

Sharia Economic Law on Palm Fruit Bunch Pricing Practice by PT Hari Sawit Jaya Sumut, Indonesia

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Abstract

This article examines the practice of determining the price of fresh fruit bunches (FFB) of oil palm by PT Hari Sawit Jaya in North Sumatra from the perspective of Islamic economic law. This article uses an empirical juridical method, drawing on data from interviews, participant observation, and documentation, to explore the pricing mechanism and farmer involvement. The results of the study show that PT Hari Sawit Jaya's pricing is often non-transparent and unilateral, without involving partner farmers, causing injustice and economic losses. This practice contradicts the principles of Islamic financial law, which emphasise fairness, openness, and mutual agreement, free from uncertainty (*gharar*) and injustice (*zulm*). Although the company attempts to adjust prices to market conditions, the absence of transparent and participatory mechanisms leaves farmers in a weak bargaining position. This study also highlights the importance of the government's role in supervising and facilitating price-setting in accordance with regulations and Sharia principles to create fair and sustainable partnerships. In conclusion, FFB pricing of FFB at PT Hari Sawit Jaya needs reform to increase transparency, fairness, and farmer participation, in accordance with Sharia economic principles, to strengthen farmer welfare

and the stability of the palm oil industry. These findings serve as a reference for public policies that support the sustainability of Indonesia's palm oil plantation sector in Indonesia.

KEYWORDS: Price Setting, Fresh Fruit Bunches, Sharia Economics, Palm Oil Plantations, Fairness.

Introduction

The issue discussed in this article is the unfair pricing of fresh fruit bunches (FFB) by PT Hari Sawit Jaya towards its partner farmers in North Sumatra. The company is suspected of not following the official pricing mechanism set by the local government, resulting in farmers often receiving prices lower than the provincial reference price. The pricing process is also considered opaque and non-inclusive, as the company sets prices unilaterally without considering market prices, production costs, or FFB quality, creating an imbalance in the relationship between the company and farmers.¹

The palm oil plantation sector is one of the leading sectors in the Indonesian economy. As the world's largest palm oil producer, Indonesia accounts for more than half of global production, and North Sumatra is one of the regions that contributes significantly.² This commodity not only plays a significant role in the country's foreign exchange earnings but is also the primary source of livelihood for millions of palm oil farmers, both plasma and independent. Therefore, fairness in the distribution of profits and in the pricing of fresh fruit bunches (FFB) is essential for maintaining the overall sustainability of the palm oil industry.³

One of the palm oil-producing regions is North Sumatra. North Sumatra is one of the regions that contributes significantly to national palm oil production, with many plantation companies and palm oil processing

¹ Chairul Fahmi and Peter Tobias Stoll, "Measuring WTO Approaches in Resolving Palm Oil and Biofuel Trade Disputes from Indonesia," *BESTUUR* 12, no. 2 (December 2024): 172–90, <https://doi.org/10.20961/BESTUUR.V12I2.94203>.

² N Nurhaliza, H Lisa, and A Syukur, "Analysis of the Mechanism for Setting Sales Prices and Services at Tembilahan Printing in the Perspective of Islamic Economics," *Al-Zayn: Journal of Social Sciences & Law*, neliti.com, n.d.

³ I Ismiati and H Lubis, "Farmer Behaviour in Facing Palm Oil Price Fluctuations from an Islamic Economics Perspective," in *JAWI: Journal of Abkam Wa Iqtishad*, preprint, naaspublishing.com, 2023.

factories spread across various areas. One of the companies operating in this region is PT Hari Sawit Jaya, which, for many years, has been involved in production and purchasing fresh fruit bunches (FFB) from plasma and independent farmers through a scheme.⁴

PT Hari Sawit Jaya is one of the palm oil plantation and processing companies operating in North Sumatra and has cooperative relationships with many local farmers. FFB pricing of FFB does not always follow the reference price set by the Provincial Plantation Service or the FFB Pricing Team. Still, it is more internal to the company, with a mechanism that is not fully transparent to farmers. In fact, based on field interviews, farmers do not have access to information on price calculations or value-determining factors, such as yield and the K index.⁵

