Factor Affecting Sharecropping System in East Java: An Islamic Perspective Analysis

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Abstract

This research aims to understand the relationship between socioeconomic factors, production, transparency with religiosity. The effects of socio-economic factors, production, transparency, and religiosity on the sharecropping contract system. Design/methodology/approach: The author has administered a survey to 800 respondents. The respondents were asked to give their responses based on a five-point Likert scale. The data has been tested with SEM to show the relationship between the various factors. Finding: SEM results show that $H_1$ is not supported while $H_2$, $H_3$, $H_4$, $H_5$, and $H_6$ are supported. Findings show that religiosity impacts the sharecropping system while the interaction between religiosity and transparency on the sharecropping system is significantly negative. Therefore, the current sharecropping contract system in East Java does not operate following Islamic values.

Keywords: Production; Transparency; Religiosity; Sharecropping

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INTRODUCTION

Indonesia is an agrarian country, as shown by the Gross Domestic Product (GDP) in 2018. According to the Central Bureau of Statistics, GDP from the agricultural sector is about Rp. 1.307 trillion after wholesale and trade, which reach Rp. 1.377 trillion and Manufacturing which is around Rp. 2.193 trillion (Badan Pusat Statistik Indonesia, 2018). Therefore, roughly 38.7 million Indonesian people rely on agriculture to maintain their livelihoods (Team of Sutas 2018). In East Java, the agricultural sector is dominated by agricultural households, 6,713,893 households spread across 39 districts and 9 cities (Badan Pusat Statistik Jawa Timur, 2018). The agricultural sector is a significant source of employment and income in East Java.

Therefore, the sharecropping contract system became the system used by Javanese people to cultivate their cropland independently or in a “rowdy” system, also called a sharecropping system. Some research has shown that farmers used the sharecropping contract system in East Java. For example, about 75.5% of the farmers in Pamekasan are involved in a sharecropping contract. The same is true in Malang, Kediri, Jember and Madiun (Prihantini et al., 2016, 2017).

Furthermore, sharecropping in Islam has been practiced for 14 centuries. The sharecropping contract terms are muzara’ah, mukhabarah, and musaqah. There are similarities in profit sharing between sharecropping contracts in Islamic history and the recent ones. For example, 50% of each party deals contract, or 66% for tenants, and the rest goes to the landowner, or 75% for farmers and 25% for landowners. The exact percentages vary depending on the agreement between the tenants and the landowner. The terms used explicitly in Java include maro, mertelu, and mrapat, commonly used in most parts of the island (Natsir et al., 2016; Nugraha, 2016; Priyadi & Shidiqie, 2015).

This research aims to understand the relationship between socioeconomic factors, production, transparency with religiosity, effects of production, transparency, religiosity on the sharecropping contract system. Structural Equation Modelling (SEM) was employed to analyze the proposed hypothesis.
LITERATUR REVIEW

Sharecrop System

Much research focuses on sharecropping, both in Indonesia and in other rural areas around the world. For example, the renting system has created several economic problems for tenants working on farms throughout the globe. The main problem with the rent system is that the lack of socio-economic justice significantly affects the prosperity of the tenants (Braverman & Srinivasan, 1981; Daedlow et al., 2018; Rao, 2019). Moreover, asymmetric information often occurs in the practice of leasing agricultural land (Braverman & Stiglitz, 1986). The asymmetric information causes the occurrence of moral hazards that lead to injustice within the sharecropping system. Therefore, both landowners and tenants should know the risks and benefits.

On the contrary, a rational and objective sharecropping mechanism could create justice between landowners and tenants. Both parties should bear the same risk of loss and receive the initially agreed benefits (Khaled, 2018; Yaumiddin, 2010). Ultimately, the sharecropping mechanism should be transparent (Mukhamedova & Pomfret, 2019), fair (Kemper et al., 2018), and completed with official financial statements or credible acknowledgments (Ton et al., 2018).

In short, there are three types of revenue sharing in the agricultural sector. First, sharecrop with equal sharing for both parties. In this case, both parties agree that the landowner provides the necessary seeds, tools, and fertilizers. The second type of rent sharing contract states that the tenant provides his farming tools, and the landowner provides the crops to work on. The third type is a cash rent contract, where tenants rent the land from the landowner with a fixed cost agreement (Ferleger, 1993).

