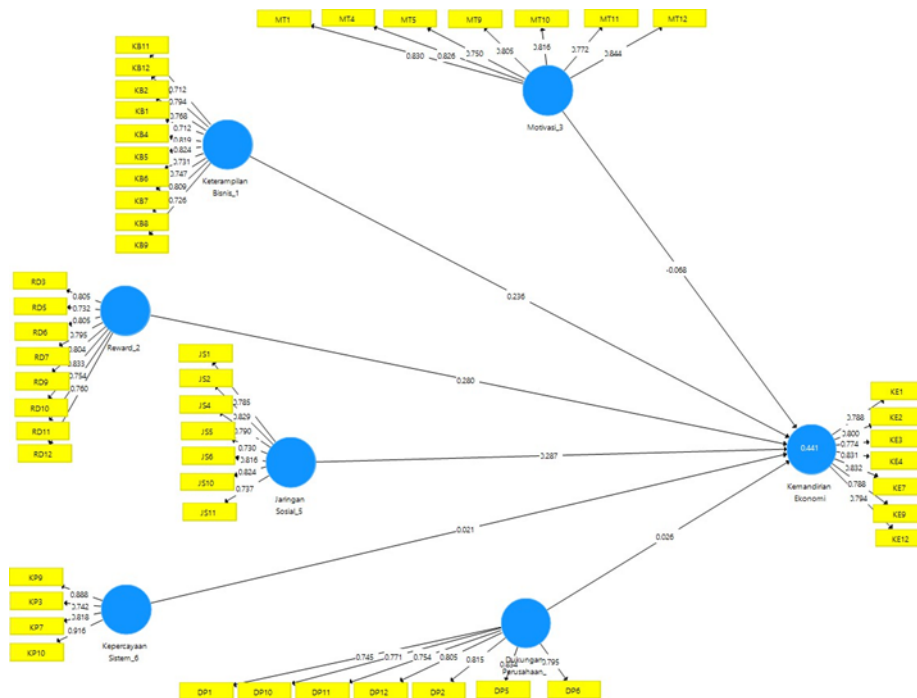


Figure 2. Loading Factor Values

Based on the model presented above, the estimation results indicate that each variable indicator has a loading factor value above 0.70, suggesting that they are valid and appropriate for further analysis. Meanwhile, indicators with loading factor values below 0.70—namely KB3, KB10, RD1, RD2, RD4, RD8, MT2, MT3, MT6, MT7, MT8, DP3, DP4, DP7, DP8, DP9, JS3, JS7, JS8, JS9, JS12, KP1, KP2, KP4, KP5, KP6, KP8, KE5, KE6, KE8, KE10, and KE11—were eliminated at this stage. Thus, the total number of reflective indicators retained for subsequent analysis is 50. Furthermore, discriminant validity was assessed using the Fornell–Larcker criterion and cross-loadings, while construct reliability was evaluated using Cronbach’s Alpha and Composite Reliability values.

Table 2. Fornell–Larcker Criterion, Cross-Loadings, and Reliability Values

Variable	Fornell-Larcker Criterion	Indicator	Cross Loading	Cronbach' s Alpha	Composite Reliability	AVE
Business Skills_1	0.765	KB5	0.824	0.921	0.934	0.586
		KB1	0.712			
		KB11	0.712			
Reward_2	0.787	RD10	0.833	0.912	0.928	0.619
		RD5	0.732			
Motivation_3	0.807	MT9	0.750	0.912	0.929	0.651
		MT12	0.844			
Corporate Support_4	0.789	DP2	0.815	0.899	0.920	0.623
		DP1	0.745			
Social Networks_5	0.788	JS2	0.829	0.899	0.920	0.621
		JS5	0.730			
Trust in the System_6	0.844	KP10	0.916	0.867	0.907	0.712
		KP3	0.742			
Economic Independence	0.801	KE3	0.774	0.907	0.926	0.642
		KE7	0.832			

Source: Processed from research data (2025)

Based on the table above, the evaluation was conducted to assess the validity and reliability of the indicators in measuring their respective constructs. The results indicate that all constructs have Average Variance Extracted (AVE) values above 0.50, ranging from 0.586 (Business Skills) to 0.712 (Trust in the Sharia System). This suggests that more than 50% of the variance in the indicators is explained by their respective constructs, thereby satisfying the requirement for convergent validity.