PT. Hari Sawit Jaya was chosen as the subject of this study because it is one of the leading palm oil partnership companies in North Sumatra, often highlighted in relation to FFB pricing. Farmers have complained about the company's pricing practices, mainly because of allegations that it does not follow official mechanisms, lacks transparency, and minimises farmer participation. These conditions have led to problems such as imbalances in bargaining power, price uncertainty, and the potential for practices considered unfair both economically and legally.⁶ Tarya Nurbaiti's research shows that a fair pricing strategy must involve information disclosure, price offers before transactions, and consideration of reasonable factory prices so that transactions can take place voluntarily and reasonably. These findings can serve as a reference for PT. Hari Sawit Jaya is to improve its FFB pricing mechanism to better align with the principles of fairness in Islamic economics.⁷

Legally, the pricing of FFB without regard to official mechanisms and without involving relevant *stakeholders* can be categorised as an act that

⁴ Z Azimi, "Injustice in Cocoa Sales Practices: An Islamic Law Perspective,"... : *Journal of Legal Research, Islamic Economics, Economics*...

⁵ E P Sari, H Hasugian, and M I Harahap, "The Implications of Palm Oil Export Policy on the Indonesian Economy from an Islamic Economic Perspective," in *Brilliant: Journal of Islamic Economics and ...*, preprint, 2023.

⁶ Mustaghfiroh, Siti, and Mila Widiastuti. "'in Corn Sales from the Perspective of Islamic Economic Law.'" *Mu'amalah: Journal of Islamic Economic Law* 1, no. 2 (2022): 81-108.

⁷ Nurbaiti, Trya. "The Strategy of Palm Oil Collectors in Determining the Selling Price of Fresh Fruit Bunches (FFB) During the Cooking Oil Shortage in 2022 from an Islamic Economic Law Perspective (A Study in Pondok Kubang Subdistrict, Central Bengkulu Regency)." PhD diss., UIN Fatmawati Sukarno Bengkulu, 2024.

In addition, the lack of empirical studies on the application of Islamic economic law principles in the practice of determining agricultural commodity prices, particularly palm oil, makes this research important. Most of the literature focuses more on positive law or conventional economics, without considering Islamic values that are highly relevant to the context of Indonesian society, which is predominantly Muslim. For example, Rahmawati et al. show that a green economy model based on Islamic economic principles can be applied in the palm oil industry to achieve social and environmental justice and sustainability.¹²

The knowledge gap that this article seeks to address is the importance of understanding the techniques used by PT Hari Sawit Jaya to determine the price of fresh fruit bunches (FFB) of palm oil, which can affect the welfare of smallholders in North Sumatra. Companies often set prices unilaterally, leading to unfair profit sharing and potentially harming farmers. This study aims to determine whether these FFB pricing practices reflect the principles of fairness and balance under Islamic economic law.¹³ Non-transparent pricing practices often cause imbalances in the partnership between companies and farmers. This imbalance can create social and economic tensions between the two parties. Therefore, this study is essential to evaluate the extent to which PT Hari Sawit Jaya implements policies that benefit all parties involved. Given that the palm oil sector is a critical part of the Indonesian economy, company policies should promote mutual benefit and maintain harmony in partnership relationships.¹⁴

In Islam, pricing is based on the principles of fairness, balance, and the prohibition of practices that harm one party. Ideally, prices are determined by a healthy market mechanism, namely through agreements between sellers and buyers without deception, coercion, or monopoly. Islam also prohibits hoarding goods to inflate prices, as this can artificially harm the community. In addition, honesty in transactions is strongly emphasised, so that every

¹² Rahmawati, Rsna, Zaki Mubarak, and Hariyanto Hariyanto. "Green Economy Model in Palm Oil Industry Based on Islamic Economic Perspective (Case Study of PT. Borneo Indah Marjaya Desa Laburan, East Kalimantan)." *Asian Journal of Islamic Economics and Business* 1, no. 1 (2023): 64-72.

