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SHARIA COMPLIANCE IN THE PRACTICE OF BUYING AND SELLING TRANSACTIONS (AL-BAY') IN MSMES: A QUALITATIVE SYUDY IN LAMONGAN REGENCY

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Abstract

One of the objectives of this study is to find out the extent to which owners and managers of MSMEs in Lamongan Regency apply Sharia law in buying and selling activities (*al-bay'*). This study uses a qualitative descriptive methodology. Eight micro, small, and medium enterprises (MSMEs) managers from various industry sectors were interviewed through in-depth interviews, observations, and documentation. Data reduction, data presentation, and conclusion drawing are all part of the interactive model used for data analysis. The survey results show that buying and selling activities carried out by small and medium business managers (SMEs) mostly comply with sharia values, including honesty, fairness, transparency, and avoiding gharar and usury. Everything has been established and agreed upon from the beginning, including a pricing system that is based on reasonable costs and profits. However, MSME actors' understanding of the concept of sharia is still practical and not theoretically comprehensive. Factors that affect sharia compliance include the level of understanding, business experience, religiosity, social environment, as well as external factors such as market conditions and consumer behavior. Thus, efforts are needed to increase sharia economic literacy through education and continuous assistance so that the implementation of sharia compliance can be carried out more optimally and consistently in daily business practices.

Keywords: Sharia Compliance, Al-Bay', MSMEs, Islamic Economics Transactions

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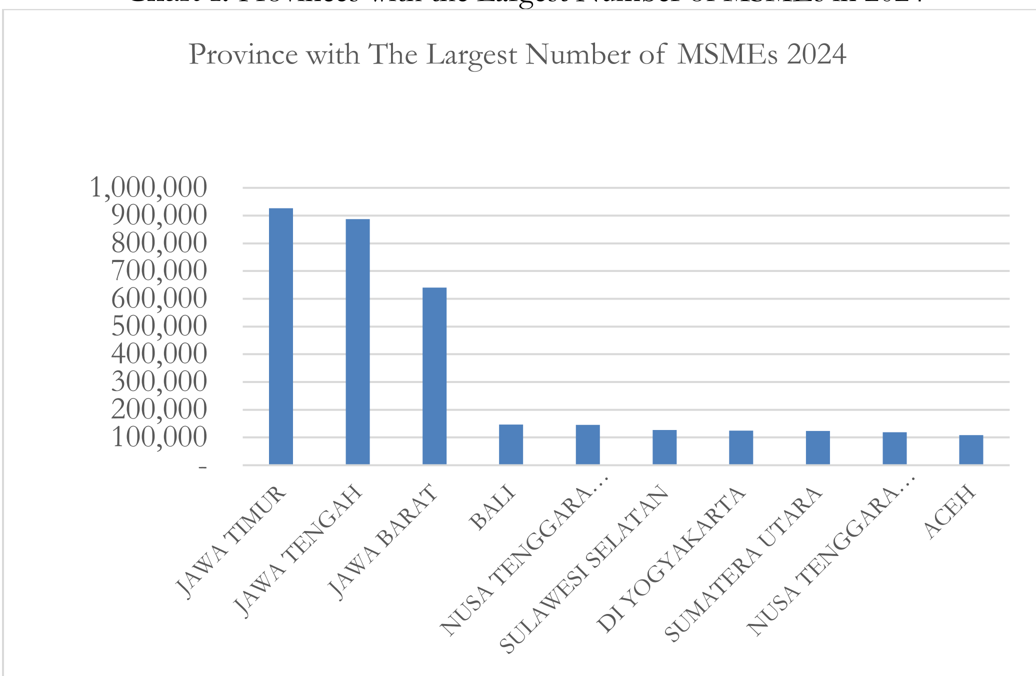
INTRODUCTION

Activities The economy is an important part of people's lives, especially in meeting daily needs through buying and selling activities (Anwar & Haeriyah, 2025). Islamic law requires that all commercial transactions be conducted openly, honestly, and based on justice, not solely for financial gain (Jamaluddin, 2023). Compliance with Sharia is the main foundation in applying Islamic law to all transactions, especially in activities *al-bay'*, or buy and sell (Mokoagow, 2024). Given the importance of the micro, small, and medium enterprises (MSMEs) sector for the national economy, this is becoming increasingly important.