Discriminant validity, assessed using the Fornell–Larcker criterion, shows that the square root of the AVE for each construct exceeds its correlations with other constructs, indicating adequate discriminant validity among the constructs. The cross-loading results further support indicator validity, with the lowest value of 0.712 observed for indicators KB1 and KB11 (Business Skills), and the highest value of 0.844 for indicator MT12 (Motivation). This confirms that each indicator has a higher correlation with its own construct than with other constructs. In terms of reliability, all constructs exhibit Cronbach's Alpha values ranging from 0.867 to 0.921 and Composite Reliability values between 0.907 and 0.934. These values exceed the minimum threshold of 0.70, indicating that the constructs are reliable and demonstrate strong internal consistency.

Inner Model

After the measurement model has been confirmed to be valid and reliable, the next step is to evaluate the structural model (inner model) to examine the relationships among latent variables, the significance of the effects, and the predictive power of the proposed model.

Table 3. Inner VIF Values

	Economic Independence
Corporate Support	2.332
Social Networks	2.406
Trust in the System	1.470
Business Skills	1,922
Motivation	2,065
Reward	3.064

Source: Processed from research data (2025)

The results of the multicollinearity test in the structural model indicate that all constructs have Variance Inflation Factor (VIF) values below 5, ranging from 1.470 to 3.064. This suggests that there is no multicollinearity issue among the independent variables, and the model can therefore be considered free from excessive intercorrelation among predictors.

Table 4. Results of Hypothesis Testing

Hipotesis	Path Coefficients	T Statistics (O/STDEV)	P Values	F - Square	Hasil
Business Skills → Economic Independence (H1)	0.236	2.745	0.006	0.052	Significant
Reward → Economic Independence (H2)	0.280	2.044	0.041	0.046	Significant
Motivation → Economic Independence (H3)	-0.068	0.740	0.460	0.004	Not Significant
Corporate Support → Economic Independence (H4)	0.026	0.185	0.853	0.001	Not Significant
Social Networks → Economic Independence (H5)	0.287	2.968	0.003	0.061	Significant
Trust in the System → Economic Independence (H6)	0.021	0.201	0.841	0.001	Not Significant

Source: Processed from research data (2025)

Based on the table above, the results of hypothesis testing indicate that there are three paths that have a significant effect on Economic Independence. Business Skills have a positive and significant effect with a path coefficient of 0.236 (t-statistic = 2.745; p-value = 0.006), as do Rewards with a coefficient of 0.280 (t-statistic = 2.044; p-value = 0.041). Social Networks also

demonstrate a positive and significant effect with a path coefficient of 0.287 (t-statistic = 2.968; p-value = 0.003).

In contrast, motivation, corporate support, and trust in the Sharia system did not have statistically significant direct effects on economic independence, as indicated by their p-values exceeding 0.05. These findings suggest that psychological motivation, organizational facilitation, and normative trust may not independently translate into tangible economic outcomes unless they are converted through practical business capabilities, effective utilization of organizational resources, and access to market opportunities. Meanwhile, the significant effects of business skills, rewards, and social networks had relatively small effect sizes, ranging from 0.046 to 0.061. The theoretical and practical implications of the non-significant relationships are discussed further in the following subsections.

Model Fit and Goodness-of-Fit Evaluation

Finally, the evaluation of model fit and goodness-of-fit is conducted to ensure that the structural model demonstrates an adequate level of fit and is capable of accurately explaining the relationships among variables.

Table 5. R-Square, Q-Square, and Goodness-of-Fit (GoF) Index

Variable	<i>R-Square</i>	<i>Q-Square</i>	<i>Gof Index</i>
Economic Independence	0.441	0.271	0.240

Source: Processed from research data (2025)

Based on the results above, the evaluation of model fit and goodness-of-fit indicates that the Economic Independence variable has an R-square value of 0.441, meaning that the model explains 44.1% of the variance in Economic Independence through the independent constructs included in the model.