¹³ S Effendi, "Price Setting from an Islamic Economic Perspective," in *MUTLAQAH: Journal of Sharia Economic Studies*, preprint, 2021.

¹⁴ S Hadi, "Commodity Pricing Strategies from an Islamic Economics Perspective," ... - *Kharaj: Journal of Islamic Economics, Finance & Business*, journal.laaroiba.com, 2019.

seller is obliged to provide accurate information regarding the condition and quality of the goods being sold.¹⁵

This study is also highly relevant for assessing whether PT Hari Sawit Jaya complies with these principles in its palm oil fresh fruit bunch (FFB) pricing practices. This is important because the application of Sharia economic law can help address unfair economic issues and encourage the creation of a more sustainable system.¹⁶ This study is also highly urgent, given its contribution to public policy in agribusiness. By analysing pricing practices from the perspective of Islamic economic law, this study can provide new insights for policymakers in designing regulations that are fairer, more transparent, and more favourable to small farmers.¹⁷

In addition, the results of this study are expected to deepen understanding of the application of Islamic economic law in the palm oil plantation sector. Although many studies have discussed the legal and financial aspects of the palm oil industry, very few have examined this issue from an Islamic perspective, which is highly relevant to Indonesia's social and cultural context. Research by colleagues shows that the application of Islamic economic principles such as justice and social welfare can be a solution for creating a more sustainable palm oil economic model.¹⁸

This research contributes academically and serves as a practical reference for companies and institutions related to the palm oil sector. Its urgency lies in raising awareness of the importance of fair and transparent FFB pricing practices for farmers' socio-economic resilience. By exploring existing practices and offering policy solutions for companies and local

¹⁵ Sapitri, Evi. "Analysis of the Impact of Damar Pricing by Middlemen on Farmers' Welfare from an Islamic Economic Perspective (A Study in Malaya Village, Lemong District, West Pesisir Regency)." PhD diss., UIN Raden Intan Lampung, 2018.

¹⁶ A I Aini and A Komarudin, "Setting Prices for Fishery Products from an Islamic Economic Perspective (Case Study at the Muncar Fish Auction Site, Banyuwangi Regency)," in *Darussalam Sharia Economics Journal*, preprint, ejournal.iaida.ac.id, 2022.

¹⁷ S Waluyo and I Iswandi, "Price Fixing Agreements from the Perspective of Positive Law and Islamic Law," *JISMA: Journal of Social Sciences, Management, and ...*, melatijournal.com, 2022.

¹⁸ Rahmawati, Rsna, Zaki Mubarak, and Hariyanto Hariyanto. "Green Economy Model in Palm Oil Industry Based on Islamic Economic Perspective (Case Study of PT. Borneo Indah Marjaya Desa Laburan, East Kalimantan)." *Asian Journal of Islamic Economics and Business* 1, no. 1 (2023): 64-72.

governments, that study aims to create a sustainable system that benefits all parties in the palm oil production chain.¹⁹

The objectives of this study are to determine the practices of setting the price of fresh fruit bunches (FFB) of palm oil at PT. Hari Sawit Jaya in North Sumatra, to understand the theory of pricing in Islam, and to analyse whether the pricing of FFB at PT. Hari Sawit Jaya is in accordance with the principles of Islamic economics.

Data and Method

This study uses an empirical juridical research method, which is a legal research approach that combines normative analysis (laws, doctrines, and legal literature) with empirical data obtained directly from the field. This study examines how the legal provisions governing the pricing of oil palm fresh fruit bunches (FFB) are applied in practice at PT Hari Sawit Jaya in North Sumatra. Empirical legal research was chosen because the topic not only requires a theoretical study of legal norms and Islamic economic principles but also empirical evidence on the conformity of pricing practices in the field with positive legal provisions and Sharia principles.

