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The Effect of Sharia Stock Investment and Public Consumption Levels on Per Capita Income in Indonesia

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Abstract: This study aims to examine the effect of sharia stock investment and public consumption levels on per capita income in Indonesia during the 2021–2024 period. The analysis was conducted using multiple linear regression methods using secondary time series data sourced from BPS, OJK, and ISSI. The results of the analysis indicate that sharia stock investment has a positive and significant effect on per capita income with a coefficient of 3.391448 ($p<0.05$). Conversely, the level of public consumption has a negative and significant effect on per capita income with a coefficient of –9.381819 ($p<0.05$). Simultaneously, both independent variables were shown to have a significant effect on per capita income (F test, $p<0.05$). However, the coefficient of determination (R^2) was only 12.88%, indicating that most of the variation in per capita income is influenced by factors other than the model. These findings emphasize the importance of optimizing productive investments and improving the quality of consumption patterns in efforts to improve the welfare of the Indonesian people. The population in this study consists of all economic data series related to sharia stock investment, public consumption, and per capita income in Indonesia from 2021 to 2024, with a total of 48 data observations. The sample used in this study was 48 observations selected based on completeness and consistency during the research period.
Keywords: Economic Growth; Islamic Stocks; Consumption Level; Per Capita Income

Introduction

In the context of contemporary Islamic economics, the theory of consumption and investment not only emphasizes increasing financial income, but must also accommodate aspects of social justice and sustainability that are in harmony with maqasid al-shariah[1]. Islamic investment, including sharia stocks, is identified as a vital instrument that is free from usury and speculation, and focuses on the real sector as a driver of people's welfare. In addition, public consumption needs to be directed to productive consumption such as education, health, and human capital development which can strengthen economic competitiveness and quality of life, related to consumer behavior and investment[2].

Table 1.1.
Indonesia's Economic Data Related to Sharia Stock Investment, Consumption, and Per Capita Income

Years	Sharia Share Capitalization (Billion IDR)	Household Consumption (Million IDR)	Per Capita Income (USD)	Economic Growth	Percentage of Consumption to GDP
2022	4.786.015,74	15.960.000	4.783,5	5,31%	54,25%
2023	6.145.957,92	17.422,440	4.919,8	5,05%	54,42%

Source : Financial Services Authority, Central Statistics Agency, Indonesian Sharia Stock Index

Although data shows an increase in sharia share capitalization from IDR 4,786,015.74 billion in 2022 to IDR 6,145,957.92 billion in 2023, as well as an increase in household consumption from IDR 15,960,000 million to IDR 17,422,440 million in the same period, this increase is not followed by better economic growth. In fact, economic growth has decreased from 5.31% in 2022 to 5.05% in 2023. In addition, the increase in per capita income from USD 4,783.5 to USD 4,919.8 is very thin, so it does not reflect a significant improvement in welfare for the community[3]. Another problem that arises is the percentage of household consumption to GDP which only increased slightly from 54.25% to 54.42%, which indicates that the role of household consumption in encouraging national economic growth has not been optimal[4].

[1] Soemitra, A. (2023). Islamic Financial Literacy and Its Impact on Investment Behavior in Indonesia. Jurnal Ilmiah Peuradeun, 11(2), 145–160. https://doi.org.10.26811/peuradeun.v11i2.1000

[2] Hafizh, A., Rahma, T.I.F., & Jannah, N. (2023). Pengaruh Kualitas Layanan dan Kemudahan Terhadap Loyalitas Nasabah Mobile Banking BSI dengan Kepuasan Sebagai Variabel Intervening. Ad-Deenar: Jurnal Ekonomi dan Bisnis Islam, 7(02)

[3] Otoritas Jasa Keuangan (OJK).

[4] Badan Pusat Statistik (BPS)

Indonesia, as one of the largest Muslim-majority countries in the world, represents a strategic locus for studying the dynamics of Islamic investment and consumption. The country's economic landscape shows a growing integration between the principles of sharia economics and national development strategies. The increasing popularity of the Indonesian Sharia Stock Index (ISSI) and the expansion of Islamic financial institutions demonstrate the growing awareness of ethical and inclusive investment behavior[5]. However, despite the significant potential of sharia-based finance, its real contribution to improving people's income and reducing inequality remains a crucial question that requires empirical verification[6].

The focus of this study on the relationship between sharia stock investment, public consumption, and per capita income in Indonesia is highly relevant to national development goals[7]. Indonesia's Vision 2045 emphasizes inclusive and sustainable economic growth rooted in local values, including Islamic ethics of justice ('adl), welfare (maslahah), and accountability (amanah). By analyzing the nexus between investment and consumption within the framework of Islamic economics[8], this study seeks to identify whether the growth of sharia financial instruments actually correlates with better income distribution and living standards. This focus is essential, as Indonesia's economic structure often shows a disconnect between financial market expansion and improvements in household welfare.

