The Concept of Accountability and Transparency through Shadow Economy Analysis on Micro, Small and Medium Enterprises

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Abstract:- Business success is one of the achievements that must be carried out and realized by every business. Business actors must carry out strategic analysis to be able to compete in fighting for market share so that it has an impact on increasing market demand, as a result business actors can determine the price game while maintaining the level of consumer loyalty and satisfaction. Methods This research was conducted using quantitative descriptive analysis with a total sample in this study of 70 samples taken through a purposive sampling technique, with the criteria of respondents having a business in the cafe sector and aged 16-30 years. The results of the study found that the concept of accountability and transparency in business actors is still relatively low, so it can be explained that there are still indications of shadow economy and whistleblowing behavior. Government performance, Economic freedom of the world has a significant and positive effect on the shadow economy, Tax revenue has no significant effect on the shadow economy.

Keywords:- Accountability, Transparency Government performance, Economic Freedom of the World, Tax Revenue Shadow Economy.

I. INTRODUCTION

The level of people's welfare is one of the big aspirations in every country, therefore there is a need for synergy from business actors and the government in an effort to create a quality economic ecosystem, the existence of human capital is one of the elements that must be considered. Improvement in efforts to carry out business management in realizing good governance requires the active role of all stakeholders, especially the government through an emphasis on private sector accountability and transparency as a basis for making economic sector policies going forward.

Good corporate governance is a form of success for a company[1]. Basically every micro, small and medium enterprise must have internal demands to improve the quality of its operational management[2]. In an effort to realize the concept of accountability and transparency, business actors must be more aggressive and avoid shadow economy behavior. Shadow economy is an economic activity carried out by a company both legally and illegally in an effort to produce goods and services as a form of input for Gross Domestic Product (GDP) and Gross Regional Domestic Product but is not taken into account by business

actors. actor[3]. Shadow economy can be said to be intentional by business actors in an effort to disclose an economic behavior that has an impact on decreasing income so that the level of income disclosed is not directly proportional to the product produced[4]. Shadow economy activities in economic behavior have a negative impact on the economy so that the level of economic growth on both a regional and national scale is not comprehensively calculated[5]. This behavior also has an impact on the potential for inappropriateness of the government in making economic policies[6]. Thus, it is necessary to apply the concepts of accountability and transparency as a form of synergy between the government and the private sector to achieve good coverage and good corporate governance.

Problems regarding the behavior of the shadow economy are one of the causes of the slow development system and implementation of a region[7]. The development of shadow economy activities is also believed to have the potential to cause loss of regional revenues through the taxation sector. Shadow economy activities are generally released from the supervision of the tax authorities so that potential regional revenues from tax obligations arising from shadow economy activities are lost[7].

Previous research conducted by[8], explained that each region is experiencing an increase in shadow economy activity which continues to increase, often due to fraud which cannot be measured clearly and can be detrimental to regional revenues through these economic activities. Increases in the tax burden (directly or indirectly), together with regulations on the labor market, quality of public goods and services and measurable economic conditions are the driving forces for shadow economy behavior. The need for systematic supervision to reduce actions by providing public convenience through -government programs as a means of establishing the goodness of government and society.

This research was conducted to build a new model regarding the concept applied by the government in reducing shadow economy behavior in the private sector, namely Micro, Small and Medium Enterprises and at the same time to build a new model regarding the factors that influence the shadow economy as a form of research update to be carried out, several Previous research on the shadow economy has only focused on basic macroeconomic and public sector assumptions. This research model was conducted with a focus on microeconomics and the private sector with the existence of a government concept that focuses on the accountability and transparency of a company in managing

its business. This research was conducted to determine the effect of government performance and world economic freedom and tax revenue on the shadow economy and to analyze the concepts of accountability and transparency for entrepreneurs in a quantifiable way..