The data sources in this study consist of primary, secondary, and tertiary data. Primary data were obtained through semi-structured interviews with palm oil business actors, including plasma farmers, independent farmers, entrepreneurs, and PT Hari Sawit Jaya management staff directly involved in the FFB pricing process. The interviews used open-ended questions, allowing the researcher to explore the pricing mechanism, the obstacles encountered, and the parties' perceptions of price fairness in greater depth. In addition to interviews, the researcher also collected primary data through participant observation in the field by directly observing the weighing, yield calculation, and pricing processes carried out by the company.²⁰

Secondary data in this study included primary legal materials such as Law No. 39 of 2014 concerning Plantations, Regulations of the Minister of Agriculture of the Republic of Indonesia concerning procedures for

¹⁹ F M A Akbar, E Amelia, and A Rodoni, "Analysis of Sharia Economic Policy in the Time of the Prophet Muhammad Based on the Perspective of Islamic Economic Law,"... : *Journal of Islamic Studies*, jurnal.staimi.ac.id, 2023.

²⁰ Muhammad Siddiq Armia, *PENENTUAN METODE & PENDEKATAN PENELITIAN HUKUM*, ed. Chairul Fahmi (Banda Aceh: Lembaga Kajian Konstitusi Indonesia, 2022).

determining the price of fresh fruit bunches, and other relevant laws and regulations. In addition, the study used secondary legal materials, including textbooks, scientific journals, prior research results, and the doctrines of Islamic economic law experts on the principle of fairness in muamalah and the concept of sharia pricing. Tertiary data were obtained from legal dictionaries, encyclopaedias, and reliable online sources to enrich the analysis.

Data collection used three primary methods: semi-structured interviews, participant observation, and documentation. Interviews captured respondents' direct views on pricing policies, while observations provided a real picture of the pricing practices in place. Documentation involved collecting company archives and documents, minutes of pricing meetings (if available), and historical TBS price data to support the research findings.

Data validity is maintained through triangulation, including source triangulation (comparing data across multiple sources), technique triangulation (combining interviews, observations, and documentation), and time triangulation (collecting data across different time periods to ensure more representative results). In addition, the field observation period was extended, and the research results were discussed with legal experts and plantation practitioners to ensure the accuracy of the findings.

The collected data were analysed using qualitative techniques, with content analysis conducted in three stages: data reduction, data presentation, and conclusion drawing. In the reduction stage, the data from interviews, observations, and documentation were sorted and classified to focus on the issue of FFB pricing. All data were then presented in the form of descriptive narratives and tables comparing the prices applied by PT Hari Sawit Jaya with the government reference prices and pricing principles in Islamic economics. The final stage linked empirical data to positive legal norms governing FFB price-setting procedures, as well as Islamic economic doctrines on price fairness and the prohibition of oppressive practices.

Price Theory in Islam

The market acts as a centre of economic and cultural activity, a meeting place for sellers and buyers, and a forum for social interaction and information dissemination. The market reflects all potential buyers for a

product. Supply and demand drive economic activity in the market and interact through market mechanisms. This interaction influences producers in determining prices, so that prices are set by balancing consumers and producers. Supply and demand are fundamental concepts in business activities.²¹

According to Siregar et al., demand is the amount of goods purchased or desired to be purchased, while supply is the amount of goods or services offered by producers. Consumers and producers are interdependent to achieve maximum profit. The interaction between demand and supply determines the price, which moves towards market equilibrium. Price also serves as a signal: rising prices encourage producers to increase production and consumers to reduce purchases, and vice versa when prices fall. This mechanism creates an automatic market equilibrium without external intervention.²²

According to Lilian Yulia Abadi, prices play an essential role in the macroeconomy, consumers, and companies, among others.²³

- a. For the economy, the price of a product affects wages, rents, interest rates, profits, and factors in production such as labour, capital, and entrepreneurship. High wages will encourage labour, capital, and entrepreneurship to determine their attractiveness in the supply and demand Equation.
- b. For consumers, price is one of the factors considered when purchasing a product. The majority of consumers are influenced by price, even though other factors such as brand image, store location, service, value, product features, and product quality also play a role. High prices usually reflect good or exceptional product quality. For companies, price is one of the marketing mix elements that generates revenue.
- c. Market demand for products is influenced by price, which can be considered the primary determinant. Other marketing mix components

²¹ Ach. Faqih Supandi, Mawatdul Hifniyah Agustin, Bastomi Dhani Umbara, and Hamdiah Nurul Hidayati. "Demand and Supply in Traditional Markets from an Islamic Economic Perspective (Case Study of Tanjung Market in Jember Regency)." *Lan Tabur: Journal of Islamic Economics*, vol. 6, no. 1 (2024): 141–154.