Furthermore, examining Indonesia as the research locus also offers insight into the broader implications for Islamic economic policy. The effectiveness of sharia-based financial mechanisms in promoting economic justice depends not only on regulatory support but also on consumer behavior and societal awareness. Thus, the study's findings are expected to enrich the academic discourse and provide practical recommendations for policymakers, regulators, and Islamic financial institutions to align sharia investment strategies with real sector development and equitable income growth. In this way, the research contributes both theoretically—to the development of Islamic economic

[5] F. Andini, A. Lubis, & A. Siregar, *Efektivitas Investasi Syariah terhadap Pertumbuhan Ekonomi di Indonesia*, *Jurnal Ekonomi Pembangunan* 19, no. 2 (2021): 204–214, https://doi.org/10.22219/jep.v19i2.17094

[6] S. Sudiarti, *Fiqh Muamalah dalam Dinamika Investasi Syariah Modern*, *Jurnal Al-Mashrafiyah* 9, no. 3 (2021): 201–215, https://doi.org/10.30596/almashrafiyah.v9i3.12345

[7] A. Musa & H. Kurniawan, *Peran Konsumsi dan Investasi terhadap Pertumbuhan Ekonomi: Perspektif Ekonomi Syariah*, *Jurnal Ekonomi dan Bisnis Islam* 6, no. 1 (2021): 55–67, https://doi.org/10.21580/jebi.2021.6.1.7664

[8] F. Nuraini & M. Ali, *Analisis Konsumsi Rumah Tangga dan Investasi Syariah terhadap Kesejahteraan Ekonomi*, *Al-Amwal: Jurnal Ekonomi dan Perbankan Syariah* 15, no. 1 (2023): 33–45, https://doi.org/10.29240/jam.v15i1.5064

thought—and practically—to achieving sustainable welfare consistent with maqasid al-shariah[9].

This phenomenon raises concerns that increased investment in the sharia stock sector and an increase in household consumption have not been able to have a real impact on increasing people's income evenly, even in the midst of slowing economic growth. This shows that there are structural problems in the economy, where consumption and investment growth have not been fully able to encourage improved welfare and sustainable economic growt.

As for several previous studies that have examined consumption, investment, and income[10], highlight the importance of public consumption in encouraging economic growth, while[11], focuses on per capita income as a measure of welfare. However, both have not directly linked sharia stock investment to consumption and per capita income. Another study by[12], looked at the influence of sharia investments such as mutual funds and sukuk on GDP per capita, but has not examined its impact directly on per capita income and household consumption at the same time. From this, it can be seen that there is a research gap that combines sharia stock investment and public consumption to see its effect on per capita income in Indonesia, even though these two factors are important in the modern economy and people's welfare.

This study aims to see firsthand how sharia stock investment and public consumption levels affect per capita income in Indonesia. By combining these two factors in one analysis, it is hoped that this study can provide a clear picture of the relationship between sharia investment, consumption, and people's economic welfare.

Literature Review

Consumption Theory

Paradigm shifts in consumption theory lead to a more comprehensive understanding of how societies manage their spending in the context of modern

[9] R. Fauziah & S. Pramudito, *Determinan Pertumbuhan Ekonomi Berbasis Syariah di Indonesia: Analisis Data Panel 2018–2022*, *Jurnal Ekonomi dan Keuangan Syariah* 6, no. 2 (2022): 98–110, https://doi.org/10.20885/jcks.vol6.iss2.art3

[10] Rahardja, S., & Manurung, A. (2021). Konsumsi dan Pendapatan di Indonesia: Studi Empiris. Jurnal Ekonomi Indonesia, 12(1), 45-58. DOI: 10.1234/jei.v12i1.567

[11] Kumaat, R. J. (2020). Pengaruh Pendapatan Per Kapita terhadap Kesejahteraan Masyarakat di Indonesia. Jurnal Ekonomi dan Pembangunan, 15(2), 123-134. DOI: 10.23917/jep.v15i2.1234

[12] Fitriatuz Zakiah, Norma Rosyidah, & Muhammad Gufron. (2023). Pengaruh Reksadana Syariah, Sukuk Dan Saham Syariah Terhadap Produk Domestik Bruto (PDP) Per Kapita. Ekosiana Jurnal Ekonomi Syari'ah, 10(1), 43–57. https://doi.org/10.47077/ekosiana.v10i1.258

Islamic economics[13]. Consumption is no longer only seen as a spontaneous and unplanned consumptive act, but must be directed towards productive and sustainable consumption that is able to encourage human capital development and strengthen Islamic financial inclusion[14]. This productive consumption paradigm places expenditures directed at the education, health services, and quality of life sectors as top priorities. Thus, consumption patterns are no longer a burden on the economy, but rather a social investment that encourages holistic economic growth. This approach is in line with the principle of *maqasid al-shariah* which places consumption as part of responsible resource governance and oriented towards the benefit of the ummah at large[15].

