

Research Article

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Analysis of Selling and Service Pricing Mechanisms from an Islamic Economic Perspective

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Abstract: *This research is motivated by the fact that price determination in various businesses does not fully implement Sharia economic principles. The aim of this research is to determine the analysis of the mechanism for determining selling prices and services from an Islamic economic perspective. The research method used is a qualitative research method. The research results show that every human being needs wealth to fulfill all his life needs. Therefore, humans will always try to obtain wealth. One way to get it is by working. Meanwhile, one form of work is trade or business. Islam, through the example of the Prophet SAW and the caliphs who always maintained their actions, shows how important trade and business are. Islam actively encourages Muslims to do business and trade.*

Keywords: *Determination Mechanism, Selling Prices and Services, Islamic Economic Perspective.*

Introduction

Trading is an activity that is actively encouraged by Islamic teachings. In addition, nine out of ten prophets' livelihoods were carried out through transaction doors. This means that the door to livelihood will be opened through this trade, from which the gifts of Allah will emanate. Marketing is halal as stated by Allah SWT in verse 275 of Surah Al Baqarah: "People who eat (take) usury cannot stand but stand like a person possessed by a devil due to the pressure of insanity. Their situation is like that, it is because they say (opinion), buying and selling is the same as usury, even though Allah has permitted buying and selling and forbidden usury. Those who have received a prohibition from their Lord, then continue to stop (from taking usury), then for them that they have taken before (the prohibition has not yet come); and its affairs are (up to) Allah. Those who repeat (take usury), will remain in it." (Qs. Al-Baqarah: 275)

Companies are organizations that produce, distribute, and sell goods and services that consumers want to make a profit (Sofyan, 2020). Meanwhile, the definition of business according to Hughes and Kapoor in (Athik Hidayatul Ummah, 2021) is that business is the organized difference of individual to produce and sell for a profit, the goods and services that satisfy society's needs, the general term business refers to all such efforts within a society or within an industry. According to Hughes and Kapoor in (Siregar, 2021) a company is an organized and individual business activity that produces and sells goods and services to generate profits that meet the needs of society.

Islam believes that human activities in business and trade must not be carried out solely to seek profit but based on a noble personality. In running its business, Islamic economics is based on the values of faith, morals, and ethical morals in every activity from the perspective of consumers, producers, and distributors.

In Islam, trade must be conducted properly, and according to Sharia economic principles, Islam prohibits excessive profits, wrong trade, harming others, and applies justice and honesty to all economic activities.

Everyday human life cannot be separated from the activity of exchanging things to meet the needs of life. Humans have many needs, requirements, and desires, all of which require fulfillment. They need food, clothing, knowledge, and honorary service and a million other needs. Broadly speaking, human needs are grouped into two large groups, namely physical needs or bodily needs and psychological needs or psychological needs (Rosyidi, 2006).

Every human being needs wealth to fulfill all his life needs. Therefore, humans will always try to obtain wealth. One way to get it is by working. Meanwhile, one form of work is trade or business. Islam, through the example of the Prophet SAW and the caliphs who always maintained their actions, shows how important trade and business are. Islam actively encourages Muslims to do business and trade.

Trading is an activity that is highly recommended in Islamic teachings. Even the Messenger of Allah stated that nine out of ten doors of sustenance are through the door of trade. This means that through this trade route, the doors of sustenance will be opened, so that God's grace radiates from it. Buying and selling is something that is permissible, as Allah SWT says in Surah Al-Baqarah verse 275. This means people who eat (take) usury cannot stand but stand like someone who has been possessed by the devil due to (the pressure of) insanity. Their situation is like that, because they say (opinion), Indeed buying and selling is the same as usury, even though Allah has permitted buying and selling and forbidden usury. Those who have received a prohibition from their Lord, then continue to stop (from taking usury), then for them that they have taken before (before the prohibition came); and the major is (up to) Allah. The person who returns (takes usury), then that person is the inmate of hell; they will abide therein.