II. LITERATURE RIVIEW

A. Accountability Concept

Accountability is the provision of information and disclosure of financial activities and performance to interested parties[10]. Accountability is the obligation to convey accountability and to answer or explain the performance and actions of a person/legal entity/collective leader of an organization to parties who have the rights or authority to request information about accountability[11]. Accountability also needs to identify stakeholder interests[12]. Information becomes part of the accountability required by stakeholders involved in individual or organizational activities.

Based on the accountability model. From the accountability concepts above, an accountability model can be built to analyze and understand accountability in depth. This accountability model is based on agency theory that there are two interested parties in an organization, namely the principal and the agent. This accountability model shows that there is a two-way relationship between the principal and the agent[13]. Accountability in this study is defined as a form of accountability report provided by business actors regarding the activities carried out.

B. Transparency Concept

Transparency is providing open and honest financial information to the public based on the consideration that the public has the right to know openly about the government's accountability in resource management and compliance with laws and regulations[14]. Transparency can be done by giving freedom to all stakeholders in obtaining information about all business management[15]. Openness or transparency is a principle of Good Corporate Governance which is accommodated in laws and regulations in the capital market sector, where in the capital market sector openness is absolute[16]. The concept of transparency in this case is the disclosure of information on economic activities carried out by business actors and provided to the government or stakeholders as a form of access to information on economic activities as a decision-making step.

C. Shadow Economy

Shadow economy is a fact faced by all countries in the world. Even though the existence of the shadow economy cannot be denied, accurate information regarding the existence of the shadow economy is very difficult to obtain because all parties involved in it do not want to be identified (are hidden) [17]. Shadow economy is an economic activity carried out by a company both legally and illegally in an effort to produce goods and services as a form of input factor for Gross Domestic Product and Gross Regional Domestic Product but is not counted by business actors[3]. Shadow economy refers to economic transactions that are considered illegal, either because the goods or services being traded are unlawful, or because the transactions fail to comply[18].

D. Government Performance

Public service is a benchmark for the success of carrying out tasks and measuring government performance through the bureaucracy[19]. Public service as the prime mover is also considered important by all actors from elements of good governance, public officials, elements in civil society and the business world both have an interest in improving public service performance[20]. There are three important reasons behind that public service reform can encourage good governance practices. First, improving the performance of public services is considered important by stakeholders, namely the government, residents and the business sector. Second. Public service is the realm of the three elements of governance which interact very intensively. Third, the values that have characterized good governance practices are translated more easily and significantly through public services[21].

E. Economic Freedom of the World

The ASEAN free market which will be effectively enforced in 2015 is a critical point in the struggles of entrepreneurs and the people's economy. Various trade facilities between countries such as exemption from import duties and ease of bureaucracy will encourage increased commodity imports to ASEAN countries[22]. The trade climate will not only be dominated by ASEAN countries, but also needs to be considered for China's presence with its products which have high competitiveness in terms of price and technological content[23]. The corporate sector is the basis of the national economy which has the flexibility of business operations so that it can adapt to changes in the global economic environment[24]. The company has proven to be resilient to crises and able to survive because: (1) it does not have foreign debt, (2) it does not owe much to banks because they are considered unbankable, (3) it uses local inputs, (4) it is export oriented[25].

F. Tax Revenue

Tax Revenue refers to mandatory transfers to the central government for the benefit of the public. Certain mandatory transfers such as fines, penalties, and social security contributions are excluded[17]. Various kinds of tax functions, one of which is economic development[26]. explains that taxes can be used as an instrument to distort certain economic activities that the government does not expect. The choice to choose between incentives or disincentives is in line with the government's determination of which sector to develop and vice versa, incentive policies must be designed with a national economic development program[27]. Based on the description of the functions of the state and taxes, it can be concluded that taxes and the state cannot be separated from one another[28]. explains that the state must come up with various appropriate policies in handling the nation's economy through tax policies.

III. RESEACRH METHODOLOGY

The research method used is to use a quantitative analysis approach and a qualitative descriptive analysis approach. Quantitative analysis was carried out to test the hypothesis with the aim of knowing the effect of the independent variables on the dependent variable in a study. Qualitative analysis is carried out to find out more about the concepts carried out in a study. The approach is carried out using mixed methods by analyzing in more depth qualitatively and then examining the relationship between the independent variables and the dependent variable. The location of this research was conducted in Malang City, East Java Province, Indonesia.