²² Siregar, Tiur Malasari, Erinna Naibaho, Sansugiri Ginting Sansu, Steven Gilbert Leonardo Sormin, and Berliora Seloni Siregar. "The Influence of Demand and Supply Functions on Market Equilibrium." *Pedagogy: Journal of Mathematics Education*, vol. 8, no. 1 (2023): 222–232.

²³ Abadi, Lilian Yulia. "Evaluation of Pricing Strategies in the Gourmet Land Cafe Business." *PERFORMA*, vol. 1, no. 1 (2016), pp. 112–117.

require significant expenditures, such as product development, distribution, and promotion. Price also determines of competition affects a company's market share.

Islamic economics views the market, the state, and individuals as being in equilibrium (*iqtishad*). In Islam, the market is guaranteed its freedom. The free market determines production methods and prices; there should be no interference that could disrupt market equilibrium.²⁴ In the Islamic view, the market is where sellers and buyers meet, with prices determined by market forces, namely supply and demand.²⁵

This determination must be voluntary, or no party should feel aggrieved. In general, the concept of the market in Islam is based on the principle of free competition, whose freedom must remain within the corridors of Sharia law. In addition, the market in Islam must be fair, so that the prices formed are reasonable and the level of profit obtained is not excessive. In the history of economic thought, many Muslim scholars have discussed market mechanisms, including Ibn Taymiyyah and Ibn Khaldun. Ibn Taymiyyah viewed the free market as a natural mechanism in which prices are influenced by supply and demand. Price fluctuations are not always the result of injustice, but can also be due to reduced production or decreased imports. Price increases occur when demand rises and supply falls. He emphasised that price changes can occur without the involvement of certain parties and are part of Allah's will. Supply can come from domestic production or imports, while demand is determined by taste and income. As long as transactions comply with Sharia rules, price increases or decreases are considered to be Allah's will.²⁶

In Islam, prices are determined by the balance between supply and demand, reflecting the willingness of sellers and buyers.²⁷ If traders raise prices above reasonable levels, this is considered unjust and harmful to

²⁴ Alang, Agung Zulkarnain. "Market Mechanisms from an Islamic Economics Perspective." *Journal of Institution and Sharia Finance* 1 (2018).

²⁵ Cahyono, H. "The Concept of Sharia Markets in the Perspective of Islamic Business Ethics." *Ecobankers: Journal of Economy and Banking*, vol. 1, no. 2 (2020): 14–27.

²⁶ Agustin, Afiqoh, Dudang Gojali, and Reza Fauzi Nazar. "Market Mechanisms According to the Thoughts of Ibn Taymiyyah and Ibn Khaldun." *Branding: Journal of Management and Business*, vol. 2, no. 1 (2020): 18–33.

²⁷ Waluyo and Iswandi, "Price Fixing Agreements from the Perspective of Positive Law and Islamic Law."

society, so the government must set standard prices to protect property rights, prevent hoarding, and avoid fraud, as Caliph Umar bin Khattab did.²⁸