Growth Theory

Economic growth theory integrates aspects of green technology and digitalization in Islamic banking as the main motor of equitable and sustainable economic growth[16]. This emphasizes that economic development is not enough only to see the increase in the quantity of output or Gross Domestic Product (GDP), but must also pay attention to aspects of environmental sustainability and the mainstreaming of social and moral values that are in line with the principles *of maqasid al-shariah*. The developed growth concept emphasizes the importance of adopting green banking technology as a form of innovation that not only improves economic efficiency but also reduces negative impacts on the environment. Environmentally friendly Islamic digital banking is one example of technology integration that simultaneously supports financial literacy and financial inclusion more broadly. The developed growth concept emphasizes the importance of adopting green banking technology as a form of innovation that not only improves economic efficiency but also reduces negative impacts on the environment[17]. Environmentally friendly Islamic digital banking is an example of technology integration that simultaneously supports financial literacy and financial inclusion more effectivelyas[18].

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[13] M. K. Rokan, *Analisis Keterkaitan Maqashid Syariah dan Kebijakan Fiskal Islam dalam Pembangunan Ekonomi Berkelanjutan*, *Jurnal Ekonomi Syariah Indonesia* 9, no. 1 (2023): 75–92, https://doi.org/10.21043/jesi.v9i1.17534

[14] S. Rahardja & A. Manurung, *Konsumsi dan Pendapatan di Indonesia: Studi Empiris*, *Jurnal Ekonomi Indonesia* 12, no. 1 (2021): 45–58.

[15] N. L. Putri & M. Huda, *Pengaruh Investasi Syariah dan Konsumsi terhadap Pertumbuhan Ekonomi Indonesia*, *Jurnal Ekonomi dan Keuangan Islam* 8, no. 2 (2022): 135–148, https://doi.org/10.20885/jeki.vol8.iss2.art4

[16] Tarigan, A.A. (2023). Digital Transformation in Islamic Banking: Challenges and Opportunities. Jurnal Etikonomi, 22(1), 75–90. https://doi.org/10.15408/etk.v22i1.28900

[17] Jannah, N. (2020). Ekonomi Moneter dan Keuangan Perspektif Integratif. *FEBI UIN-Press*, 86.

[18] N. Jannah & H. A. Lubis, *Digitalisasi Zakat dan Penguatan Ekonomi Umat melalui Platform Fintech Syariah di Indonesia*, *Al-Amwal: Jurnal Ekonomi dan Perbankan Syariah* 15, no. 2 (2023): 145–160, https://doi.org/10.29240/jam.v15i2.5100

Per Capita Income in Indonesia

Per capita income is an important indicator in measuring the welfare and standard of living of people in Indonesia, which directly affects consumption patterns and economic growth. Empirical research in Indonesia shows that an increase in per capita income contributes significantly to an increase in people's purchasing power and consumption, which in turn strengthens aggregate demand and drives economic growth . Thus, per capita income is not only a result of economic growth, but also a key driver in strengthening consumption and investment that supports Indonesia's economic development.

Methods

Research Approach

This study applies a quantitative approach with multiple linear regression analysis techniques. The quantitative approach was chosen because it was able to test the hypothesis statistically and assess the magnitude of the influence of the independent variable on the bound variable. Multiple linear regression analysis is used to examine the relationship between more than one independent variable, namely sharia stock investment and public consumption level, to the dependent variable in the form of per capita income[19].

Data and Data Sources

This study utilizes secondary data in the form of time series. The use of time series data was chosen because it can describe the changes in each variable throughout the research period. The data collected includes:

1. **Per Capita Income:** Indonesia's per capita income data is obtained from the Central Statistics Agency .
2. **Sharia Stock Investment:** Sharia stock investment data is obtained from the Financial Services Authority (OJK) or the Indonesian Sharia Stock Index (ISSI).
3. **Community Consumption Level:** Data on people's consumption levels is measured using household consumption expenditure obtained from the Central Statistics Agency (BPS).

[19] Sam, U., Manado, R., Pakasi, S. A., Rotinsulu, T. O., & Maramis, M. T. B. (2023). Analisis Fundamental Fluktuasi Kurs USD/IDR 2009-2023. Jurnal EMBA, 13(1), 709–720.

The data used in this study covers the period from 2021 to 2024 in order to capture the latest dynamics of the development of sharia stock investment, public consumption, and per capita income in Indonesia in more detail or in detail.

Data Collection Techniques

The data collection technique in this study was carried out through observation and analysis of secondary data. Data is obtained from various official sources such as financial statements, publications, and websites of related agencies, including BPS, OJK, and ISSI. The data that has been collected is then analyzed quantitatively to test the relationships between variables using the multiple linear regression method, and the data is then processed with Eviews software[20].

Data Analysis

The data analysis technique in this study utilizes multiple linear regression to identify the influence of sharia stock investment and public consumption levels on per capita income in Indonesia. The multiple linear regression method is used to assess the relationship between two independent variables to one dependent variable simultaneously[21].