Sharecropping in Indonesia has been regulated by law, Act No. 2 of 1960 concerning sharecropping agreements. The law states that sharecropping agreements should be transparent, fair, and recorded in the presence of at least two witnesses. The record of the contract should be endorsed by the head of the sub-district and registered and reported to the regent (Roha et al., 2016). Sadly, although the government of Indonesia has regulated the sharecropping mechanism, farmers tend to rely on an established trust between the two contract
parties, in this case, the landowner and the tenants (Laila et al., 2017; Santoso, 2014). While trust is essential, it is not adequate to ensure justice within the agreement. The sharecropping system regulated by the government can assist the tenant in gaining financial support from financial institutions (Turvey, 2017).

Different farmers in Indonesia have used several sharecropping terms based on region, language, and ethnicity. The terms refer to the revenue sharing of the harvest. For example, sharecropping with one-third for landowner and two-thirds for tenants or according to an agreement, both sides is called “mertelu” in Java, and “nigo” in Sumatra. The terms always refer to revenue sharing of the harvest that has been carried out generation by generation. The expected revenue sharing proportions are half and half, one-third to two-thirds, or a quarter to three-quarters (Erviana, 2005).

In addition to explaining the definition of sharecropping and its associated system, the research cited above discusses the positive impact of the sharecropping system for landowners and tenants. Several different researchers agree that the sharecropping system has a positive impact on both the tenants and landowners by increasing prosperity (Ahmed & Billah, 2018; N. Das et al., 2019; Kousar & Abdulai, 2016) and reducing the risk of a moral hazard (Burchardi et al., 2019).

In the history of Islam, sharecropping was utilized during the time of Rasulullah, and peace be upon him. As Rasulullah mentioned, sharecropping in Islam was part of a revenue-sharing contract in the prophetic tradition. In Islam, all sharing contracts are allowed as long as there is no injustice and betrayal involved during the implementation of the contract (Al-Jazairi, 2000). Therefore, cooperation takes a general form, and the sharecropping contract is part of cooperation from the Islamic perspective. The form of the sharecropping contract in Islam is discussed in fiqh and hadith (Ash Shidiqie, 2017), which is known as muzara’ah (Hadi, 2018), mukhabarah (Yahuza, 2019), and musaqah (Anwar & Hariyati, 2017).

In summation, while there are differences in the objective and sharing portions, the sharecropping contract in Islam shares one primary purpose or maqâshid, which is the achievement of maslahah between tenant and landowner.
Socio-economic

Socio-economic status is often defined as an individual’s or group’s position within a hierarchical social structure. Several factors are affecting a person’s socio-economic status, namely age, education, income, occupation, wealth, residence, and assets (Shaikh & Pathak, 2017). Some research proves that the socio-economic status of a person directly influences their success level in business (Saleem, 2012), the overall health of them and their family (Macdonald & Deacon, 2019), and the success of their crops (Zhang et al., 2018). In this research, the socio-economic factors presumed to significantly influence the sharecropping system are education, income, and owned assets (the cropland).

First, education majorly impacts the well-being of individuals and societies. The higher a person’s education level is, the easier it is for him to enter the workforce (Younas et al., 2017). Moreover, education increases the number of opportunities a person is privy to. These experiences also allow him to learn outside of formal school (Kayani et al., 2017). Therefore, education has the potential to help someone improve their socio-economic status.

Income is also related to education and a person’s socio-economic status (S. Das et al., 2020). There is no doubt that one’s income can increase if one’s education level also increases, whether that education is formal or informal. In line with that, a person with a high income can build a beautiful house, buy a private car, and afford the costs associated with higher education which are key indicators of economic well-being and factors that can increase one’s socio-economic status (Duque et al., 2018). However, recent discussions surrounding income revolve around income inequality within society (HALÁSKOVÁ & MIKUŠOVÁ MERIČKOVÁ, 2017; Zolfaghari et al., 2020). Therefore, the higher one’s income is, the higher his socio-economic status.

In addition to one’s education level and income, one’s assets such as land, houses, or other properties are able to raise one’s socio-economic position. For example, those who own croplands often use a profit-sharing contract to employ tenants to work on their cropland. Therefore, the more cultivatable cropland a landowner has, the more the tenants work with him. In line with that, the socio-economic status of the landowner increases as the amount of cropland he owns increases (Leonhardt et al., 2019).
To sum up, the socio-economic level achieved by a landowner attracts tenants to enter into a sharecropping contract with him. Moreover, there is a high probability of receiving positive socio-economic benefits within the sharecropping system.

