

ANALYSIS OF SALES AND SERVICE PRICING MECHANISMS FROM AN ISLAMIC ECONOMIC PERSPECTIVE: CASE STUDY OF LATANSA GONTOR PONOROGO CONVECTION

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ABSTRACT

A trading activity will not escape the name of the price. Unclear prices can cause many things, for example, entrepreneurs do not like buyers and vice versa, even buyers can do something that can damage the good name of the seller or company and many other consequences. Therefore, the price really needs to be considered. This study aims to analyse the pricing mechanism and services at Latansa Gontor convection from an Islamic economic perspective. In this context, four pricing indicators according to the Islamic perspective are considered: wisdom, transparency, honesty and justice. The research method used is qualitative with an open coding approach. Data were collected through interviews with the manager of Latansa Gontor Convection as well as direct observation at the production site. The results of the analysis show that Latansa Gontor Convection successfully applies the principle of wisdom in pricing and services, this can be seen from how customers get clear information before the transaction. In addition, Latansa Gontor Convection adjusts product prices by taking into account customer needs and goals, as well as recognising the level of production difficulty in service pricing to provide appropriate compensation to employees.

Keywords: Pricing Mechanisms, Wisdom, Justice, Honesty.

INTRODUCTION

A trading activity will not escape the name price, because it is the price that shows the high and low value of a good or service. The definition of price in the large Indonesian dictionary is the value of goods determined by money, from this it can be concluded that price is the amount of money worth paying for products and services, at certain times and markets.¹

Pricing really determines whether a trade activity is going well or not, good and correct pricing is in accordance with the perspective of Islamic economics. Islam does not prohibit producers from setting prices in any way as long as the prices set are not detrimental to buyers or do not take benefits above normal or reasonable levels.² It is permissible for producers to sell an

¹ N. Chamid, *Jejak Langkah Sejarah Pemikiran Ekonomi Islam* (Yogyakarta, Indonesia: Pustaka Pelajar, 2010), 104.

² N. R. Mazidah, "Analisis Mekanisme Penetapan Harga Jual Dan Jasa Dalam Perspektif Ekonomi Islam," *JISIP (Jurnal Ilmu Sosial dan Pendidikan)* 5, no. 4 (2021): 917, doi:10.58258/jisip.v5i4.2362.

item at a high price as long as there is an agreement between the two parties, namely producers and consumers.³ Vague prices can lead to many things, for example, entrepreneurs do not like buyers and vice versa, even buyers can do something that can damage the good name of the seller or company and many other consequences. Therefore, the price really needs to be considered.⁴

According to that, previous studies discussed on how the mechanism of pricing for sales and services. Mazidah⁵ stated that Amanah Photocopying and Printing's ambiguity price rounding mechanism uses equity-based pricing. The rounded-up price is sent to the Collective Social Fund and the employee's charity box. The price rounding decision is a balance point between the forces of supply and demand that has been voluntarily agreed upon by the seller and buyer and its accordance to the Islamic value in pricing. Accordingly, Nurhaliza et al.,⁶ stated that the pricing mechanism of sales and services must be based on affordability, price compatibility with competitive quality, and price compatibility with benefits. The mechanism of determining the selling price of a small part has not been in accordance with the Islamic economic perspective, because it rounds the price on the grounds that there is penny. Meanwhile, Aswawi⁷ found that the price fixing that occurs at the Kendari City fish auction cannot be said to be in accordance with Islamic law because although initially there was cooperation between two parties, namely the skipper as the provider of capital and the fisherman as the manager, but in terms of pricing, only one party was involved can determine that is the skipper.⁸

Accordingly, the price for services provided to consumers and the promised order due date often do not match. Delays from the promised timeframe for orders to be completed are often exceeded. In other words, La Tansa convection in some cases did not fulfil their own time standards. Therefore, whether the pricing and services performed are appropriate or not. Hence, this study is aims to analyze the pricing mechanism for sales and services in La-Tansa convection at Gontor Islamic Modern Boarding School. Also, to analyze whether the pricing mechanism is accordance with Islamic value or not.