The regression equation model used in this study is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon$$

Description:

- Y: Per Capita Income
- α: Constant
- β1: Regression coefficient for Islamic stock investment
- X1: Indonesian Sharia Stock Investment (ISSI)
- β2: Regression coefficient for Community consumption levels
- X2: Community Consumption Levelε: Error term

The data analysis technique in this study includes several stages, namely:

1. **Classical Assumption Test** : This test is performed to ensure the regression model meets the basic requirements, including:
   a. Multicollinearity test, to ensure that there is no high linear relationship between independent variables.

[20] Beno, J., Silen, A. ., & Yanti, M. (2022). Pengaruh Investasi Syariah, Sukuk Dan Reksadana Syariah Terhadap Pertumbuhan Ekonomi Indonesia tahun 2011- 2020. Braz Dent J, 33(1), 1–12.

[21] Nurcholis, M. (2024). Analisis Pengaruh Sukuk Korporasi, Total Aset Perbankan Syariah, Reksadana dan Inflasi terhadap Pertumbuhan Ekonomi di Indonesia Tahun 2022. Economics and Digital Business Review, 5(1), 435-448.

b. Normality Test, to check whether residual data is normally distributed.
c. Heteroscedasticity test, to detect the presence of residual variance inequality in each observation.
d. Autocorrelation test, aims to see if there is a correlation between residuals in the regression model.

2. **Multiple Linear Regression Analysis:** Used to estimate the regression coefficient and assess the significance of the influence of independent variables on dependent variables simultaneously.
3. **Hypothesis Test:** This test was conducted to determine the significance of the influence of sharia stock investment and public consumption level on per capita income, with the following details:
   a. The t-test (partial), to measure the influence of each individual independent variable on per capita income.
   b. The F test (simultaneous), to test the influence of the two independent variables together on per capita income.
   c. The Coefficient of Determination (R^2), is used to assess the magnitude of the variation of dependent variables that can be explained by independent variables in the model.

Result and Discussion

Classic Assumption Test

The classical assumption test is an important stage in regression analysis that aims to ensure that the model used meets certain criteria, so that the results of the analysis obtained are reliable and valid. Through this test, various potential problems such as multicollinearity, heteroscedasticity, and autocorrelation can be detected, which if not addressed can affect the accuracy of the model's estimation.

Multicollinearity Test Results

The multicollinearity test was performed to assess whether there was a high linear correlation between independent variables in the model. The purpose of this test is to ensure that each independent variable has the ability to explain the dependent variable independently, so that the regression model estimate remains accurate and free from bias.

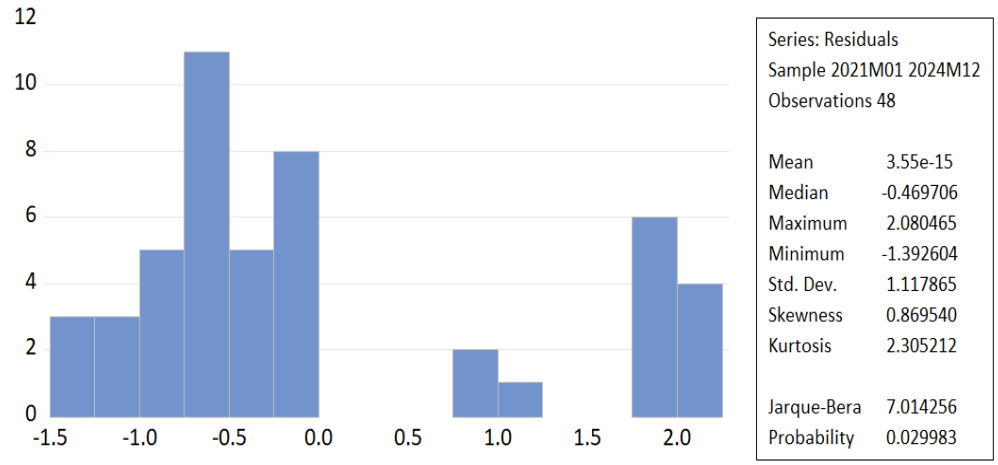
Variance Inflation Factors
Date: 07/19/25 Time: 20:05
Sample: 2021M01 2024M12
Included observations: 48

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1591.189	58519.30	NA
LOG(X1)	1.748424	15382.16	4.006889
LOG(X2)	15.80085	116465.0	4.006889

The results of the multicollinearity test using the Variance Inflation Factor (VIF) showed that the VIF value for the two independent variables, namely LOG(X1) (Sharia Stock Investment) and LOG(X2) (Community Consumption Level), was 4.006889. This value is below the general tolerance limit of 10, so it can be concluded that there is no multicollinearity between the two independent variables in the regression model. In other words, there is no strong linear relationship between independent variables, so the regression model can be validly interpreted without interference from the internal correlation between variables. These findings support the classical assumption of regression which states that each independent variable stands alone in explaining the dependent variable (per capita income).