**Production**

Several factors affect sharecropping production, and those factors need to be considered to produce the maximum output and maximum income (Asrina & Migunani, 2013). The factors that affect production are capital, labor, and technology.

Besides money, seeds, tools, and fertilizer are considered capital within the context of sharecropping. Both the tenants and landowners should discuss and determine the amount of capital each side will provide. The amount of capital could affect the percentage of revenue each party receives from the harvest (Malik et al., 2018). Therefore, capital is one of the factors that influence sharecropping production.

Labor is necessary throughout the sharecropping process. Seeding, fertilizing, and harvesting are all essential components that require a certain amount of labor. The amount of labor affects the percentage of revenue between the landowner and the tenants. In order to achieve maximum production, the workforce needs to be deployed effectively (Akram et al., 2019; Sulistyowati et al., 2019). The larger the cropland, the more significant the impact the labor has on the sharecropping deal.

In line with labor, it is necessary to utilize available technology to achieve maximum production. The use of the right technology will increase production and speed up harvest time (Ghosh et al., 2018; Guo et al., 2019) to increase the amount of agricultural output for both tenants and landowners (Mwinuka et al., 2017). Effective technology will allow farmers to achieve maximum production (Koirala et al., 2016; Mishra et al., 2018).

Production factors within the sharecropping system, namely capital, labor, and technology, impact the proportional relationship between tenants and landowners.
Transparency

Transparency is one of the conditions necessary to ensure that agricultural sharecropping agreements can be executed properly. Transparency involves a sincere, comprehensive openness and provides a space for active participation so that everyone is guaranteed access to relevant information (Anggraini, 2013). The principle of transparency requires openness when carrying out the decision-making process and presenting information (Iswahyudi et al., 2017). In the sharecropping system, landowners should be transparent about the quality of their land and the land area to be cultivated (Barus et al., 2011). Soil fertility levels (Soewandita, 2012), the seeds and fertilizer that should be used (SUSILOWATI & TINAPRILLA, 2020), and the amount of yield and capital (Roy & G.V, 2018).

Transparency between tenants and landowners is vital to avoid asymmetric information. Frequently, written agreements are considered taboo and scary. People find it hard to deal with legal institutions and manage contracts. If a contract is transparent, it makes negotiations easier (Wahyuni, 2013). A solid transparent contract is informative, open, and straightforward.

Transparency contributes to farmer productivity which increases profit (Cahyani et al., 2017). Transparency also increases mutual trust between the two parties. It allows the production agreement to be carried out successfully (Novita et al., 2017).

Religiosity

Religiosity must be manifested in various aspects of human life. It should not merely be limited to worship rituals but also part of other activities driven by physical and mental forces. Religion should be integrated into all aspects of human life. For example, religion should play a role in all economic, political, and social activities intended to worship Allah (Kholidah, 2015; Sahlan, 2011).

Furthermore, religion can shape attitudes and lay the foundation for moral concepts. It can directly influence how an individual understands good and bad, forming a dividing line between what is permissible and forbidden. A person’s moral compass is developed through an understanding and knowledge of religious teachings (Prasetyoningrum, 2016).
In short, religiosity involves a person’s firm conviction towards the religious values he adheres to. This can be measured through various dimensions, namely faith, worship, obedience, experience, knowledge or science, and orthopraxis (El-Menouar, 2014). In conclusion, religiosity dramatically influences a person’s worldview and attitude.

**Relationship between socio-economic factors and sharecropping system**

The socio-economic factors that have an impact on the sharecropping system include education, income, and assets owned (Lee, 2020). A farmer who is well educated or has several experiences cultivating cropland would eradicate the asymmetric information within a sharecropping contract (Tran, 2016). Also, the income generated from the cropland harvest is related to the sharecropping contract (Haque & Jinan, 2018). Moreover, the assets owned by the landowner would affect the amount of land cultivated by the tenants and impact the sharecropping contract (Petrini et al., 2017). Based on evidence from previous research, the higher a person’s socio-economic status is, the greater its impact is on a sharecropping contract. Therefore, the hypothesis of the research could be stated as follows:

\[ H_1: \text{socio-economic status has a significant effect on sharecropping.} \]