The population in this study is a business engaged in the field of food and bevarage located in Malang City. Based on this population, researchers used a sampling technique, namely probability sampling by providing equal opportunities for the population to be sampled. Thus, this study took a total of 100 samples. Hair et al explained that in determining the sample conducted by the researcher, between 100-200 samples were able to represent the population in the study. Based on this, this research was conducted with a total sample of 100 people who were considered representative.

Initial data analysis was carried out by researchers using triangulation analysis, namely by comparing the concepts that have been applied by the object of research with relevant theories. Whereas in quantitative research it is done by testing the level of validity and reliability as a measuring tool for research instruments, then testing is done by detecting the classical assumption test. To calculate the magnitude of the influence of the independent variable on the dependent can be done by measuring the regression coefficient. The coefficient of determination is a general description that states how well the regression line fits the data. The R value ranges from 0-1. Partial tests were conducted to determine the effect of the independent variables on the dependent variables individually.

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \epsilon \qquad (1)$$

IV. RESULTS AND DISCUSSION

The results of this study were carried out by distinguishing two research concepts, namely between the factors that influence the behavior of the shadow economy. Then this research analyzes qualitatively the concept of accountability and transparency of shadow economy behavior. The following are the results of research analysis that has been carried out with the aim of obtaining empirical results:

A. The Concept of Accountability and Transparency in Shadow Economy Behavior

The level of people's welfare is one of the big aspirations in every country, therefore there is a need for synergy from business actors and the government in an effort to create a quality economic ecosystem, the existence of human capital is one of the elements that must be considered. Improvement in efforts to run business management in realizing good governance requires the active role of all stakeholders, especially the government through an emphasis on private sector accountability and transparency as a basis for making economic sector policies going forward.

The concept of accountability and transparency of business actors in Malang City is still relatively low, based on the results of a survey of 10 companies engaged in the cafe sector in the younger generation it can be seen that shadow economy behavior is still high. This can be seen more deeply that the legality of the business owned is still incomplete, it can be concluded that there are still violations that have occurred in the business process so far besides that.

The identification process carried out by researchers is closed because no one understands the interests of researchers to identify the Shadow Economy concept in the cafe business in Malang City. Thus, the data used in this study identifies how the concept of accountability and transparency of the Shadow Economy exists in Malang City. Thus, this study found that the concept of accountability and transparency of business actors in Malang City is still relatively low.

The level of social welfare is one of the big aspirations in every country, therefore there is a need for synergy from business actors and the government in an effort to create quality economic ecosystems, the existence of human capital is one of the elements that must be improved in efforts to carry out business management in creating good government needs an active role from all aspects of stakeholders, especially the government through an emphasis on private sector accountability and transparency as a basis for making economic sector policies in the future.

Good corporate governance is a form of success for a company[29]. Basically every business micro, small and medium enterprise must have internal demands to improve the quality of its operational management[2]. In an effort to create the concept of accountability and transparency, business people must be more aggressive and avoid shadow economy and whistleblowing behavior. Shadow economy is an economic activity carried out by a company both legally and illegally in an effort to produce goods and services as a form of input factor for Gross Domestic Product and Gross Regional Domestic Product but is not counted by business actors[3]. Shadow economy and whistleblowing activities in economic behavior have a negative impact on the economy so that the level of economic growth on both a regional and national scale is not comprehensively calculated[5]. This behavior also has an impact on the government's potential for inappropriateness in taking economic policies[6]. Thus, it is necessary to apply the concepts of accountability and transparency as a form of synergy between the government and the private sector to realize good coverage and good corporate governance.