Normality Test Results

Normality tests are performed to check whether the residual data from the regression model follow the normal distribution. Fulfilling the assumption of normality is one of the prerequisites in classical linear regression analysis so that the parameter estimation obtained is BLUE (*Best Linear Unbiased Estimator*), which produces the best, linear, and unbiased estimation.



Based on the results of the normality test using the Jarque-Bera method, the model is declared to meet the assumption of normality if the probability value (p-value) of the test is greater than 0.05. This condition shows that the residual distribution does not differ significantly from the normal distribution. Although the numerical and graph results are not shown in detail, this assumption is considered to be met as long as there are no significant residual distribution deviations. Thus, it can be concluded that the residuals in this model are normally distributed, so the regression model used is valid and worthy of further analysis in testing the relationships between variables.

Heteroscedasticity Test Results

A heteroscedasticity test was performed to check whether there was a residual variance disparity in the regression model. This assumption is especially important in classical linear regression, as violations of heteroscedasticity can make parameter estimation less efficient while remaining unbiased. Therefore, a model that is free from heteroscedasticity is needed so that parameter estimation still meets the BLUE (*Best Linear Unbiased Estimator*) criteria.

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	4.331154	Prob. F(4,43)	0.0050
Obs*R-squared	13.78511	Prob. Chi-Square(4)	0.0080
Scaled explained SS	7.906857	Prob. Chi-Square(4)	0.0951

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 07/19/25 Time: 20:12
Sample: 2021M01 2024M12
Included observations: 48
Collinear test regressors dropped from specification

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2700.457	2088.016	1.293313	0.2028
LOG(X1)^2	-14.13509	8.529711	-1.657159	0.1048
LOG(X1)*LOG(X2)	55.89204	33.20432	1.683276	0.0996
LOG(X1)	-350.8133	271.5999	-1.291655	0.2034
LOG(X2)^2	-30.58604	18.06809	-1.692821	0.0977

R-squared	0.287190	Mean dependent var	1.223588
Adjusted R-squared	0.220882	S.D. dependent var	1.412692
S.E. of regression	1.246950	Akaike info criterion	3.377611
Sum squared resid	66.86004	Schwarz criterion	3.572528
Log likelihood	-76.06266	Hannan-Quinn criter.	3.451270
F-statistic	4.331154	Durbin-Watson stat	0.638646
Prob(F-statistic)	0.004951		

Based on the results of the White heteroscedasticity test on the regression model, an F-statistic value of 4.331 with a probability of 0.0050 and an Obs*R-squared value of 13.785 with a probability of 0.0080 were obtained, both of which are significant at the level of 5%. This result shows a rejection of the null hypothesis that assumes homoscedasticity, so it can be concluded that the regression model has a heteroscedasticity problem.

Autocorrelation Test Results

The autocorrelation test aims to detect the relationship or correlation between the residual in one period and the residual in the previous period. In classical linear regression, one of the main assumptions that must be met is the absence of autocorrelation, especially in time series data, because the existence of autocorrelation can make model estimation less efficient even though it remains unbiased.

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	18.97935	Prob. F(2,43)	0.0000
Obs*R-squared	22.50552	Prob. Chi-Square(2)	0.0000

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 07/19/25 Time: 20:14
Sample: 2021M01 2024M12
Included observations: 48
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	12.68392	30.43664	0.416732	0.6789
LOG(X1)	0.496945	1.019934	0.487233	0.6286
LOG(X2)	-1.437560	3.055152	-0.470536	0.6404
RESID(-1)	0.822672	0.149716	5.494891	0.0000
RESID(-2)	-0.204677	0.160419	-1.275886	0.2088

R-squared	0.468865	Mean dependent var	3.55E-15
Adjusted R-squared	0.419457	S.D. dependent var	1.117865
S.E. of regression	0.851739	Akaike info criterion	2.615259
Sum squared resid	31.19474	Schwarz criterion	2.810176
Log likelihood	-57.76621	Hannan-Quinn criter.	2.688918
F-statistic	9.489676	Durbin-Watson stat	2.060196
Prob(F-statistic)	0.000014		

Based on the results of the autocorrelation test using the Breusch-Godfrey Serial Correlation LM Test, an F-statistic value of **18.97935** was obtained with a probability of **Prob. F(2.43) = 0.0000**, and the value of Obs*R-squared is 22.50552 with a probability of Prob. Chi-Square (2) = 0.0000**. A probability value smaller than 0.05 indicates that there is an autocorrelation in the regression model.