³ H. Sudarsono, *Konsep ekonomi Islam: Suatu pengantar* (Yogyakarta, Indonesia: Ekonisia, 2002), 149.

⁴ Y. Liu et al., "Barriers to sustainable food consumption and production in China: A fuzzy DEMATEL analysis from a circular economy perspective," *Sustainable Production and Consumption* 28 (2021): 1115, doi:10.1016/j.spc.2021.07.028.

⁵ Mazidah, " Analisis Mekanisme Penetapan Harga Jual," 919.

⁶ Nurhaliza, H. Lisa, and A. Syukur, "Analisis Mekanisme Penetapan Harga Jual dan Jasa di Percetakan Tembilahan dalam Perspektif Ekonomi Islam," *Al-Zayn: Jurnal Ilmu Sosial & Hukum* 1, no. 1 (2023): 47, <https://doi.org/10.61104/alz.v1i1.81>.

⁷ N. Aswawi, "Penetapan harga hasil perikanan dalam perspektif ekonomi Islam (Studi kasus pasar pelelangan ikan Kota kendari)," *AT TARIIZ : Jurnal Ekonomi dan Bisnis Islam* 1, no. 04 (2022): 193, doi:10.62668/attariiz.v1i04.354.

⁸ S. Muslimin, Z. Zainab, and W. Jafar, "Konsep Penetapan Harga Dalam Perspektif Islam," *Al-Azhar Journal of Islamic Economics* 2, no. 1 (2020): 2, doi:10.37146/ajie.v2i1.30.

METHOD

For that aims this study uses deductive data analysis. This is a method of thinking that applies general things first and then is connected in its specific parts.⁹ Based on the data obtained from the field, from the results of observations, interviews, field notes and documentation studies, the compiler raises general facts, concrete events then draws conclusions that are specific.¹⁰ This is done to solve existing problems regarding the implementation of the pricing mechanism applied by Latansa Gontor Convection which is analysed or reviewed according to Islamic economics.

In the context of qualitative analysis, this time the researcher tries to apply the coding method or marking the keywords or words that are the focus in an article. The coding technique refers to the steps taken by researchers to assemble various facts into one unit in qualitative data analysis, as well as a technique for collecting and formulating analytical conclusions from the data that has been collected.¹¹ Coding is defined as a way to identify words or words that reflect facts or data obtained from data collection, capturing the essence of these facts. Thus, the coding process becomes a bridge between the collected data and more detailed data analysis. The stages for that are Preparing data; Defining units to be analyzed; creating categories and coding schemes; testing coding schemes on sentences; Coding whole texts; Assessing consistency of content; Drawing conclusions.¹²

RESULTS AND DISCUSSION

Research Findings

Based on the interviews conducted, sales and service pricing mechanism is accordance with the principles of Islamic economics. They prioritize fairness in pricing products over the profits. The standard prices based on the calculation of production costs as well as additional prices for certain items that require more complicated processes. Factors such as product quality and order quantity are also considered, where higher quality items or larger order quantities will directly affect the price. Moreover, the price of existing products must be comparable to the products or benefits received by customers from the products they acquire.

⁹ A. Anggito and J. Setiawan, *Metodologi penelitian kualitatif* (Sukabumi, Indonesia: CV Jejak (Jejak Publisher), 2018), 156.

¹⁰ L. J. Moleong, *Metodologi penelitian kualitatif* (Bandung, Indonesia: Remaja Rosdakarya, 2017), 280-281.

¹¹ A. M. Yusuf, *Metode Penelitian Kuantitatif, Kualitatif & Penelitian Gabungan* (Jakarta, Indonesia: Kencana, 2017), 396.