B. Effect of Government performance and Economic Freedom of the World on the Shadow Economy

The following is the result of data analysis on the factors that influence the shadow economy

➢ *Data Instrument Test Results*

The validity test was carried out to test the accuracy of the statements in the instrument and measure each variable[30]. Ghozali explained that the correlation for each item has a probability value of <0.01 or <0.05 so that it is declared valid. The following are the results of the validity test for each of the variables used in this study:

Item	R-count	Sig	R-table	Results
X1.1	0.434	0.05	0.1982	Fulfilled
X1.2	0.37	0.05	0.1982	Fulfilled
X1.3	0.475	0.05	0.1982	Fulfilled
X1.4	0.217	0.05	0.1982	Fulfilled
X1.5	0.466	0.05	0.1982	Fulfilled

Table 1: Results of Validity Test Variable Government performance

Table 1 states that the results of the validity test on the indicator variable X1 (Government performance) show a positive and significant correlation at the 0.05 level and the value of R count > from R table. So, all items of variable X1 statement are significant and declared fulfilled.

Item	R-count	Sig	R-table	Results
X2.1	0.537	0.05	0.1982	Fulfilled
X2.2	0.198	0.05	0.1982	Fulfilled
X3.3	0.491	0.05	0.1982	Fulfilled

Table 2: Results of the Validity Test of Economic Freedom of the World Variables

Table 2 states that the results of the validity test on the indicator variable X2 (Economic Freedom of the World) show a positive and significant correlation at the 0.05 level and the value of R count > from R table. So, all items of variable X2 statement are significant and declared fulfilled.

Item	R-count	Sig	R-table	Results
X3.1	0.263	0.05	0.1982	Fulfilled
X3.2	0.261	0.05	0.1982	Fulfilled
X3.3	0.237	0.05	0.1982	Fulfilled

Table 3: Results of the Validity Test of Tax Revenue Variables

Table 3 states that the results of the validity test on the indicator variable X3 (Tax revenue) show a positive and significant correlation at the 0.05 level and the value of R count > from R table. So, all items of variable X3 statement are significant and declared fulfilled.

Item	R-count	Sig	R-table	Results
Y1.1	0.285	0.05	0.1982	Fulfilled
Y1.2	0.277	0.05	0.1982	Fulfilled
Y1.3	0.413	0.05	0.1982	Fulfilled
Y1.4	0.459	0.05	0.1982	Fulfilled

Table 4: Results of the Validity Test of Shadow Economy Variables

Table 4 states that the results of the validity test on the Y (shadow economy) indicator item show a positive and significant correlation at the 0.05 level and the R count > from R table. So, all the indicator items for the statement variable Y are significant and declared fulfilled.

The reliability test was used by researchers as a measuring tool for each statement item in the questionnaire which is an indicator of the construct variable. This can be seen from the value of Cronbach's Alpha ≥ 0.70, it can be concluded that the reliability test is fulfilled. Following are the results of the reliability test:

Variable	Cronbach's Alpha	Critical Value	Results
Government performance	0.05	0.1982	Fulfilled
Economic Freedom of the World	0.05	0.1982	Fulfilled
Tax revenue	0.05	0.1982	Fulfilled
Shadow economy	0.05	0.1982	Fulfilled

Table 5: Reliability Test Results

Table 5 the value of Cronbach Alpha for each variable is more than 0.70, thus fulfilling the reliability requirements, which means that all variable indicators in this study are reliable or consistent and stable.

➢ *Classic Assumption Detection*

The regression model can be said to be appropriate if the data distribution has normal or close to normal data, then the data must be free from classical assumptions consisting of deviation detection of normality, linearity, multicollinearity and heteroscedasticity. The normality test was carried out to find out whether the regression model on the confounding or residual variables has a normal distribution. This can be done in two ways, namely by graphical analysis and statistical tests. The following are the results of the normality test.
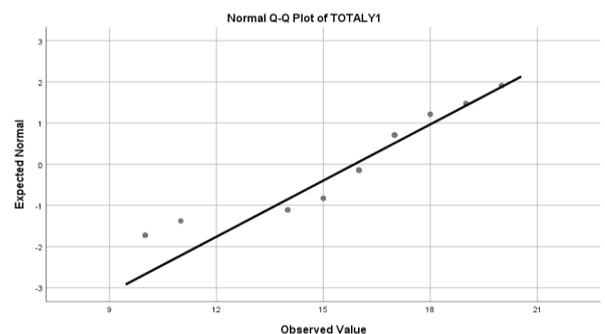

Fig. 1: Normality Test Results

Based on the results of the normality test, it shows that the diagonal line in the graph above describes the ideal state of the data that follows a normal distribution. It is known that most of the points are very close to the line or even attached to the line, meaning that the data is normally distributed.