Chart 1. Provinces with the Largest Number of MSMEs in 2024



Source: Goodstatistik, 2024.

Based on data from Goodstatistik, the number of MSMEs in 2024 will be dominated by provinces on the island of Java, with East Java (925,985), Central Java (887,559), and West Java (640,316) as the three regions with the highest number. This indicates a rapidly growing economy and many new businesses that have sprung up in the region. To achieve economic growth, job creation, and income equality, micro, small, and medium enterprises (MSMEs) play a very important role (Goodstatistic, 2024). However, in reality, not all MSME actors understand and apply the concept of sharia compliance. There is still ample room for uncertainty (gharar), lack of transparency (information asymmetry), and the possibility of usury in many transactions (Ariyanti, 2026). This condition highlights the ongoing obstacles related to the application of Sharia norms in microeconomic activities, including a lack of education, awareness, and supervision (Yasmin, 2025).

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The Islamic concept of buying and selling (*al-bay'*) is based on a number of pillars and requirements, including: buyers and sellers who understand the law, the specific purpose of the transaction, and legally binding contracts (Ulandari, 2024); (Rahman and al., 2025). In addition, principles such as honesty, mutual agreement, and fairness are essential for a transaction to be blessed. (Nugroho, 2025). However, in practice in the field, deviations from these principles are often found, especially at the MSME scale, which tends to be informal and lacks strict regulations (Indarsih, 2025).

This phenomenon can also be found in MSMEs in Lamongan Regency. As one of the districts with quite dynamic economic activities, MSME actors in this region run various types of trading businesses. However, based on initial observations, there are still indications that the practice of buying and selling transactions has not fully complied with the principles of Sharia compliance, such as a lack of clarity of contracts, non-transparent bargaining practices, and a lack of understanding related to prohibitions in Islamic transactions. As a result, there is a difference between the theoretical and practical aspects of the sharia.

Based on previous literature reviews, research related to sharia compliance in MSMEs generally focuses on aspects of sharia finance, such as financing or sharia microfinance institutions, and uses more quantitative approaches. Meanwhile, research that specifically examines the practice of buying and selling transactions (*al-bay'*) at the MSME level with a qualitative approach is still limited, especially those that delve deeply into the behavior, understanding, and direct implementation of business actors at the village level. Thus, there is a *research gap* in the form of a lack of contextual and exploratory studies on sharia compliance in daily transaction practices in MSMEs.

Previous studies have shown that sharia compliance (*sharia compliance*) is a fundamental aspect in maintaining the conformity of economic activities with Islamic principles. Research Fadilah et al., (2025) highlights the importance of compliance with sharia in ensuring that transactions are not entangled in gambling or usury, even though they still face various obstacles due to limited human and financial resources. This is in line with the findings Syamsiyah et al., (2025)[, who] found differences in the practice of agreements, especially related to procedural and justice issues, so that a strong effort was needed to integrate sharia principles. Meanwhile, research Zulfa & Laila (2025) emphasizes that sharia transactions must uphold the principles of justice and transparency and be supported by adequate regulations, supervision, and dispute resolution mechanisms. In the context of practice, Comersyah (2025) declares that selling eli, even those done online, is legitimate if it adheres to the principles of honesty and openness and meets the necessary criteria

Nevertheless, Nuryanti (2025) and Scarlet (2025) found that there are still weaknesses in the implementation and supervision of sharia, especially related to the transparency of contracts, the function of the Sharia Supervisory Board, and the low level of Islamic financial literacy. In addition, Siregar (2026) and Zakaria (2025) revealed that although the Islamic financial system and fintech have encouraged MSME financial inclusion, their effectiveness is still constrained by literacy, supervision, and technological adaptation. On the other hand, Masrohatin & Hasanah (2025) show that the application of sharia principles through halal certification has a positive impact on the sustainability of MSMEs. Meanwhile, Yahya (2022)

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highlighting the importance of considering the benefits aspect in the practice of muamalah as long as it does not harm other parties. Overall, these studies show that although the principles of sharia compliance have been regulated normatively and institutionally, there is still a gap between concepts and practices, especially in the aspects of implementation, supervision, and literacy at the business actor level.