¹² B. Suyanto et al., *Metode Penelitian Sosial: Berbagai Alternatif Pendekatan* (Jakarta, Indonesia: Prenada Media, 2015), 256.

According to the interview results, the concept of Ar Ridho in determining prices and services is based on how satisfied consumer on the products and services provided to them. As the manager of Latansa Gontor Convection stated:

“Sebelum transaksi, Latansa Gontor Convection memberikan informasi secara jelas terkait harga yang ada, sehingga kesepakatan yang terjadi benar-benar atas ridho dari kedua belah pihak. Konveksi sebagai produsen ridho dengan harga atau biaya yang didapatkannya, serta konsumen yang ridho dengan barang yang didapatkannya.”

Based on the information above, it is revealed that Latansa Gontor Convection applies the Ar-Ridho concept in determining prices and services. The Ar Ridho principle emphasizes the importance of agreements based on mutual consent or satisfaction between producers and consumers. Before a transaction is carried out, the company provides clear information regarding prices to customers, so that the agreement is based on the approval of both parties. This creates buying and selling transactions that are in accordance with Islamic values, where producers feel happy with the prices they set and consumers feel happy with the goods they get.

In determining the price, the quantity and quality of the product is concerned by Latansa Gontor Convection. This demonstrates their awareness of customer needs and preferences, as well as a commitment to providing products with value proportional to the price paid. This approach reflects the principle of fairness in Islamic economics, where product prices should be in line with the benefits received by consumers.

Questions related to customer satisfaction or willingness are the focus of Latansa Gontor Convection's approach to customer satisfaction. The company measures the level of customer satisfaction and willingness regarding price and service by paying attention to order intensity. The arrival of customers to make repeat orders or even become repeat customers is considered an indicator of customer satisfaction. Evaluations submitted by customers are used as material for improvement, so that Latansa Gontor Convection can continue to improve the quality of their services.

In dealing with changes or problems, Latansa Gontor Convection takes an active approach to maintaining customer satisfaction. If any customer is dissatisfied with the product or service they received, the company is prepared to take appropriate action to remedy the situation. In fact, if necessary, the company will re-manufacture the product to meet customer expectations. This action reflects the company's commitment to maintaining customer trust and satisfaction, as well as following the Ar Ridho principles in running their business. Thus, Latansa Gontor Convection not only applies the principle of fairness in determining prices and services, but is also committed to maintaining harmonious relationships with their customers.

According to the results of research conducted by interviewing the managers of Latansa Gontor Convection, researchers obtained information regarding the openness and honesty carried out by Latansa Gontor Convection to their customers and consumers as in the results of an interview with one of the managers of Konveksi. Like the question the author asked to one of the managers of Latansa Gontor Convection namely Al Ustadz Farkhan Rizky Adzimi: "Does Latansa Gontor Convection inform consumers regarding the advantages and disadvantages of the products offered clearly and specifically?" he answered:

"Iya, Konveksi Latansa Gontor memberitahu kepada konsumen terkait kekurangan dan kelebihan produk yang ditawarkan secara jelas dan spesifik. Hal ini dilakukan dengan mempertimbangkan produk atau pesanan yang diajukan oleh pelanggan apabila ada permintaan khusus, variasi tambahan, atau mungkin bahan yang diminta bersifat premium dan memiliki harga yang berbeda dengan harga bahan yang biasanya, maka kami sampaikan kepada pelanggan terkait hal-hal tadi khususnya harga."

Based on the data obtained by researchers from the answers above, it can be informed that Latansa Gontor Convection is honest and open in setting prices and services. These two things are implemented by Latansa Gontor Convection to maintain customer trust.