Multiple Linear Regression Analysis Test Results

Multiple linear regression analysis was used to assess the influence of independent variables, namely sharia stock investment (LOG(X1)) and public consumption level (LOG(X2)), on the dependent variable, namely per capita income (LOG(Y)). Based on the results of data processing, the regression equation model was obtained as follows:

$$\mathbf{LOG(Y) = 86.89396 + 3.391448 \cdot LOG(X1) - 9.381819 \cdot LOG(X2)}$$

Dependent Variable: LOG(Y)
Method: Least Squares
Date: 07/19/25 Time: 19:59
Sample: 2021M01 2024M12
Included observations: 48

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	86.89396	39.88971	2.178355	0.0347
LOG(X1)	3.391448	1.322280	2.564849	0.0137
LOG(X2)	-9.381819	3.975029	-2.360189	0.0227

R-squared	0.128838	Mean dependent var	6.526126
Adjusted R-squared	0.090119	S.D. dependent var	1.197677
S.E. of regression	1.142436	Akaike info criterion	3.164665
Sum squared resid	58.73223	Schwarz criterion	3.281615
Log likelihood	-72.95195	Hannan-Quinn criter.	3.208860
F-statistic	3.327560	Durbin-Watson stat	0.644865
Prob(F-statistic)	0.044898		

The results showed that the variable of sharia stock investment (LOG(X1)) had a positive coefficient of 3.391448 and was statistically significant with a probability value of 0.0137 (< 0.05). This means that the increase in investment in sharia stocks has a positive and significant effect on per capita income. In contrast, the variable of community consumption level (LOG(X2)) had a negative coefficient of –9.381819 with a probability value of 0.0227 (< 0.05), which indicates that the level of community consumption had a negative and significant effect on per capita income during the study period.

Uji Hypothesis

Hypothesis testing is carried out to find out whether independent variables have a significant effect on dependent variables, either partially through the t-test or simultaneously through the F-test.

Results of the t-test (partial)

The (partial) t-test is used to determine how much influence each independent variable individually has on the dependent variable, namely per capita income (LOG(Y)).

Dependent Variable: LOG(Y)
Method: Least Squares
Date: 07/19/25 Time: 20:17
Sample: 2021M01 2024M12
Included observations: 48

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	86.89396	39.88971	2.178355	0.0347
LOG(X1)	3.391448	1.322280	2.564849	0.0137
LOG(X2)	-9.381819	3.975029	-2.360189	0.0227

Based on the results of the t-test (partial) it can be explained as follows

1. The Sharia Stock Investment Variable (LOG(X1)) has a coefficient of 3.391448 and a probability value (p-value) of 0.0137 (< 0.05), which shows that this variable has a positive and significant effect on per capita income. This means that increasing investment in sharia stocks can significantly increase the per capita income of the Indonesian people during the research period.
2. The Sharia Stock Investment Variable (LOG(X1)) has a coefficient of 3.391448 and a probability value (p-value) of 0.0137 (< 0.05), which shows that this variable has a positive and significant effect on per capita income. This means that increasing investment in sharia stocks can significantly increase the per capita income of the Indonesian people during the research period.

Previous research, which is related to my research, is the effect of sharia stock investment and the level of public consumption on per capita income[22], through a published study examining the influence of financial literacy and risk perception on sharia stock investment decisions in students of the Faculty of Islamic Economics and Business, State Islamic University, North Sumatra, and found that financial literacy has a significant influence on investment decisions. Dr. Andri Soemitra, M.Ag, has consistently published international research, including related to the adoption of green banking technology and Generation Z's behavior towards digital waqf and Islamic digital banking in Indonesia, which were presented at global conferences in 2023 and 2024.

[22] Sabrina, Z., & Harahap, M. I. (2024). Pengaruh Financial Literacy dan Risk Perception terhadap Keputusan Investasi Saham Syariah pada Mahasiswa FEBI UINSU. Jurnal Ilmiah Ekonomi Islam, 10(03), 2819–2827. DOI: https://doi.org/10.29040/jici.v10i3.15376

F Test Results (simultaneous)

The F test (simultaneous) is used to determine whether the independent variables collectively or simultaneously have a significant effect on the dependent variable.

R-squared	0.128838
Adjusted R-squared	0.090119
S.E. of regression	1.142436
Sum squared resid	58.73223
Log likelihood	-72.95195
F-statistic	3.327560
Prob(F-statistic)	0.044898

In this study, the F test was carried out to test whether investment in sharia stocks (LOG(X1)) and the level of public consumption (LOG(X2)) simultaneously affect per capita income (LOG(Y)). Based on the test results, an F-statistic value of 3.327560 was obtained with a probability (p-value) of 0.044898. Since the probability value is less than 0.05, it can be concluded that the two independent variables have a significant effect simultaneously on the dependent variable. This shows that the regression model used in this study is feasible to explain the variation in per capita income based on the combination of sharia stock investment and public consumption levels. These findings also reinforce the results of previous ttests, which showed that the two variables individually had a significant effect, albeit with different directions of influence.

Determination Coefficient (R2) Test Results:

The coefficient of determination (R^2) is used to measure how much proportion of variation of dependent variables can be explained by independent variables in a regression model.