**Relationship between production and sharecropping system**

A sharecropping contract agreed upon between tenants and landowners would cover plundering, seeding, fertilizing, cultivating, and harvesting, or in short, the cropping process. The cropping process is part of production in agriculture, while the rest is post-production of the harvest. Several factors influence cropping processes, for example, capital, workforce, and technology (Pratt & Wingenbach, 2016; Riddell & Song, 2017). The capital covers all items used in the cropping process, namely, tools, seeds, fertilizer, etc. (Goswami et al., 2017; Hasyim Hasman & Fauzia, 2013; Mantiri et al., 2019). “Gapoktan” is the word used to describe the workforce or the collection of farmers that work together to cultivate the farmable land. The usage of the right technology can
increase farm productivity when needed (Janssen et al., 2017; Tambo & Mockshell, 2018). In addition to increasing production yields, technology can also be used to deal with pest infestations (Zhang et al., 2018), climate change (Shaffril et al., 2018; Ubisi et al., 2017), soil fertility (Danso-Abbeam et al., 2019).

(Rossi et al., 2017), poor quality seeds (Ret al., 2018), and other issues that farmers cannot predict ahead of time. Based on this discussion, the hypothesis is as follows:

H$_2$: production has a significant effect on sharecropping.

**Relationship between transparency and sharecropping system**

Transparency is an essential factor in the sharecropping system. Transparency can prevent the spread of asymmetric information and decrease the likelihood of moral hazards in the future. Being transparent includes being informative, open, and disclosing all necessary information. Informative means that all aspects of the sharecropping contract should be clear and agreed upon, including the harvest revenue sharing procedure (Wahyuni, 2013). Openness is also essential, and both the landowners and the tenants should be honest about their capabilities and the capital used in the cropping process (Khan et al., 2020). Honest disclosure or lack thereof certainly affects the sharecropping system too. For example, if a tenant is dishonest about the actual amount of the harvest obtained or if a landowner hides the capital, they have to provide their tenants (Chaudey, 2017; Pérez Niño, 2016). Therefore, the hypothesis of the research could be determined as follows:

H$_3$: transparency has a significant effect on sharecropping

**Relationship between socio-economic status and religiosity**

While farmers are generally considered to be religious, each farmer has his level of religiosity. In line with that, religiosity affects farmers’ behavior, which affects their socio-economic status, in terms of education, the amount of income
they earn, or even assets they own, which must align with religious teaching. These socio-economic factors are always related to religiosity (El-Menouar, 2014). In other words, their choice regarding how they educate their relatives, the educational institution they attend, and the charities they participate in are dimensions of religiosity (Sawita, 2018). Therefore, the hypothesis is as follows:

\[ H_4: \text{religiosity has a significant impact on one’s socio-economic status} \]

**Relationship between production and religiosity**

Religiosity—especially in Islam—affects a farmer’s behavior during production (Aziz, 2017). Therefore, a farmer with a religious attitude tends to apply religious values to his production activities (Akmalianis et al., 2019). For example, the capital used must be halal, and the workforce should be paid on time without exception (Falit et al., 2016; Gray et al., 2018). One should always pay attention to the religious aspects of technology (Humeira & Sarwono, 2019). To emphasize, the religious morals embedded in a farmer’s life guide his production behavior (Thamagasorn & Pharino, 2019). Based on the statement above, the hypothesis of the research is as follows:

\[ H_5: \text{religiosity has a significant impact on the production} \]

**Relationship between transparency and religiosity**

The religiosity of a farmer would affect the level of transparency within the cropping process. It can be seen in openness between farmers and landowners regarding the portion of capital used, the area of land cultivated, the period of cultivation, and the shared harvest. Furthermore, the information needed from both sides should be provided. Therefore, religiously motivated behavior would drive both of them to surrender all information needed to establish an agreement. In addition, the portion of sharecropping that is to be divided must be disclosed at the time of the contract. Religiosity could encourage both parties to be transparent. Based on this, the hypothesis of the research is as follows:

\[ H_6: \text{religiosity has a significant impact on transparency} \]
Relationship between religiosity and sharecropping system

The dimensions of religiosity motivate a person not to violate his religious order. The dimensions of religiosity that would affect sharecropping include faith, worship, experience, and orthopraxis. A person’s faith is derived from religious teaching, which drives him to believe in God, His messengers, etc. Faith encourages him to do everything based on his belief. In the context of sharecropping, faith would make both parties adhere to their religious order. In line with that, a farmer would believe that the act of sharecropping is part of his worship.