In general, the linearity test aims to determine whether two variables have a significant linear relationship or not. A

good correlation should have a linear relationship between the predictor or independent variable (X) and the criterion or dependent variable (Y). The linearity test in this study uses the Deviation from Linearity value. If, Sig. > 0.05, so there is a significant linear relationship between the independent variable and the dependent variable. Following are the results of the linearity test.

	Sum of Squares	Df	Mean Square	F	Sig.
(Combined)	15.234	5	3.047	1.245	0.299
Linearity	1.503	1	1.503	0.614	0.436
Deviation from Linearity	13.731	4	3.433	1.403	0.243
Within Groups	156.609	64	2.447		
Total	171.843	69			

Table 6: Government Performance Linearity Test Results

Based on the Significance Value (Sig): from the output above, the Deviation from Linearity Sig value is obtained. is 0.243 greater than 0.05. So it can be concluded that there is a significant linear relationship between the Government performance variable and the Shadow Economy variable.

	Sum of Squares	Df	Mean Square	F	Sig.
(Combined)	12.969	5	2.594	1.045	0.399
Linearity	7.501	1	7.501	3.021	0.087
Deviation from Linearity	5.469	4	1.367	0.551	0.699
Within Groups	158.873	64	2.482		
Total	171.843	69			

Table 7: Linearity Test Results of Economic Freedom of the World

Based on the Significance Value (Sig): from the output above, the Deviation from Linearity Sig value is obtained. is 0.699 greater than 0.05. So it can be concluded that there is a significant linear relationship between the Economic Freedom of the World variable and the Shadow Economy variable.

	Sum of Squares	Df	Mean Square	F	Sig.
(Combined)	4.855	2	2.428	0.974	0.383
Linearity	4.828	1	4.828	1.937	0.169
Deviation from Linearity	0.027	1	0.027	0.011	0.917
Within Groups	166.987	67	2.492		
Total	171.843	69			

Table 8: Linearity Test Results of Economic Freedom of the World

Based on the Significance Value (Sig): from the output above, the Deviation from Linearity Sig value is obtained. is 0.917 greater than 0.05. So it can be concluded that there is a significant linear relationship between the Tax Revenue variable and the Shadow Economy variable.

The multicollinearity test aims to determine if the regression model has a correlation between the independent variables used in the study. Meanwhile, a good regression model in research is that there is no correlation between the independent variables used in the study. Multicollinearity testing in this study was carried out by looking at the tolerance value and the value of the inflation factor results. The most commonly used value in indicating the presence of multicollinearity is if the tolerance value is 10. The following is the result of the test conducted by the author to test multicollinearity detection.

Variable	Tolerance	VIF	Result
Government performance	0.909	1.100	Fulfilled
Economic Freedom of the World	0.888	1.127	Fulfilled
Tax revenue	0.974	1.026	Fulfilled

Table 9: Multicollinearity Test Results

The results of data processing in table 9 show that the tolerance value of each variable is more than 0.10 and the VIF value of each variable is less than 10. Based on these results it can be concluded that the research data is free from multicollinearity.