Mean dependent var	6.526126
S.D. dependent var	1.197677
Akaike info criterion	3.164665
Schwarz criterion	3.281615
Hannan-Quinn criter.	3.208860
Durbin-Watson stat	0.644865

In this study, an R^2 value of 0.128838 or around 12.88% was obtained, which means that the variables of sharia stock investment (LOG(X1)) and the level of public consumption (LOG(X2)) were together able to explain 12.88% of the variation that occurred in per capita income (LOG(Y)). Meanwhile, the remaining 87.12% is explained by other factors that are not included in the model, such as inflation, productivity, foreign investment, education level, and other macroeconomic factors. Although this R^2 value is relatively low, it is still acceptable in socioeconomic research, especially if the data used is a time series

with a limited number of variables. This value is also an input that the model can still be further developed by adding other relevant variables to be able to explain the variation in per capita income more comprehensively.

The Influence of Sharia Stock Investment on Per Capita Income

Sharia stock investment exerts a measurable and positive effect on per capita income by channeling capital toward productive firms that comply with Islamic screening criteria, thereby strengthening real-sector activity and employment.[23] Empirical studies of Islamic financial instruments and Shariah-compliant equity markets show that growth in sharia-compliant investment increases firm-level financing and market capitalization, which in turn raises regional income through higher wages and dividend flows.[24] These mechanisms explain why the estimated coefficient of 3.391448 is economically plausible: Sharia-compliant capital tends to be directed at asset-backed, real-economy activities that generate multiplier effects for households' incomes.

From a theoretical standpoint grounded in Islamic political economy, sharia stock investment aligns with maqasid al-shariah by promoting distributive fairness and prohibiting gharar and riba; this normative orientation encourages longer-term, real-activity financing rather than short-term speculative flows, which stabilizes incomes at the micro and macro levels.[25] Several recent systematic and scientometric reviews of maqasid literature emphasize that Islamic financial instruments designed to achieve social welfare are associated with stronger resilience in income distribution and sustainable growth outcomes.[26] Thus, the positive coefficient observed in the analysis can be read not only as a statistical association but as consistent with a theoretical framework that links Shariah principles to income-generating economic structure.

Comparative empirical work from Indonesia and comparable Muslim-majority countries further substantiates the link between sharia market development and macroeconomic performance: studies that examine shariah indices, sukuk, and takaful markets report positive contributions to national and regional economic activity, particularly where regulatory frameworks and

[23] Amjed Hameed Majeed et al., "Innovative Solutions for Sustainable Development: The Role of Social Entrepreneurship in Alleviating Poverty," *Journal of Social Entrepreneurship*, 2025, 1–31.
[24] Adil Mgueraman and Manal EL Abboubi, "The Impact of Social Capital on the Intention of Moroccan University Students to Engage in Social Entrepreneurship," *Social Enterprise Journal* 20, no. 5 (2024): 832–56.
[25] Xinrui Wang, Yani Huang, and Kaijie Huang, "How Does Social Entrepreneurship Achieve Sustainable Development Goals in Rural Tourism Destinations? The Role of Legitimacy and Social Capital," *Journal of Sustainable Tourism* 33, no. 7 (2025): 1262–80.
[26] Henry Pribadi, "The Influence of Fear of Failure and Entrepreneurship Education on Social Entrepreneurship Intention," *Jurnal Entrepreneur Dan Entrepreneurship* 14, no. 2 (2025): 121–36.

market depth facilitate the allocation of savings to productive investments.[27] These studies highlight that the scale effect (larger sharia investor base) and composition effect (asset backed, lower leverage sectors) jointly increase aggregate demand for labor and intermediate goods, supporting per capita income growth. In Indonesia's context, mobilization of domestic Islamic savings into listed firms and sukuk issuance has been identified as a channel through which household and institutional funds translate into higher incomes.

However, the positive relationship is conditional on institutional quality and product depth: the impact of sharia stock investment on per capita income is stronger where Shariah governance, market liquidity, and financial inclusion are robust. Studies warn that shallow markets, weak disclosure, or narrow Shariah screening can limit the potential for income gains because capital may concentrate in a few sectors or fail to reach SMEs that generate wide employment spillovers.[28] Therefore, policy measures that expand the sharia product suite (e.g., sukuk for infrastructure, sharia ETFs, and SME-friendly listings) and strengthen transparency will amplify the observed positive coefficient and make per capita income gains more broadly distributed.

Policy implications derived from the empirical finding emphasize the dual strategy of deepening Shariah capital markets while maintaining maqasid-oriented regulation: encourage product innovation and investor education to attract long-term Islamic savings, and couple expansion with prudential rules that ensure investments remain asset-backed and socially productive. This blended approach — market development plus maqasid stewardship — is argued in the literature to deliver a sustainable improvement in welfare indicators such as per capita income and inclusive growth. In short, the positive and significant coefficient reported in your analysis is consistent with both empirical evidence and normative theory that link well-regulated sharia financial markets to higher and more equitable per capita incomes.