A business is an organization that carries out production and distribution activities or sales of goods and services desired by consumers to obtain profits or profits. In Islamic economics, business is one of the activities of human efforts to live and worship, towards social welfare. This order applies to everyone without discriminating against a person's rank or position status. In the Qur'an, it is explained in QS At-Taubah (09), verse 105 which means: "And say: Work ye, then Allah and His Messenger and the believers will see your work, and you will be returned to (Allah) knows the unseen and the real, then He informs you of what you have done."

Islam emphasizes that human activities in business or trade are not solely for profit but must implement noble morals as the basis (Khalil, 2010).

Islamic economics in carrying out its business is based on the values of faith and morals, morals, and ethics for every activity, whether in the position of consumer, producer, or distributor. In Islam, trade must be carried out well, and in accordance with Sharia economic principles, in Islam prohibits excessive profits, dishonest trading, harming other people, justice and honesty must be implemented in every economic activity (Rivai, and Buchari, 2009).

The different interests between business actors and consumers demand a fair price system, prices that occur because of the forces of demand and supply in the market. Market price is the price paid in goods and services transactions according to the agreement between the seller and the buyer. Pricing is a price determination that has been determined by the party who has the right to determine the price. In determining prices, an item must be agreed upon and apply generally.

The concept of a fair price according to Ibn Taymiyah is the price of goods paid for the same object given, at the time and place where the goods are delivered. The justice desired by Ibn Taymiyah is not to injure or harm other people. With a fair price, both parties will get their own satisfaction and no party will be harmed.

Some of these price determinations are agreed upon between the perpetrator and the buyer and there are also those without agreement, the perpetrator immediately gives the price to the buyer after the work is finished without explaining or bargaining again with the buyer/customer. This price determination contains elements of ambiguity and is not in accordance with sharia economic principles which apply the concept of good buying and selling, honesty, clarity and not harming other people.

Ambiguity in price setting can lead to various consequences, pricing actions that violate ethics can cause business actors to be disliked by buyers, and buyers can even react which can bring down the good name of the business. Determining a price that is not desired by buyers can result in a reaction of rejection by some or all buyers.

Even though this seems to be a habit and society as consumers accepts it, it is better for businesspeople to implement good, honest buying and selling, with clarity and not harming other people. From the background of the problem above, the author is interested in conducting research with the title "Analysis of Mechanisms for Determining Selling Prices and Services in an Islamic Economic Perspective".

Method

This research seeks to analyze and describe the Mechanism of Determining Selling Prices and Services from an Islamic Economic Perspective. The type of research used in this research is a descriptive analysis method. According to (Haris, 2023) descriptive analysis is empirical research that investigates a specific symptom or phenomenon in a real life setting. The results of this research were collected using primary data and secondary data.

The approach used in this research is a qualitative approach. According to Bogdan and Taylor in (Arifudin, 2023), a qualitative approach is a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. According to (Saepudin, 2019) the method is to transcribe the data, then coding the notes in the field and interpreting the data to obtain conclusions.

This research uses qualitative research with field research methods. According to (Arifudin, 2018) this approach is adapted to the main aim of the research, namely describing and analyzing the Analysis of Mechanisms for Determining Selling Prices and Services in an Islamic Economic Perspective. So that this method will be able to explain the problems of the research (Arifudin, 2019).

Determining appropriate data collection techniques greatly determines the scientific truth of a research. The data collection techniques used in this research are observation, interviews and documentation.

Engineering can be seen as a means of carrying out technical work carefully using the mind to achieve a goal. Even though the study is actually an effort within the scope of science, it is carried out to collect realistic data systematically to realize the truth. Research methodology is a means to find a cure for any problem. In this case, the author collected information about Analysis of Mechanisms for Determining Selling Prices and Services in an Islamic Economic Perspective from books, articles, journals, theses, theses, ebooks, etc. (Saepudin, 2020).

Because it requires material from the library as a data source, this research utilizes library research. Researchers need books, scientific articles and other literature related to the topics and problems they explore, both print and online (Arifudin, 2021).