The Q-square value of 0.271 indicates that the model has a reasonably good level of predictive relevance. In addition, the Goodness-of-Fit (GoF) index value of 0.240 suggests that the model demonstrates a moderate level of fit and is adequate for drawing further conclusions.

Table 6. PLS Predict Results

INDICATOR	MODEL PLS	MODEL LM
	RMSE	RMSE
KE1	0.881	1.057
KE2	0.711	0.920
KE3	0.874	1.071
KE12	0.726	0.947
KE4	1.059	1.324
KE7	0.772	0.870
KE9	0.652	0.880

Source: Processed from research data (2025)

The PLS Predict test results indicate that the RMSE values of the PLS model are lower than those of the Linear Model (LM) across all indicators of Economic Independence. The RMSE values of the PLS model range from 0.652 to 1.059, while those of the LM range from 0.870 to 1.324. This finding suggests that the PLS model demonstrates superior predictive performance compared to the linear regression model for the tested indicators.

The Effect of Business Skills on Economic Independence

Business skills have a positive and significant effect on the economic independence of HNI-HPAI members ($\beta = 0.236$; $p = 0.006$). However, the relatively small effect size ($f^2 = 0.052$) indicates that business skills are an important, but not sufficient, condition for achieving economic independence. These results support the Capability Approach proposed by Sen (1999), which emphasizes that economic independence is not solely determined by access to resources but also by individuals' capabilities to utilize these resources effectively to achieve a better life. In the context of HNI-HPAI, business skills function as conversion factors that enable members to transform available products, market opportunities, compensation mechanisms, and organizational resources into tangible economic outcomes. Skills in financial management, marketing, business planning, digital utilization, customer relationship management, and problem-solving allow members to operate their businesses more systematically and sustainably.

From a Sharia perspective, the importance of business skills in achieving economic independence aligns with Islamic principles. The Qur'an, particularly Surah Al-Jumu'ah verse 10, encourages Muslims to seek lawful sustenance through productive effort. This principle indicates that participation in a Sharia-compliant business must be accompanied by competence, responsibility, and effective business management. Business skills therefore represent a form of *kafā'ah* that enables members to undertake *ikhtiar* productively while maintaining honesty, fairness, and transparency in their business transactions.

This finding is consistent with Ansar & Fajri (2021), who emphasize that Sharia MLM practices can enhance economic independence when supported by a strong understanding of business concepts. The finding also supports Ardabili (2023), who indicates that the effectiveness of participation in Sharia MLM depends not only on compliance with Islamic principles but also on members' ability to manage marketing activities and develop their businesses. However, this differs from (Amiruddin, 2021), who found that not all MLM participants achieve economic independence due to limited access to training and business education. This difference suggests that the economic benefits of Sharia MLM participation may vary according to members' access to practical training, their ability to apply business knowledge, and the extent to which they can develop and maintain productive markets.

The relatively small effect size further indicates that business skills alone cannot fully explain members' economic independence. Economic outcomes may also depend on reward structures, social networks, market conditions, access to capital, and the consistency with which members apply their skills. Therefore, HNI-HPAI should prioritize practical training in financial management, digital marketing, customer development, sales planning, and business evaluation, accompanied by follow-up assistance to ensure that the acquired skills are translated into measurable business performance.

The Effect of Reward on Economic Independence

The analysis shows that the path coefficient of reward on economic independence is 0.280, with a t-statistic of 2.044 (> 1.96) and a p-value of 0.041 (< 0.05). This indicates that effective reward systems significantly enhance economic independence. The f-square value of 0.046 (> 0.02) suggests a small effect size. This finding aligns with Meyer et al. (1993), who argue that effective rewards increase organizational commitment, which subsequently supports economic independence. In the Sharia MLM context, rewards not only serve as performance recognition but also strengthen member loyalty and motivation.