The formulation of the problem in this study is focused on efforts to understand and analyze sharia compliance in the practice of buying and selling transactions *(al-bay')* in MSME actors in Lamongan Regency. First, to ensure the validity of their practices, this study examines how MSME actors understand the concept of sharia compliance in buying and selling transactions (*al-bay'*). Second, this study looks at how sharia compliance standards such as honesty, fairness, and not committing usury, uncertainty, or fraud are enforced in buying and selling transactions (*al-bay'*) carried out by MSME actors in Lamongan Regency. Third, from this study, it is to determine what factors, both internal and external, such as knowledge and awareness, culture, and religious activities, affect the level of compliance of small and medium enterprises (SMEs) with sharia law when conducting buying and selling transactions (*al-bay'*).

Based on this, this study has *novelty* in examining in depth the practice of sharia compliance in buying and selling transactions (*al-bay'*) in MSMEs through a qualitative approach with specific locations in Lamongan Regency. This research not only identifies the level of compliance but also explores the influencing factors, the forms of deviations that occur, and the understanding of business actors on sharia principles. Theoretically, this research is expected to advance Islamic economics, and practically, it is expected to help micro, small, and medium enterprises (MSMEs) and politicians in implementing sharia compliance better at the grassroots level.

REVIEW OF LITERATURE

Sharia Compliance

In a Sharia-compliant economy, all transactions and activities are governed by the rules and regulations set forth by Islamic law as stated in the Quran, Hadith, and scholars' interpretations of Islamic law (Salwa, 2025). Ethical principles such as honesty, fairness, and responsibility are part of this obedience, which goes beyond simply following the provisions of the law literally (Nafsah, 2023). Compliance with Sharia is based on a number of principles, the most important of which are the following: prohibition of riba, gharar, and maysir, the necessity of mutual agreement between the parties, justice, and transparency (Daerobi et al., 2025). Hidden costs that harm either party are also prohibited. Sharia compliance in economic activities can be seen by ensuring that the pillars and conditions of the contract are met, that the object and price of the transaction are clearly stated, that no elements prohibited by Islam are involved, and that honest business conduct is applied without harming others (Ritonga et al., 2023).

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The Concept of Buying and Selling in Islam (Al-Bay')

According to Law Sharia, a contract for the exchange of goods or services of a certain value is entered into when a Muslim transacts with other Muslims, a practice known as *al-bay'* (Syahrizal, 2024). The existence of halal, transparent, and profitable transaction objects, the existence of ijab and qabul as a form of agreement, as well as legally capable sellers and buyers, are pillars and conditions that must be met so that the concept of buying and selling is valid (April, 2025). The Islamic legal system recognizes a number of different types of buying and selling. These include bai' musawamah, murabahah, salam, and istisna', which refer to pre-agreed prices and a specified profit margin (Yulistiani & Mukarromah, 2020). Gharar (uncertainty about objects, prices, or contracts), riba (unfair and exploitative interest), and maysir (elements of speculation or gambling) are all strictly forbidden in Islam (Ajir, 2022). To ensure that business transactions are legitimate, ethical, and profitable, these prohibitions are in place to protect consumers from fraud and encourage honest and mutually beneficial deals (Zailani, 2022).

Micro, Small, and Medium Enterprises (MSMEs)

Dependent on factors including asset value, income, and number of employees, micro, small, and medium enterprises (MSMEs) are regulated as productive business units owned by individuals or entities on a small to medium scale (Zuheri, 2025). Some of the characteristics of micro, small, and medium enterprises (MSMEs) are their small size, uncomplicated management, and the ability to quickly adapt to market changes (Blessed & Happy, 2024). Additionally, small and medium-sized enterprises (SMEs) often operate independently and have limited resources, including funding, labor, and funding options (Alhamdani et al., 2023). However, small and medium-sized enterprises (SMEs) are essential to the economy because they are the main source of employment, economic growth in the region, and income equality (Nubahai, 2023). Small and medium enterprises (SMEs) contribute to national economic growth by increasing spending and production in various industries (Hidarya & Sudarna, 2025). As a result, small and medium-sized enterprises (SMEs) are essential to the well-being of society and have substantial social benefits beyond their economic significance.