The heteroscedasticity test was carried out with the aim of knowing whether or not residual results occur in the regression model from one observation to another, if the residual results remain the same, it is called homoscedasticity, if different it is called heteroscedasticity. Thus, a good regression model is if the results are homoscedasticity. This can be seen through the graph plot between the predicted value of the dependent variable and its residual. In addition, a slide test can be carried out on the basis of graph plot analysis, if there is a certain pattern, such as the dots that form a certain pattern that is regular (wavy, widens and then narrows), then it indicates that there has been heteroscedasticity, whereas if there is no clear pattern, and the points spread above and below the number 0 on the Y axis, there is no heteroscedasticity. Following are the results of the heteroscedasticity test:
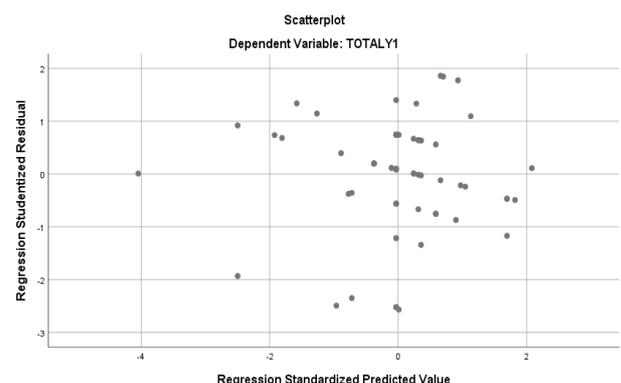

Fig. 2: Heteroscedasticity Test Results

From the output above it can be seen that the dots do not form a clear pattern, and the dots spread above and below the number 0 on the Y axis. So it can be concluded that there is no heteroscedasticity problem in the regression model.

➤ *Hypothesis Test Results*
Partial test (T test) is used to determine whether the independent variable partially affects the dependent variable. The following are the results of the t test:

Coefficients^a					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	-0,020	0,269		-0,076	0,940
X1	0,223	0,098	0,381	2,266	0,027
X2	0,610	0,135	0,488	4,510	0,000
X3	0,134	0,158	0,131	0,850	0,399

Table 10: Shadow Economy Partial Regression Test Results

Based on table 10, it can be seen that the results of the analysis carried out are a constant value of -0.020 explaining that if government performance, economic freedom of the world and tax revenue are 0 or not applied, then the shadow economy value is -0.020.

The sig government performance value is 0.027 less than the 0.05 significance level with a constant value of 0.223 indicating that government performance has a significant and positive effect on the shadow economy. This means that an increase in government performance will increase the shadow economy by a constant value of 0.223 per unit.

The sig value of economic freedom of the world is 0.000 less than the significance level of 0.05 with a constant value of 0.610 indicating that economic freedom of the world has a significant and positive effect on the shadow economy. This means that increasing economic freedom of the world will increase the shadow economy by a constant value of 0.610 per one unit.

The sig value of tax revenue is 0.399, more than the significance level of 0.05 with a constant value of 0.134 indicating that tax revenue has no significant effect on the shadow economy. This means that an increase in tax revenue will not have an impact on an increase in the shadow economy.

Simultaneous Test (F Test) is used to determine whether the independent variables together have a significant effect on the dependent variable.

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	610049,660	3	203349,887	42043,212	0,000^b
	Residual	324,058	67	4,837		
	Total	610373,718	70			

Table 11: Simultaneous Test Results

Based on table 11, the Fcount value is 42043.212 with a Sig value of 0.000. This shows that the Fcount value is greater than Ftable 0.1982 and the Sig value is less than 0.05. Thus it can be concluded that government performance, economic freedom of the world and tax revenue together have a significant effect on the shadow economy.

➤ *R-Squared Determination Test Results*
The results of the determination test (R^2) can be seen from the value of the coefficient of determination in table 12 below:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1,000^a	,999	,999	2,19925

Table 12: Determination Test Results

Based on table 12, the R^2 (R Square) number is 0.999, this means that 99.9% of the influence of the shadow economy can be explained or influenced by the variables Government performance, Economic Freedom of the World, while the remaining 1% is explained by variables outside model.

The sig government performance value is 0.027 less than the 0.05 significance level with a constant value of 0.223 indicating that government performance has a significant and positive effect on the shadow economy. This means that an increase in government performance will increase the shadow economy by a constant value of 0.223 per unit. The results of this study conclude that government performance has a significant and positive effect on the shadow economy, increasing government performance has an impact on increasing the shadow economy. The results of this study identify that the government's performance which is getting better and better in implementing economic policies in conducting business puts pressure on business actors in the absence of assistance so that it will increase business behavior that leads to the shadow economy.