From an Islamic perspective, reward systems must adhere to principles of justice and fairness. The Qur'an (QS. Ar-Ra'd: 11) emphasizes personal effort in achieving better conditions, while a hadith (HR. Ibnu Majah) highlights the importance of timely and fair compensation. In HNI-HPAI, a transparent and Sharia-compliant reward system reflects these values. This result is consistent with Akbar & Fitri (2021), who found that transparent reward structures enhance member loyalty. However, Amiruddin (2021) notes that non-transparent MLM systems can reduce trust and hinder economic independence. Ansar and Fajri (2021) further stress that reward systems must comply with Sharia principles to ensure fairness.

The Effect of Motivation on Economic Independence

The empirical results indicate that motivation does not have a significant effect on economic independence, as reflected by a path coefficient of -0.068, a t-statistic of 0.740 (< 1.96), and a p-value of 0.460 (> 0.05), with a negligible effect size ($f^2 = 0.004$). This finding suggests that, within the context of Sharia MLM, motivation alone is insufficient to directly translate into improved economic outcomes. Although motivation is often regarded as a key driver of individual performance, its effectiveness appears to depend on the presence of complementary factors such as skills, resources, and access to opportunities. In network-based business models like MLM, where income generation is highly contingent on relational capacity and market reach, motivation without adequate structural support may not yield meaningful economic results.

This finding diverges from classical motivational perspectives, such as those proposed by Deci & Ryan (1985), and indicates that intrinsic drive must be supported by enabling conditions to produce tangible outcomes. Empirically, this result is consistent with Phillimore et al. (2021), who highlights that economic self-reliance is more strongly influenced by access to social and economic structures than by individual psychological factors alone. Similarly, Oxfam (2022) emphasizes that limited access to financial resources and opportunities constrains individuals' ability to convert motivation into productive economic activities. From a Sharia perspective, this suggests that while intention (*niyyah*) and motivation are important, they must be accompanied by effort (*ikhtiar*) and access to lawful opportunities to achieve economic independence. Therefore, motivation should be understood as a supporting rather than a determining factor in enhancing economic independence within the Sharia MLM framework.

The Effect of Company Support on Economic Independence

The results show that company support does not have a significant effect on economic independence, as indicated by a path coefficient of 0.026, a t-statistic of 0.185 (< 1.96), and a p-value of 0.853 (> 0.05), with a negligible effect size ($f^2 = 0.001$). This finding suggests that, within the context of Sharia MLM, organizational support alone is insufficient to directly enhance members' economic independence. Although company support such as training, mentoring, and provision of business tools is theoretically expected to facilitate performance, its impact may be limited when not effectively internalized or utilized by members. In decentralized business models like MLM, where outcomes are highly dependent on individual initiative and network expansion, external support tends to play a secondary role compared to personal capabilities and relational assets.

This result contrasts with general organizational theory but is supported by empirical evidence in entrepreneurial and informal economic contexts. For instance, Eisenberger et al. (2002) argue that perceived organizational support only influences performance when individuals actively engage with and reciprocate such support. Similarly, Lee (2023) highlights that in digitally driven MLM systems, success is more strongly associated with individual adaptability and the ability to leverage online networks rather than reliance on company-provided resources. From a structural perspective, Maher (2023) also notes that MLM systems inherently shift responsibility for success to individual distributors, thereby limiting the direct impact of organizational intervention. In a Sharia context, this implies that while institutional support is important, it must be complemented by individual effort (*ikhtiar*) and proactive engagement to generate meaningful economic outcomes.

The Effect of Social Networks on Economic Independence

The results indicate that social networks have a positive and significant effect on economic independence, as reflected by a path coefficient of 0.287, a t-statistic of 2.968 (> 1.96), and a p-value of 0.003 (< 0.05), although the effect size remains relatively small ($f^2 = 0.061$). This finding reinforces Granovetter (2019) social network theory, which highlights the critical role of weak ties in facilitating access to information, resources, and economic opportunities. In the context of Sharia MLM, particularly within HNI-HPAI, social networks function as a strategic asset that enables members to expand market reach, strengthen customer relationships, and enhance business performance.