Sharia Compliance in MSME Practices

Sharia compliance in MSME practices is reflected in the extent to which business actors apply Islamic principles in their business activities, such as honesty, justice, transparency, and avoiding the elements of usury, gharar, and maysir in every transaction (Ramadan, 2025). The implementation of sharia principles in MSMEs can be seen from the use of clear contracts, fair pricing, and the delivery of product information that does not mislead consumers (Deary & Prasetyo, 2024); (Nugro, 2024). But in reality, there are still several obstacles in implementing Sharia compliance among MSMEs. These obstacles include, but are not limited to, lack of education and assistance for business owners, inadequate levels of supervision from the relevant authorities, and lack of general understanding of Sharia principles among business owners (Sarmigi et al., 2025). In addition, the level of adherence to sharia principles may be affected by competitive pressures and an emphasis on short-term profits (S et al., 2025). Understanding the importance of running a business in accordance with Islamic

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principles, social climate, institutional or government support, and the understanding and religious level of business owners are factors that affect sharia compliance (Elizarn, 2025).

RESEARCH METHOD

The purpose of this descriptive qualitative study is to gain a better understanding of how MSME entrepreneurs comply with Sharia law in sales transactions (*al-bay'*). This method was chosen because it allows contextual examination of phenomena through the knowledge, actions, and experiences of entrepreneurs in carrying out their economic activities (Ghozali, 2021). The location of the research was carried out in Sumberwudi Village, Karanggeneng District, Lamongan Regency, which was chosen because it is one of the areas with MSME activities that are quite active in East Java Province.

The data of this study were collected through careful documentation, in-depth interviews, and direct observation. To collect detailed information on the knowledge and application of Sharia compliance in buying and selling transactions, interviews were conducted using semi-structured techniques. In this study, eight small and medium enterprises (SMEs) from various backgrounds were interviewed. The informants interviewed included Mrs. Lely, who sells food (seblak), Mr. Ali, who owns a workshop, Mr. Rif'an, who runs a photocopying business, Mrs. Putri, who sells clothes, Mr. Husen, who makes steam, Mrs. Alfi, who sells sandals, Mrs. Suniyah, who produces basic necessities, and Mrs. Trisning, who sells crackers. To provide a more complete picture of transaction procedures in various MSME sectors, we chose to include various types of businesses.

The data analysis method in this study uses an interactive analysis model, which includes data reduction, data presentation, and a conclusion drawn. To find out how buying and selling behavior is related to Sharia compliance, we will select, sort, and analyze data obtained from interviews and observations. After that, we will identify the level of compliance, types of irregularities, and reasons that affect the behavior of MSME actors based on the results of the analysis.

RESULTS AND DISCUSSION

Research Result

The characteristics of MSME actors in Lamongan Regency show the existence of a diversity of business types with a relatively adequate level of experience. The business actors run various business fields such as culinary, workshop services, photocopying, clothing trading, basic necessities, and home production, with a business duration ranging from 3 to 19 years. This condition shows that MSMEs in the region have a fairly good level of business sustainability. The experience of business actors is an important factor in shaping transaction patterns and decision-making in buying and selling activities. In addition, business experience also contributes to the ability of business actors to adjust to market needs and maintain relationships with customers. This was conveyed by one of the MSME actors in Lamongan Regency who explained that:

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"The business has been running for several years, ranging from about 3 to 19 years with various types of businesses such as *selling food, workshops, photocopying, and basic necessities." (Resource Person, Personal Communication, 2026)*

Along with their business experience, the transaction mechanism applied by MSME actors tends to be simple but has clarity in its implementation. The price is determined based on production costs or the price of food, which is then added with a reasonable profit. Meanwhile, the payment system is carried out directly, either in cash or by transfer, according to the agreement between the seller and the buyer. This clarity in pricing and payment systems shows transparency in transactions. This practice is an indicator that MSME actors have applied the principle of contract clarity in buying and selling activities. As stated by the respondent, that:

"The price is determined *from the capital or cost, then plus the profit, and the payment is made directly or by transfer as agreed."* (*Lely*, 2026)

Based on these findings, it can be analyzed that transaction practices carried out by MSME actors have reflected basic principles in the sharia economy, especially related to clarity and agreement in contracts. Rational pricing and a transparent payment system show that there is no element of uncertainty in transactions. In addition, the foundation for maintaining fairness between the two parties has been established through an agreement reached from the beginning. This further proves that these transactions have met one of the basic requirements of sharia. Therefore, transaction methods carried out by MSME actors can be categorized as practices that are in line with the principles of justice and openness in the Islamic economy.