Searching for information from data sources requires the use of data collection techniques. Amir Hamzah in (Arifudin, 2022) claims that data collection is an effort to collect information related to the

subject under study. The author uses library research methods to collect data. Specifically, the author started with the library to collect information from books, dictionaries, journals, encyclopedias, papers, periodicals, and other sources that provide views related to the Analysis of Mechanisms for Determining Selling Prices and Services in an Islamic Economic Perspective.

Amir Hamzah further said that data collection means various efforts to collect facts related to the topic or discussion that is being or will be explored. These details can be found in scientific literature, research and scientific writings, dissertations, theses and other written sources. According to (Saepudin, 2021) data collection can be carried out in various circumstances, using different sources, and using different techniques.

Observation is part of the research process directly regarding the phenomena to be researched (Saepudin, 2022). With this method, researchers can see and feel directly the atmosphere and condition of the research subjects (Tanjung, 2020). The things observed in this research are the analysis of the mechanism for determining selling prices and services from an Islamic economic perspective.

The interview technique in this research is a structured interview, namely interviews conducted using various standard guidelines that have been established, questions are arranged according to information needs and each question is needed to reveal any empirical data (Rahayu, 2020).

Documentation is a technique for collecting data through existing documents or written notes. Documentation comes from the word document, which means written items. In implementing the documentation method, researchers investigate written objects, such as books, magazines, meeting minutes and diaries. According to Moleong in (Hanafiah, 2021) the documentation method is a way of collecting information or data through examining archives and documents. Documentation strategies are also data collection techniques proposed to research subjects. The data collection method using the documentation method was carried out to obtain data about the condition of the institution (research object), namely Analysis of the Mechanism for Determining Selling Prices and Services in an Islamic Economic Perspective.

Muhadjir in (Arifudin, 2020) states that data analysis is the activity of carrying out, searching for and compiling records of findings systematically through observations and interviews so that researchers focus on the research they are studying. After that, make the findings material for other people, edit, classify and present it.

Results and Discussion

Mechanism for determining sales and service prices

Karim was quoted in (Shavab, 2021) that the basis of microeconomic development will never be separated from the problem of determining price levels which are derived from the market mechanism process. Meanwhile, the market mechanism itself was formed due to a combination of demand theory and supply theory which became the basis for the formation of broader economics.

During the development of sharia economics, historical records were found recorded by Muslim scholars in their books which show that market mechanisms are not actually something new for Muslim society. Ridwan, et al, (2017) explained that the concept of Islamic prices also attracted many Islamic thinkers by using the economic conditions around them and at that time, these thinkers were as follows:

1. Abu Yusuf Price Concept

Abu Yusuf was a mufti in the Harun al-Rashid caliphate. He wrote the first book about the taxation system in Islam, entitled *Buku al-Kharaj*. And Abu Yusuf is listed as the earliest scholar to start

discussing market mechanisms. He pays attention to increases and decreases in production in relation to price changes. He was also the first to propose the theory of demand and supply and its effect on prices. The phenomenon that occurred during Abu Yusuf's time was that when there was a shortage of goods, prices tended to be high, whereas when there was an abundance of goods, prices tended to fall or be lower. Abu Yusuf said: "There is no certain limit regarding cheap and expensive that can be ascertained. There are those who regulate it. The principle cannot be known. Cheap is not because there is an abundance of food, nor is expensive because there is a scarcity of food. Cheap and expensive are God's provisions. Sometimes the food is very little but cheap." Abu Yusuf's view above shows that there is a negative relationship between supply and price. It is true that price does not depend on supply itself, therefore a decrease or increase in price is not solely related to an increase or decrease in supply. In this case, Abu Yusuf seems to deny the general opinion regarding the inverse relationship between demand and price. Prices do not depend only on supply but also on demand. Abu Yusuf emphasized that there were other variables that influenced it, but he did not explain in detail. In economic analysis of the problem of price control (*tasir*). Abu Yusuf opposed the authorities who set prices. According to him, prices are God's provisions. What this means is that prices will be formed in accordance with natural laws that apply in a certain place and time according to the factors that influence the price itself. Abu Yusuf's opinion is relevant in a perfectly competitive market where there are many sellers and many buyers so that prices are determined by the market.