Moreover, a farmer’s experience with religious activities would drive him to believe that God would reward his sharecropping work. Similarly, the orthopraxis dimension would push him to consider the negative consequences of certain behaviors within his religion. As a result, he would avoid betraying a contract or being dishonest during the sharecropping process. In conclusion, the hypothesis is as follows:

$H_7$: religiosity has a significant impact on sharecropping

RESEARCH METHOD

The data for this study was collected from farmers in East Java. Both landowners and tenants responded through a questionnaire survey. There are about 6,713,893 household farmers in East Java that are spread across 29 districts and 9 municipalities. 8 of those districts were chosen for this study based on location affordability, the effort required, and time efficiency. The eight districts chosen were Lamongan, Ngawi, Jember, Bangkalan, Magetan, Bojonegoro, Kediri, and Banyuwangi. At the time of the research, there were 2,105,544 household farmers in those districts. Based on Slovin’s Formula, the sample size given the population size is 540 respondents based on the total number of questions in the questionnaire multiplied 10 times.

Based on gender, 85% of the respondents were male and 15% were female. 66% of the male respondents are landowners and the rest are tenants. Meanwhile, the female respondents consisted of 10% tenants and 5% landowners. Therefore, 76% of the respondents are tenants and 24% are landowners.
To analyse the data and test the hypothesis, structural equation modeling (SEM) was employed. SEM enables the simultaneous estimation of multiple regression equations in a single framework. The logic of using SEM or path analysis is to show causal relations between two or more variables. SEM or path analysis is adequate for examining causal relationships, linking multiple and observed indicators to unmeasured causes, or assessing whether an overall model fits specific data.

RESULT AND DISCUSSION

The model was estimated using the maximum likelihood method. The goodness of fit indices for the final structural model suggested an excellent fit to the data: the small ratio of normed chi-square between 2 up to 5 (Tabachnick et al., 2019; Wheaton et al., 1977), great values of CFI (> 0.9), and RMSEA values (<0.08) (Hair et al., 2014; Hooper et al., 2008). After SEM was run, the path diagram was as follows:

![Figure 1: Structural equation modelling for factors affecting sharecropping system in EastJava](image)

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Based on the path diagram above, the effect of the relationship between the main variables in this study can be explained as follows. Direct effect, the religiosity factor (R) influences the sharecropping system in the agricultural sector (Y) with a p-value of 0.002. The influence of production factors (X₂) on the sharecropping system in the agricultural sector (Y) is significant, with a p-value of 0.020. The transparency factor (X₁) on the sharecropping system in the agricultural sector (Y) has a p-value of 0.000. Secondly, socio-economic factors (X₂) influence sharecropping production in the agricultural sector (Y), with a p-value of 0.781. Third, the moderating effect shows there is an interaction between the religiosity variable (R) as the socio-economic moderator variable (X₂) in the sharecropping system in the agricultural sector (Y) with a p-value of 0.000. There is an interaction between the religiosity variable (R) as the moderator variable for the production factor (X₂) in the sharecropping system in the agricultural sector (Y) with a p-value of 0.016. The interaction between religiosity variable (R) as the moderator variable for transparency (X₁) in the sharecropping system in the agricultural sector with a p-value of 0.000, but the coefficient is -0.173. Religiosity moderates the relationship between the transparency variable and the sharecropping system in the agricultural sector, which weakens the relationship by moderating the religiosity of transparency.

Based on the regression result, the influence of the exogenous variable and endogenous variables could be summed up by saying that transparency affects the sharecropping system about 55.4%, while production affects about 27.5% followed by religiosity and socio-economic factors respectively at about 10.5% and 0.8%. Meanwhile, religiosity as an endogenous variable is influenced by transparency (80.9%), production (35.8%), and socio-economic (20.2%).

As a result, an equation that could be formulated for factors affecting the sharecropping system in East Java analyzed from an Islamic perspective is as follows:

\[ Y = 0.472R + 0.526P + 0.040E + 0.534T + 0.217R \times P + 0.152RP - 0.173RT + \epsilon \]

Based on the equation, the influence of religiosity sharecropping system is 47.2% while production is around 52.6%, followed by 4% and 53.4% for
socio-economic factors and transparency, respectively. The interaction between religiosity and socio-economic factors on the sharecropping system is 21.7%, religiosity and production is 15.2%, and transparency is -17.3%.