Based on MSME actors' knowledge of Islamic trade, the majority of respondents do not have a theoretical understanding of the term al-bay. However, they have understood the basic principles of trading, such as being honest and not engaging in fraudulent practices. Religious study groups, classroom teaching, and daily life experiences all contribute to this knowledge. This shows that, despite the lack of understanding in the academic environment, sharia values have permeated the company's activities. This condition also illustrates that the implementation of sharia economics at the MSME level is more practical and contextual. As stated by the respondent that:

"I don't really understand the term al-bay', but I know that in buying and selling you have to be honest and not deceitful.*"* (Alfi, 2026)

This understanding is then reflected in the application of sharia compliance principles in business activities. MSME actors emphasized the importance of honesty, fairness in pricing, and not harming other parties in every transaction. These principles are the main guidelines in running a daily business. In addition, the suitability between the goods offered and the actual condition is also the main concern for business actors. This shows a commitment to uphold the company's principles based on Islam. As stated by the respondent that:

"The important thing in buying and selling must be honest, not deceitful, and not taking excessive profits." (Alfi, 2026)

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Analytically, the application of these principles shows that MSME actors have implemented the main values in the Islamic economy such as honesty (*shiddiq*), trust, and justice. Although theoretical understanding is still limited, the practice has reflected adherence to sharia principles. This shows that sharia values can be applied through social habits and norms that develop in society. In addition, the application of these principles also contributes to increasing customer trust in business actors. Thus, sharia compliance not only has an impact on religious aspects, but also on the economic sustainability of the business.

Transparency in the delivery of information is an important aspect in transaction practices carried out by MSME actors. Business actors try to explain the condition of goods or services honestly so as not to cause misunderstandings with customers. This shows the importance of being open and honest in doing business. Building client trust also requires transparency. Conflicts in transactions tend to be less frequent if information is clearly conveyed. It was conveyed by the respondents that:

"I always explain the *condition of the goods or the results of the work honestly so that the buyer is not disappointed."* (Ali, 2026)

In addition to transparency, MSME actors also try to avoid the element of ambiguity or gharar in transactions. Efforts are made by providing a detailed explanation at the beginning of the transaction, showing the condition of the goods directly, and ensuring the compatibility between the goods sold and those offered. This practice shows an awareness of the importance of clarity in contracts. Thus, MSME actors have tried to minimize potential uncertainty in transactions. As stated by the respondent that:

" At the beginning of a conversation, I try to explain everything clearly and in detail. The purpose is to avoid any misunderstandings between me and others. By providing explanations or details from the start, the listener can immediately *understand what I mean, making the communication more effective and preventing confusion later on."* (Husen, 2026)

In addition, the results of the study show that transactions carried out by MSME actors do not involve the practice of usury in any form. For example, regarding late payments, all respondents stated that there were no additional costs beyond the initial agreement. The payment methods used are generally simple and uncomplicated. This means that MSME business actors have taken steps to ensure that their transactions are in accordance with Sharia law. This means that the principles of Islamic economics are respected and the transactions that occur are not too influenced by usury. As the respondent asserts that:

" All costs related to the agreement have been clearly explained and agreed upon from the beginning. There are no additional *charges, hidden fees, or any other expenses beyond what was previously discussed. In other words, all parties carry out the agreement in accordance with the initial terms, without any changes or additional costs arising later on."* (Rif'an, 2026)

However, there are still a number of obstacles faced by MSME actors when trying to apply sharia compliance principles. These obstacles generally come from external factors such as consumer behavior, fluctuations in raw material prices, and increasingly fierce business competition. This condition can affect the consistency of business actors in applying the principles of justice and transparency. In addition, the difference in perception between

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sellers and buyers is also a challenge in maintaining customer trust. This shows that the application of sharia principles is inseparable from the dynamics of the business environment. As stated by the respondent that:

"Sometimes buyers find it difficult to understand the price or the price of goods often changes, making it difficult." (*Prince*, 2026)

In the midst of these various obstacles, MSME actors still have a high awareness of the importance of running a business in accordance with sharia principles. They view that compliance with sharia not only provides economic benefits, but also blessings and peace of mind in running a business. Customer trust is one of the positive impacts of the application of these principles. In addition, the spiritual aspect is also the main motivation in running a business honestly and fairly. Thus, sharia compliance is an important foundation in business sustainability. As stated by the respondent that:

"Running a business *in accordance with sharia is important so that the business is more blessed and trusted by customers."* (Trisning, 2026)

This awareness encourages MSME actors to continue to make improvements in their business practices in the future. Respondents expressed a desire to improve their understanding of buying and selling in Islam as well as improve service quality and transparency in business. This effort shows that the company is truly committed to being a profit-oriented company while respecting religious principles. In addition, one of the main goals of the company's expansion plan is to improve communication with customers. This shows the potential to increase Sharia compliance in a sustainable manner. As stated by the respondent, that

"In the future*, I want to learn more about Sharia buying and selling and improving services."* (Suniyah, 2026).

Discussion

Understanding of MSME Actors in Lamongan Regency on the Concept of Sharia Compliance in Buying and Selling Transactions (Al-Bay')

The understanding of MSME actors in Lamongan Regency on the concept of sharia compliance in buying and selling transactions (al-bay') shows practical and contextual characteristics. Although the theoretical understanding of al-bay' is still limited, most business owners have internalized core values such as honesty, fairness, and not harming others. This shows that academic knowledge is not always an absolute requirement for applying sharia principles; On the other hand, social traditions, experiences, and religious ideals may also play a role.

From the perspective of Islamic economics, the practice of buying and selling in accordance with sharia requires the clarity of the contract, the willingness of both parties (an-taradin), as well as halal and clear transaction objects. The findings of the study show that MSME actors have applied most of these principles, especially in terms of pricing and payment systems. Prices are determined based on reasonable fees and profits, while payments are made transparently, both in cash and by transfer. This reflects that the transaction practice has fulfilled the principle of fairness (adl) and openness (Firmansyah, 2025).

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Furthermore, the transparency aspect is one of the important indicators in assessing the level of Sharia compliance. MSME actors in Lamongan Regency tend to explain the condition of goods or services honestly to customers. This practice shows an attempt to avoid the element of ambiguity (Gharar) in the transaction. Information transparency not only serves to meet Sharia requirements but also plays a role in building trust between sellers and buyers, which ultimately supports business sustainability(Febrianti, 2025).

The study also shows that the practice of usury is almost non-existent or non-existent in the transactions that occur. There are no additional fees beyond the initial agreement, including in transactions with a pending payment system. This condition shows that MSME actors have the awareness to avoid practices that are prohibited in Islam, even though they have not understood the concept of riba in depth. Thus, the economic practices carried out are in line with the basic principles of Sharia economics.

However, the level of Sharia compliance shown is still partial. Micro, small, and medium enterprises (MSMEs) owners have adhered to principles such as honesty and fairness, but often lack a deep understanding of the provisions that apply in Sharia transactions, such as what is meant by legal buying and selling. This limited understanding is one of the factors that causes the potential for deviations in transaction practices, even if they are not done intentionally.

Environmental factors also have a significant influence on the implementation of Sharia compliance. The main source of understanding for MSME owners comes from religious activities, such as religious study groups and sermons, which instill values. This shows that the social and religious climate of the people greatly influences their economic actions. Thus, increasing sharia economic literacy through a community approach is a relevant strategy to increase sharia compliance at the MSME level (Cahya et al., 2024).

On the other hand, MSME actors also face various obstacles in implementing sharia principles consistently. External factors such as fluctuations in raw material prices, business competition, and consumer behavior are often challenges in maintaining the principles of fairness and transparency. This condition shows that the implementation of sharia compliance is not only influenced by internal factors, but also by the dynamics of the complex business environment.

Despite facing various obstacles, MSME actors still show a high commitment to running a business in accordance with sharia principles. Religious motivation is the main factor that drives them to maintain honesty and fairness in transactions. There is an incentive to improve company procedures because it has been recognized that sharia compliance can increase customer trust. This proves that compliance with sharia law has a spiritual dimension while providing real economic benefits.