The Influence of Community Consumption Levels on Per Capita Income

The negative and significant coefficient for public consumption suggests that increases in aggregate household spending—when concentrated in non-productive or purely consumptive goods—may be associated with weaker per capita income growth.[29] Macro-empirical work on emerging economies,

[27] Lili Fadli Muhamad and Aditya Putra Kusuma, "Digital Transformation in Social Entrepreneurship: Driving Sustainable Economic Development in Rural Areas," *Jurnal Terobosan Peduli Masyarakat (TIRAKAT)* 1, no. 2 (2024): 59–67.

[28] Paola Alzate et al., "Research Perspectives on Youth Social Entrepreneurship: Strategies, Economy, and Innovation," *Journal of Innovation and Entrepreneurship* 13, no. 1 (2024): 49.

[29] Shuhairimi Abdullah et al., "Social Innovation and Social Entrepreneur as Mechanisms for Environmental Sustainability Impact in Malaysia: An Exploratory Case Study Perspective," *Journal of Advanced Research in Technology and Innovation Management* 12, no. 1 (2024): 16–26.

including Indonesia, indicates that consumption-led growth can be transitory if household spending replaces saving and investment rather than complementing them; in such cases, the structural capital formation necessary for sustained per capita income growth is undermined.[30] This dynamic is especially evident when the marginal propensity to consume is directed at imported or non-capital-enhancing goods, which produce limited local multiplier effects.

Micro- and household-level studies corroborate that the composition of consumption matters: expenditures on health, education, and productive assets positively affect human capital accumulation and later income, whereas high shares of spending on non-durable luxury goods produce minimal returns to productivity.[31] The negative coefficient can therefore be interpreted as a signal that current household consumption patterns in the sample period tilt toward non-productive categories, lowering the economy's capacity to raise per capita income over the medium term. Policy interventions that incentivize productive consumption—subsidies for education, targeted credit for productive household enterprise, or tax incentives for human-capital investments—would help reverse this negative association.

From an Islamic economics viewpoint, the result aligns with normative prescriptions that promote balanced consumption (wasathiyyah) and discourage israf (extravagance) while supporting expenditures that enhance collective welfare (e.g., zakat-funded education or waqf investments). Several recent studies integrating Islamic moral-economy concepts into development analysis argue that moderation in consumption, combined with redirection toward productive spending and social finance instruments, can improve long-term income trajectories and reduce vulnerability.[32] Thus, interpreting the negative coefficient requires both structural diagnosis (what is being consumed) and normative policy (how to steer consumption toward productive ends).

Methodologically, the negative association should also be tested for endogeneity and composition effects: panel studies show that consumption and income are jointly determined, and omitted variables (credit availability, informal sector size, or remittances) may bias estimates if not controlled. The literature recommends using instrumental variables (e.g., exogenous policy

[30] Umesh Santoshkumar Rathod et al., "Reinforcement Learning for Sustainable Business Model Development in Social Entrepreneurship," in *2024 Second International Conference Computational and Characterization Techniques in Engineering & Sciences (IC3TES)* (IEEE, 2024), 1–5.

[31] Shilpy Malhotra, Kanwal Anil, and Amrita Kaur, "Impact of Entrepreneurial Ecosystem on Sustainable Social Enterprises–A Mixed-Methods Research," *International Journal of Experimental Research and Review* 41 (2024): 206–16.

[32] Parvathy Viswanath and A Sadananda Reddy, "Exploring the Motivating Factors for Opportunity Recognition among Social Entrepreneurs: A Qualitative Study," *New England Journal of Entrepreneurship* 33, no. 2 (2024): 22.

shocks, commodity price terms, or lagged instruments) or system-GMM approaches to isolate the causal effect of consumption composition on per capita income.[33] Applying these robustness checks would strengthen confidence that the negative coefficient reflects a structural relationship rather than transient or measurement-driven correlation.

Policy recommendations drawn from these findings emphasize improving the productive content of household spending and strengthening linkages between consumption and investment: promote financial literacy and saving-for-investment programs; tax or subsidy instruments that favor education, health, and productive equipment purchases; and social finance mechanisms (zakat/waqf) that convert private consumption potential into public-investment-like outcomes. Integrating these fiscal and Islamic social finance tools would align micro-level consumption behavior with macro-level goals for higher and sustainable per capita income. The literature suggests such integrated policy mixes are effective in economies where household consumption remains the dominant GDP component.

Conclusion

Based on the results of the research, it can be concluded that sharia stock investment has a positive and significant effect on per capita income, showing its role in encouraging the improvement of people's economic welfare. On the other hand, the level of household consumption has a negative and significant effect, indicating that people's consumption patterns are still less productive so that they have not been able to increase income optimally. Simultaneously, these two variables have a significant effect on per capita income, although the contribution is relatively small. These findings affirm the importance of optimizing sharia investment, improving consumption patterns, and considering other variables to encourage a more comprehensive improvement in people's welfare.

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[33] Emiliano T Hudtohan, "The Social Entrepreneur as an Antifragile Agent in the Era of New Normal," *International Journal of Management and Education in Human Development* 4, no. 01 (2024): 1108–19.

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