A summary of the results of the hypothesis test is found below:

<table>
<thead>
<tr>
<th>Path</th>
<th>Hypothesis</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-Economic</td>
<td>Sharecropping system</td>
<td>$H_1$</td>
<td>0.781</td>
</tr>
<tr>
<td>Production</td>
<td>Sharecropping system</td>
<td>$H_2$</td>
<td>0.020</td>
</tr>
<tr>
<td>Transparency</td>
<td>Sharecropping system</td>
<td>$H_3$</td>
<td>0.000</td>
</tr>
<tr>
<td>Socio-Economic</td>
<td>Religiosity</td>
<td>$H_4$</td>
<td>0.000</td>
</tr>
<tr>
<td>Production</td>
<td>Religiosity</td>
<td>$H_5$</td>
<td>0.016</td>
</tr>
<tr>
<td>Transparency</td>
<td>Religiosity</td>
<td>$H_6$</td>
<td>0.000</td>
</tr>
<tr>
<td>Religiosity</td>
<td>Sharecropping system</td>
<td>$H_7$</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Based on table 1, the hypothesis test showed that the p-value of socio-economic factors to the sharecropping system is 0.781, which is more than 0.05. It can be concluded that $H_1$ is not supported, which means that there is no significant effect of socio-economic factors on the sharecropping system. Meanwhile, the p-value of production and transparency to the sharecropping system is 0.020 and 0.000, respectively, which means $H_2$ and $H_3$ are supported. It can be concluded that production and transparency have a significant effect on the sharecropping system.

Moreover, the p-values of interaction between religiosity and socio-economic factors, production, and transparency on the sharecropping system are 0.000, 0.016, and 0.000, respectively. It can be concluded that $H_4$, $H_5$, and $H_6$ are supported, which means that the interaction of religiosity with socio-economic factors, production, and transparency has a significant impact. Finally, the p-value of religiosity to sharecropping system is 0.002, which is less than 0.05, and means $H_7$ is supported. Therefore, it can be concluded that there is a significant relationship between religiosity and the sharecropping system.
Findings and discussion

While conducting field research, the researchers discovered that the sharecropping contract system practiced in East Java is not compliant with Islamic principles on sharecropping contracts. It is also supported by the coefficient determination of interaction between religiosity and transparency that has a negative relationship even though there is still a significant impact. The relationship of religiosity to the sharecropping system showed a significant value. The relationship weakens the impact of religiosity. In short, the more religious the farmer is, the less transparency there is in the sharecropping system.

As a result, there is still much asymmetric information spread within the sharecropping system in East Java. Moreover, some farmers tend to keep information about their cropland private. At times there is discrepancy between the actual conditions of the cropland and the information shared by the farmer. Therefore, the sharecropping system in East Java, Indonesia is still based on prevailing customs and habits and does not follow sharecropping from an Islamic perspective.

This finding is in line with some existing research that concludes that sharecropping contracts tend to follow the prevailing customs or habits that have been around for generations (Ash Shidiqie, 2017; Nurmadany, 2016; Priyadi & Shidiqie, 2015). It is because farmers want to avoid the complexities associated with implementing sharecropping contracts. For some reason, religiously oriented people, especially farmers, have a higher probability of experiencing a moral hazard within sharecropping contracts (Arief & Susilo, 2019; Prayoga, 2018). Therefore, religiosity has no impact on the transparency of sharecropping contracts (Nuraprianti et al., 2019).

On the contrary, some researchers have argued that religiosity should positively affect sharecropping contracts. The more religious a person is, the more he abides by religious teaching, and that should affect his attitude towards implementing sharecropping contracts (Hafizhah et al., 2016; Ma’zumi et al., 2017; Mutallib, 2015). Some researchers argue that religious teaching can deter people from manipulating a contract. Religion prohibits cheating, especially during social activities (Habibullah, 2018; Khaer, 2019; Khoiruddin, 2015; Yasen, 2018).
In summation, statistically, there is no significant impact of religiosity on the sharecropping system. However, past observations show a relationship between religiosity and daily life in the form of a routine ritual. For example, there might be weekly or monthly religious speeches from a religious figure within a farming group. The reason behind this discrepancy is a matter beyond this research. However, the researchers suggest that the farmers have not been able to embed the value of religious teaching into their business affairs. Religious rites remain separate from their economic proceedings, and they have not yet converted religious teachings into actions.

CONCLUSION

In conclusion, based on the hypothesis test, socio-economic factors have no relationship with the sharecropping contract system in East Java. However, production and transparency do have a relationship with the sharecropping system. Religiosity interacts with socio-economic factors, production, and transparency and therefore has a significant relationship with the contract system.

Ultimately, the sharecropping contract system still operates according to customs and habits that have been around for generations. Overall, the current sharecropping contract system in East Java does not align with Islamic values.
REFERENCES


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