Besides, to maintain customer trust, the management of Latansa Gontor Convection the principles of openness and honesty is applied to maintain the product and correct prices according to an Islamic economic perspective. Therefore, the principle of openness and honesty is become foundation for setting price of product and services. Therefore, the consumers know the goods or benefits they will get from cost incurred. So that both parties carrying out the transaction get their own benefits without any party being harmed. As the participant stated:

"Iya, kami jelaskan. Untuk langkah-langkahnya, ketika ada perubahan harga, contohnya apabila ada kenaikan harga bahan yang diminta oleh pelanggan atau ada variasi pesanan yang membutuhkan tambahan biaya maka kami konfirmasi terlebih dahulu kepada pelanggan, hal ini dilakukan bukan untuk menambah keuntungan Konveksi Latansa Gontor, akan tetapi karena memang adanya biaya tambahan yang dibutuhkan."

In addition, in providing services to employees, Latansa Gontor Convection also pays attention to the principles of Islamic economics. They have policies that aim to avoid usury practices and ensure fair transactions that do not harm any party. In addition, the company also pays attention to employee welfare, demonstrating their commitment to fairness in business and social relations.

Meanwhile, Latansa Gontor Convection has successfully applied the principle of wisdom in their pricing and services, which is in accordance with Islamic principles and values. Their approach of providing clear information

to customers prior to transactions, measuring customer satisfaction and willingness, and actively taking action to resolve problems all reflect the company's commitment to the principle of wisdom. Thus, the principle of wisdom not only guides Latansa Gontor Convection in running their business, but also creates a harmonious and mutually beneficial environment between the company and customers, which is in accordance with the principles of Islamic economics.

Furthermore, to maintaining customer trust, the manager of Latansa Gontor Convection pays attention to the principles of good and correct pricing principles according to an Islamic economic perspective, one of the indicators is openness and honesty in setting a price, so that consumers or customers know the goods or benefits they will get from the costs incurred. So that both parties carrying out the transaction get their respective benefits without any party being disadvantaged.

Lastly, by offering products below the market price while still emphasizing quality, the company demonstrates an awareness of buyers' needs and a desire to provide commensurate added value. This principle creates a business environment based on fairness, where La tansa Gontor Convection is not only concerned with profits for themselves, but also takes into account commensurate benefits for customers. Thus, through a holistic and balanced approach to pricing and services, La tansa Gontor Convection has successfully implemented the principle of fairness in its operations, and this is in accordance with Islamic economic principles in pricing mechanisms.

Discussion

Based on the findings, Latansa Gontor Convection has an approach that is in accordance with the principles of Islamic economics in pricing and services. They prioritize fairness in pricing products, with standard prices based on the calculation of production costs as well as additional prices for certain items that require more complicated processes.¹³ Factors such as product quality and order quantity are also considered, where higher quality items or larger order quantities will directly affect the price.¹⁴

In determining the price, Konveksi Latansa Gontor pays attention to the quantity and quality of the product. This demonstrates their awareness of customer needs and preferences, as well as a commitment to providing products with value proportional to the price paid.¹⁵ This approach reflects

¹³ W. Diao, M. Harutyunyan, and B. Jiang, "Consumer fairness concerns and dynamic pricing in a channel," *Marketing Science* 42, no. 3 (2023): 569, doi:10.1287/mksc.2022.1395.

¹⁴ J. Chen et al., "Price and quality decisions in dual-channel supply chains," *European Journal of Operational Research* 259, no. 3 (2017): 935, doi:10.1016/j.ejor.2016.11.016.

¹⁵ R. Varadarajan, "Customer information resources advantage, marketing strategy and business performance: A market resources based view," *Industrial Marketing Management* 89 (2020): 90, doi:10.1016/j.indmarman.2020.03.003.

the principle of fairness in Islamic economics, where product prices should be in line with the benefits received by consumers.¹⁶

In addition, in providing services to employees, Latansa Gontor Convection also pays attention to the principles of Islamic economics. They have policies that aim to avoid usury practices and ensure fair transactions that do not harm any party.¹⁷ In addition, the company also pays attention to employee welfare, demonstrating their commitment to fairness in business and social relations.¹⁸

Meanwhile, Latansa Gontor Convection has successfully applied the principle of wisdom in their pricing and services, which is in accordance with Islamic principles and values. Their approach of providing clear information to customers prior to transactions, measuring customer satisfaction and willingness, and actively taking action to resolve problems all reflect the company's commitment to the principle of wisdom.¹⁹ Thus, the principle of wisdom not only guides Latansa Gontor Convection in running their business, but also creates a harmonious and mutually beneficial environment between the company and customers, which is in accordance with the principles of Islamic economics.