Overall, it can be concluded that the understanding and practice of sharia compliance in MSME actors in Lamongan Regency is at the value implementation stage, but has not fully reached a comprehensive conceptual stage. Therefore, efforts are needed to improve education and assistance related to the sharia economy so that MSME actors not only carry out appropriate practices intuitively, but also understand the legal basics more deeply. This

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effort is expected to improve the quality of sharia compliance in a sustainable manner and strengthen the role of MSMEs in economic development based on Islamic values.

The Practice of Buying and Selling Transactions (Al-Bay') in MSMEs in Lamongan Regency is reviewed from the Sharia Compliance Principles

The practice of buying and selling transactions (al-bay') in MSMEs in Lamongan Regency, when viewed from the principles of sharia compliance, shows that, in general, business actors have applied basic values in the Islamic economy, even though they have not fully understood the concept theoretically. This can be seen from the awareness in maintaining honesty, fairness, and openness in every transaction. The application of these values is an indicator that the economic practices carried out have led to sharia principles, especially in maintaining a balance between the interests of sellers and buyers(Syahfitri et al., 2025).

In the aspect of contracts, MSME actors have applied the principle of agreement (an-taradin), which is carried out voluntarily between the two parties. Transactions are carried out based on a clear price agreement and payment system in advance, thus minimizing the potential for conflicts in the future. As proof that the transaction is legitimate and accountable, the clarity of the contract is an important element in Islamic trade.

Furthermore, in terms of price determination, MSME actors tend to set prices rationally based on production costs or price increases coupled with reasonable profit margins. This practice reflects the principle of fairness (adl) in transactions, where there is no element of exploitation or excessive profit-taking. A strong relationship between sellers and customers can be well established if the prices offered are clear and transparent.

In terms of transparency, MSME actors show quite good efforts in conveying information related to the goods or services offered. They try to explain the condition of the goods honestly so that there are no misunderstandings. This practice shows awareness to avoid the element of ambiguity (gharar) in transactions. Transparency is an important aspect of Sharia compliance because it can prevent fraud and maintain customer trust.

In addition, transaction practices carried out by MSME actors are also relatively free from the element of usury. Based on the results of the study, no additional costs were found beyond the initial agreement, either in cash transactions or delayed payments. This shows that business actors have tried to maintain the conformity of transactions with Sharia principles, even though the application is still simple and has not been supported by a deep understanding of the concept of riba itself.

However, the sharia compliance practices implemented still face some limitations. One of them is the lack of understanding of MSME actors on the concept of harmony and legal conditions for buying and selling in Islam. This condition causes the application of sharia principles to be based more on social customs and values than on a comprehensive understanding of the law. As a result, there is still a potential for irregularities, even though they are not done intentionally by business actors.

External factors such as market dynamics are also a challenge in maintaining consistency in the application of Sharia principles. Fluctuations in raw material prices, business competition, and diverse consumer behaviors can affect the decisions of MSME

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actors in determining prices and sales strategies. Under certain conditions, business actors are faced with a dilemma between maintaining sharia principles and maintaining business continuity(Sihombing et al., 2025).

However, the main reason MSME actors implement sharia compliance is because of religious motivation. They argue that applying Islamic principles in doing business will bring blessings to their companies and also help the economy. An additional benefit that increases the sustainability of the company is the increased consumer trust that comes from an honest and sincere attitude.

Therefore, it can be said that MSMEs in Lamongan Regency comply with the basic principles of sharia compliance in the buying and selling procedure (al-bay'), although these practices are still imperfect and need to be further developed. Therefore, it is necessary to carry out education and coaching for MSME actors to increase sharia economic literacy, so that sharia principles are applied with a deeper understanding, not just practical understanding. This is expected to improve the quality of transactions and strengthen the role of MSMEs in supporting the sharia-based economy(Hasyim et al., 2025).