Problems regarding the behavior of the shadow economy are one of the causes of the slow development system and implementation of a region[7]. The development of shadow economy activities is also believed to have the potential to cause loss of regional revenues through the taxation sector. Shadow economy activities are generally released from the supervision of the tax authorities so that potential regional revenues from tax obligations arising from shadow economy activities are lost[8].

Public services are a benchmark for the success of carrying out tasks and measuring government performance through the bureaucracy[19]. Public service as the prime mover is also considered important by all actors from elements of good governance, public officials, elements in civil society and the business world both have an interest in improving public service performance[20]. There are three

important reasons behind that public service reform can encourage good governance practices. First, improving the performance of public services is considered important by stakeholders, namely the government, residents and the business sector. Second. Public service is the realm of the three elements of governance which interact very intensively. Third, the values that have characterized good governance practices are translated more easily and significantly through public services[21].

The sig value of economic freedom of the world is 0.000 less than the significance level of 0.05 with a constant value of 0.610 indicating that economic freedom of the world has a significant and positive effect on the shadow economy. This means that increasing economic freedom of the world will increase the shadow economy by a constant value of 0.610 per one unit. The results of this study found that the increasing economic freedom of the world will have an impact on increasing the shadow economy. This means that the more free the existing economic system will have an impact on shadow economy behavior, the more free economic activities provide opportunities for business actors to carry out shadow economy behavior.

The ASEAN free market which will be effectively enforced in 2015 is a critical point in the struggle for companies and the people's economy. Various trade facilities between countries such as exemption from import duties and ease of bureaucracy will encourage increased commodity imports to ASEAN countries[22]. The trade climate will not only be dominated by ASEAN countries, but also needs to be considered for China's presence with its products which have high competitiveness in terms of price and technological content[23]. The corporate sector is the basis of the national economy which has the flexibility of business operations so that it can adapt to changes in the global economic environment[24]. Micro, small and medium enterprises have proven to be resilient to crises and able to survive because: (1) they do not have foreign debt, (2) they do not owe much to banks because they are considered unbankable, (3) they use local inputs, (4) they are export oriented[25].

The sig value of tax revenue is 0.399 more than the significance level of 0.05 with a constant value of 0.134 indicating that tax revenue has no significant effect on the shadow economy. This means that an increase in tax revenue will not have an impact on an increase in the shadow economy. The results of this study found that tax revenue does not have an impact on shadow economy behavior; the higher the tax revenue, it does not indicate that business actors are committing economic fraud. So this provides empirical information regarding the imposition of taxes that do not cause business actors to carry out shadow economy behavior.

Tax Revenue refers to mandatory transfers to the central government for the benefit of the public. Certain mandatory transfers such as fines, penalties, and social security contributions are excluded[17]. Various kinds of tax functions, one of which is economic development[29]. explains that taxes can be used as an instrument to distort certain economic activities that the government does not expect. The choice to choose between incentives or disincentives is in line with the government's determination of which sector to develop and vice versa, incentive policies must be designed with a national economic development program[27]. Based on the description of the functions of the state and taxes, it can be concluded that taxes and the state cannot be separated from one another[28]. Hasibuan explains that the state must come up with various appropriate policies in handling the nation's economy through tax policies.

V. CONCLUSION

Based on the results of this study it can be concluded that the concept of accountability and transparency in business actors is still relatively low, so it can be explained that there are still indications of shadow economy behavior. Government performance has a significant and positive effect on the shadow economy. This means that increased government performance will increase the shadow economy. Economic freedom of the world has a significant and positive effect on the shadow economy. This means that increasing economic freedom of the world will increase the shadow economy. Tax revenue has no significant effect on the shadow economy. This means that an increase in tax revenue will not have an impact on an increase in the shadow economy.

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