Furthermore, to maintaining customer trust, the manager of Latansa Gontor convection pays attention to the good and correct pricing principles which in accordance to Islamic economic perspective. For example, openness and honesty in setting a price, so that customers know the goods or benefits they will get from the costs incurred.²⁰ Therefore, both parties carrying out the transaction get their respective benefits without any party being disadvantaged.

Lastly, by offering products below the market price while still emphasizing quality, the company demonstrates an awareness of buyers' needs and a desire to provide commensurate added value. This principle creates a business environment based on fairness, where La tansa Gontor Convection is not only concerned with profits for themselves, but also takes into account commensurate benefits for customers. Thus, through a holistic

¹⁶ A. Abbas et al., "The role of Islamic marketing ethics towards customer satisfaction," *Journal of Islamic Marketing* 11, no. 4 (2019): 1001, doi:10.1108/jima-11-2017-0123.

¹⁷ R. A. Setiawan, "Avoidance of RIBA-based loans and enhancement of quality of life: An Indonesian context analysis," *Religions* 14, no. 11 (2023): 1376, doi:10.3390/rel14111376.

¹⁸ M. Y. Byrd and T. E. Sparkman, "Reconciling the business case and the social justice case for diversity: A model of human relations," *Human Resource Development Review* 21, no. 1 (2022): 75, doi:10.1177/15344843211072356.

¹⁹ S. Syafril and M. F. Hadziq, "Islamic principles in marketing: An overview of Islamic marketing mix in social-media campaign," *El-Qish: Journal of Islamic Economics* 1, no. 1 (2021): 69, doi:10.33830/elqish.v1i1.1568.2021.

²⁰ L. Rothenberg and N. L. Kim, "Is honesty the best policy? Examining the role of price and supply chain transparency in fashion marketing," *Sustainability* 12, no. 17 (2019): 6800, doi:10.31274/itaa.8230.

and balanced approach to pricing and services,²¹ La tansa Gontor Convection has successfully implemented the principle of fairness in its operations, and this is in accordance with Islamic economic principles in pricing mechanisms.²²

CONCLUSION

To conclude, this study found that the price mechanism for sales and service in La tansa Gontor Convection referring to several important factors. One of them is the quantity and quality of the products offered. They make careful calculations regarding production costs, including raw material and labor costs, and consider additional prices for products with more complicated production processes. The convection also pays attention to market demand and surrounding competition in setting competitive prices. Furthermore, the principle of wisdom, justice, and honesty is accordance with Islamic value principle. Hence, the mechanism of pricing for sales and services in la tansa gontor convection is in line with Islamic value principles.

Indeed, this study this study has gaps that need to be discussed in future studies. For example the impact of Islamic principles in work performance in the company, empirical studies on the business practice based Islamic value. Also, the future studies might also investigate whether the company of la tansa gontor convection applied the principle of service quality for the customer or not and its impact on the loyalty or the customer satisfaction.

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²¹ J. D. Wisner, K. Tan, and G. K. Leong, *Principles of supply chain management: A balanced approach* (South-Western, OH: Cengage Learning, 2014), xx.

²² S. Muslihatun, "Analysis of the Mechanism of Determining Selling and Service Prices in the Islamic Economic Perspective," *ProBisnis: Jurnal Manajemen* 11, no. 1 (2020): 6, <https://doi.org/10.62398/probis.v11i1.6>.

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