2. Ibn Taimiyah's Price Concept

Ibn Taimiyah explained the exchange mechanism, free market economics, and how price tendencies occur because of the forces of demand and supply. If demand for goods increases while supply decreases, prices will increase. Vice versa, scarcity and abundance of goods may be caused by just actions, or perhaps unjust actions. This happened because at that time there was an opinion that price increases were the result of injustice and unlawful actions on the part of sellers, or perhaps because of market manipulation. Ibn Taimiyah said: "The rise and fall of prices is not always related to injustice (*zulm*) committed by someone. Sometimes the reason is a shortage in production or a decrease in imports of requested goods. If an increase in the quantity of goods is required while the capacity decreases, the price will automatically rise. On the other hand, if the ability to supply goods increases and demand decreases, prices will fall. Scarcity and abundance do not have to be caused by someone's actions. It could be related to causes that do not involve injustice. Or sometimes it can also be caused by injustice. Great is Allah who created the will in the human heart. (Ibn Taimiyah, According to Ibn Taimiyah, supply can come from domestic production and imports. Changes in supply are described as an increase or decrease in the quantity of goods offered, while demand is largely determined by taste and income.

Services in an Islamic Economic Perspective

In Islamic economics, Idris is quoted (Fasa, 2020) that services are associated with *ijarah* (rental). Selling services in Islam is called *ijarah* or leasing, namely the activity of transferring beneficial rights. The object of *ijarah* activities is services, both services produced from human labor and services obtained from the use of goods. The concept of *ijarah* is the same as the concept of buying and selling. However, the objects traded in *ijarah* are services.

Ridwan, et al quoted (Labetubun, 2021) that in Arabic wages and rent are called *ijarah*. Al-*ijarah* comes from the word al-*ajru*, which in its language means al-*iwadh*, which in Indonesian means

compensation and wages. Etymologically, al-ijarah comes from the word Al-ajru which means al-*iwadh*/replacement, which is why *ats-Tsawabu* in the context of reward is also called al-*ajru*/reward.

As for terminology, *fiqh* scholars have different opinions, including the following:

1. According to Sayyid Sabiq, al-ijarah is a type of contract or transaction to take advantage of by providing compensation.
2. According to Shafi'iyah scholars, al-ijarah is a contract for a benefit that contains certain purposes that are permissible, as well as accepting a substitute or permissibility with a certain substitute. So, wages are a type of contract or transaction for a benefit that is intended, certain, permissible, and may be utilized, by providing certain rewards.
3. According to Amir Syarifuddin al-ijarah, in simple terms it can be interpreted as a contract or transaction of benefits or services with a certain reward. If the object of the transaction is the benefit or service of an object, it is called *ijarah al'Ain*, such as renting a house to live in. If the object of the transaction is benefits or services from someone's labor, it is called *Ijarah ad-Dzimmah* or wage wages, such as typing wages. Even though the objects are different, both in the context of *fiqh* are called al-ijarah.

Based on the definitions above, it can be understood that *ijarah* is exchanging something in return, translated in Indonesian it means renting and wages, renting is selling benefits.

Conclusion

Based on the results of the research discussion, the conclusion of this research is that the selling and service price mechanism by entrepreneurs uses a rounded pricing mechanism in accordance with Islamic economic principles, namely a pricing mechanism based on fair value by setting reasonable and economical prices, considering the Public or Customer Purchasing Power Control. The use of price rounding in the companies studied does not contain an element of fraud because buyers will always pay the actual price or selling price, while payments will be rounded up to the buyer who pays the highest. The company has struggled to provide a nominal value so that the price is rounded up but the remaining price from the rounding result is not for the purpose of receiving more profit from the rounding result, but the remaining price from the rounding result goes into the mosque's charity box/other social funds. Every human being needs wealth to fulfill all his life needs. Therefore, humans will always try to obtain wealth. One way to get it is by working. Meanwhile, one form of work is trade or business. Islam, through the example of the Prophet SAW and the caliphs who always maintained their actions, shows how important trade and business are. Islam actively encourages Muslims to do business and trade.

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