This result is consistent with prior studies demonstrating that network-based business models, such as MLM, rely heavily on relational capital to generate income and sustain growth (Dixon, 2023; Lee, 2023). Moreover, the findings align with Suwitho et al. (2023), who emphasizes that successful MLM participants are typically those capable of building and maintaining extensive distribution networks. From a capability perspective, social networks can be interpreted as an enabling factor that enhances individuals' ability to convert opportunities into tangible economic outcomes, thereby supporting the Capability Approach framework (Sen, 1999).

From a Sharia perspective, the significance of social networks reflects the principle of *ta'awun* (mutual assistance), as emphasized in QS. Al-Maidah: 2, which encourages cooperation in promoting collective welfare. In this regard, social networks within Sharia MLM not only serve economic purposes but also embody ethical and social values, fostering collaboration and trust among members without violating Islamic principles. Consequently, strengthening social networks is essential not only for improving individual economic outcomes but also for reinforcing the sustainability of Sharia-compliant business ecosystems.

The Effect of Trust in the Sharia System on Economic Independence

The findings indicate that trust in the Sharia system does not have a significant effect on economic independence, as reflected by a path coefficient of 0.021, a t-statistic of 0.201 (< 1.96), and a p-value of 0.841 (> 0.05), with a negligible effect size ($f^2 = 0.001$). This suggests that, although trust is an important element in Sharia-based business practices, it does not directly translate into improved economic outcomes for members. In the context of Sharia MLM, trust in compliance with Islamic principles such as the absence of *riba*, *gharar*, and *maysir* may function more as a foundational requirement that legitimizes participation rather than as a determinant of economic performance.

This finding implies that economic independence is more strongly driven by functional and capability-based factors than by normative or belief-based variables. Empirical studies in Islamic

economic behavior similarly indicate that while trust enhances participation and satisfaction, it does not necessarily influence income generation or financial outcomes (Amin et al., 2024; Ardhina et al., 2024). In addition, Crockford (2024) highlights that in value-based business systems, ethical alignment often shapes commitment but does not guarantee economic success without sufficient skills and market engagement. From a Sharia perspective, this suggests that trust (*amanah*) must be accompanied by competence (*kafā'ah*) and effort (*ikhtiar*) to produce tangible economic benefits. Therefore, trust in the Sharia system should be understood as an enabling condition that supports participation, rather than a direct driver of economic independence within the Sharia MLM framework.

CONCLUSION

This study demonstrates that economic independence among HNI-HPAI members is primarily influenced by capability-driven factors, namely business skills, reward systems, and social networks, all of which show positive and significant effects, while motivation, company support, and trust in the Sharia system do not exhibit significant direct impacts. These findings indicate that the achievement of economic independence in the context of Sharia MLM is less determined by internal motivation or normative trust alone, and more strongly shaped by practical competencies, incentive structures, and the ability to leverage relational networks. In line with the Capability Approach, this suggests that economic empowerment is realized when individuals possess not only the intention to succeed but also the necessary capabilities and enabling conditions to transform opportunities into tangible outcomes. This study contributes to Islamic business literature by demonstrating that Sharia compliance and trust in an Islamic business system primarily provide ethical legitimacy and institutional assurance, but do not automatically generate economic independence. Unlike conventional MLM and network marketing studies that generally emphasize compensation, motivation, recruitment, and network expansion, this study shows that the economic effectiveness of Sharia MLM depends on the ability to combine ethical compliance with productive capabilities, fair incentives, and socially embedded market relationships. The findings therefore extend the Capability Approach into the context of Islamic business by distinguishing between Sharia-based enabling conditions and the practical conversion factors required to produce tangible economic outcomes. In this regard, Islamic values such as *amanah*, justice, transparency, and the avoidance of *riba*, *gharar*, and *maysir* should be complemented by *kafā'ah*, productive *ikhtiar*, and effective business-network utilization. Practically, Sharia MLM companies, particularly HNI-HPAI, should strengthen members' applied business skills through structured training, optimize transparent and performance-based reward systems, and facilitate the

development of productive social networks. Institutional and Sharia-based support should also be designed not only to maintain members' trust and participation but also to help them convert ethical business opportunities into stable income, reduced financial dependence, and greater control over their household finances.

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