Factors Affecting Sharia Compliance of MSME Actors in Conducting Buying and Selling Transactions (Al-Bay')

In Lamongan Regency, a number of internal and external factors interact with each other and affect the sharia compliance of micro, small, and medium enterprises (MSMEs) in conducting al-bay buying and selling transactions. How deep the company owner's understanding of Sharia law is one of the main variables that affect this. Although most MSME entrepreneurs still need to learn more before they truly understand al-bay', they already have a good understanding of concepts such as fairness, honesty, and the prohibition of fraud. This understanding is the foundation for building transaction behavior in accordance with sharia (Sibuea et al., 2025).

In addition to understanding, the business experience factor also has an influence on the level of sharia compliance of a company is greatly influenced by its understanding and commercial experience. MSME owners and managers who have been in business for a long time often show a more regular and predictable pattern of financial transactions. Thanks to their experience, they are better able to prevent adverse activities, maintain good relationships with customers, and set reasonable prices. Thus, business experience plays a role in strengthening the practical application of Sharia principles in daily economic activities.

The factor of religiosity or religious awareness is also an important driver in the implementation of Sharia compliance. MSME actors believe that running a business in accordance with Islamic principles will bring blessings and inner peace. Honesty (shiddiq), sincerity, and justice are seen as noble values and moral obligations. This religious motive is a strong motivation for business owners to consistently apply Sharia rules. (Fatmawati et al., 2023).

The social environment also plays a role in shaping the Sharia compliance of MSME actors. The understanding of business actors is obtained from religious activities such as recitations, lectures, and interaction with the surrounding community. A religious

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environment tends to encourage the formation of social norms that support honest and fair business practices. As a result, MSME businesses can integrate sharia values into their daily lives through their social environment.

On the other hand, education factors also affect the level of Sharia compliance. MSME actors with limited educational backgrounds tend to have minimal understanding of the formal concept of Sharia economics. This causes the application of sharia principles to be based more on experience and habits than on a comprehensive theoretical understanding. Therefore, increasing Sharia economic literacy through education is important to improve the quality of Sharia compliance.

External factors such as market conditions and business competition also affect the behavior of MSME actors. Fluctuations in raw material prices, competitive pressures, and consumer demands are often challenges in maintaining consistency in the application of sharia principles. In certain situations, business actors are faced with a difficult choice between maintaining sharia principles or adjusting to market conditions. This shows that economic factors have a considerable influence on transaction practices.

In addition, consumer behavior is also a factor that affects sharia compliance. Consumers who do not understand prices or often bargain excessively can influence business actors' decisions in determining prices and sales strategies. An unbalanced interaction between sellers and buyers has the potential to create inconsistencies with the principle of fairness in transactions. Therefore, it is very important to provide education to business owners and consumers.

The implementation of sharia compliance that is not optimal among MSMEs is partly due to the lack of regulation and supervision. Due to the lack of proper direction and oversight from the authorities, most micro-scale businesses are still operating informally. This causes the application of sharia principles to be highly dependent on the individual awareness of each business actor (Aryani et al., 2023).

Despite the various influencing factors, MSME actors in Lamongan Regency show a commitment to continue to improve sharia compliance in their business practices. The desire to learn more about buying and selling in Islam and improving the quality of service is an indication of potential improvement in the future. Thus, sharia compliance is not only influenced by current factors, but also by awareness and efforts to develop business actors in a sustainable manner (Ulum, 2023).

CONCLUSION

Based on the results of the research, it can be concluded that the practice of sharia *compliance* in buying and selling transactions (*al-bay'*) in MSME actors in Lamongan Regency has generally reflected the basic values of Islamic economics, such as honesty, justice, transparency, and avoiding *elements of gharar* and usury, although the theoretical understanding of business actors is still limited and tends to be practical through experience and socio-religious values. The existing level of compliance is still partial because it has not been supported by a comprehensive understanding of the harmonies and legal conditions of buying and selling, and is influenced by internal factors such as understanding,

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experience, and religiosity, as well as external factors such as market conditions, consumer behavior, and limited supervision. Therefore, it is necessary to increase Islamic economic literacy through training, socialization, and continuous assistance by the government, academics, and Islamic financial institutions, accompanied by strengthening the role of policy makers in fostering and supervising business practices so that business practices remain in accordance with sharia principles. MSME actors are also expected to be able to increase understanding independently and maintain consistency in implementing the values of honesty, fairness, and transparency, so that sharia compliance is not only normative, but can be implemented optimally to support business sustainability and increase public trust.

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