In a transaction, there are two matters of great concern to Islamic jurisprudence regarding price: maintaining justice and avoiding disputes. *Tsaman* (price) is divided into two categories: *qimah*, also known as *tsaman mitsl* (equivalent price), which is the item's actual price; *qimah* indicates the item's equal value, neither more nor less. The second is *tsaman musamma*, the selling price of an item that can be more, less, or even equal to the item's value. Ibn Taymiyyah explains that *tsaman mitsl* or '*iwadl*' *mitsl* is a *mutsamma* price that has become '*urf*' (custom) and is commonly known.²⁹ '*Iwadl mitsl*' means the equal value of goods based on '*urf*', which is the price value that is known and accepted by society. In the terms *si'ru* and '*adah*', '*urf*' refers to the customs of the community in determining prices. There are two types of *mutsamma prices* in transactions. The first is a price that has become customary and is known, which is called a fair '*iwadl*' and has become customary. The second is a price that is rare due to the intensity of the item's desire or need. '*Imah* and *tsaman musamma* can both be the price of an item in a transaction, such as when someone sells an item worth 100 *Qirsy* (a type of currency, in Indonesia: Rupiah) with an agreed price of 100 *Qirsy*, then the 100 *Qirsy* is not only the *mutsamma* price (selling price) but also reflects the actual value (*qimah hakiki*) or equivalent price (*tsaman mitsl*).³⁰

Meanwhile, an example of *qimah* that is not *tsaman musamma* is when someone sells goods worth 100 *Qirsy* through a faulty transaction (*bai' fasid*). The goods are already damaged in the hands of the buyer (due to consumption or other reasons), then he must compensate the seller with 100 *Qirsy* equivalent to the value of the goods. Here, *Qimah* can be found but not *Tsaman Musamma*. Another example of *tsaman musamma* that is not *qimah* is when someone sells an item worth 100 *Qirsy* for 150 *Qirsy* in a valid transaction, then the price of 150 *Qirsy* is *tsaman musamma* but not *qimah*. Meanwhile, a fair price is the price set for an item that is equivalent to the price of a similar item, or in other words, a fair price is *qimah mitsl* itself. Meanwhile, *iwadl mitsl* is the same as *qimah mitsl* (equivalent price), *ujrah mitsl*

²⁸ Sari Banun, *Price Theory According to Ibn Taymiyyah*, 2017.

²⁹ Ibn Taymiyyah, *Majmu' Fatawa*, Juz 29 (Beirut: Dar al-Wafa, 2004), p. 473.

³⁰ Wahbah az-Zuhaili, *al-Fiqh al-Islami wa Adillatuhu*, Volume 5 (Damascus: Dar al-Fikr, 1989), p. 338.

(equivalent compensation), *mahr mitsl* (equivalent dowry), and so on, the terms of which vary according to the discussions in fiqh by the *fuqoha'* and all of which must be 'fair for the sake of the perfection of worldly and hereafter interests'.³¹

According to Ibn Taymiyyah, as quoted by Andri Anto Harahap, price changes are not always due to injustice, but are influenced by factors such as a decline in supply, low production efficiency, and a decrease in imports. Prices rise when demand increases, and supply decreases, and conversely, prices fall when demand decreases and supply increases. Islamic economics emphasises fair market competition and prohibits practices that harm others:³²

1. *Talaqqi rukban*, which is a closed system between villages and cities, such as preventing market traders in villages from entering cities, and Vice versa. In addition, non-transparent transactions that Result in losses for one party and make the market non-Competitive.
2. Reducing or increasing the value of the scales.
3. Sellers' lack of transparency in explaining their products, such as Defects and so on.
4. Exchanging goods with different measurements, such as exchanging dry dates Dried dates with fresh dates.
5. Setting the same price for products of vastly different
6. Najasy transactions, where the seller asks someone else for help to offer a high price so that the buyer purchases at a High price.
7. Ikhtikar, which is when a seller takes a high profit or does not In accordance with the rules.
8. *Ghaban faa-hisy*, which is when a seller sells a product above market price.

³¹ Ismail, Nurizal, Siti Aisyah, and Devid Frastiawan Amir Sup. "."" 6, no. 2 (2020): 207-228.

³² Andri Anto Harahap. *Pineapple Pricing to Increase the Income of Pineapple Farmers in Rimbo Panjang Village, Tambang District, from an Islamic Economics Perspective*. Thesis, Faculty of Sharia and Law, Sultan Syarif Kasim Riau State Islamic University, 2022.

Based on the above discussion, it should be noted that there are essentially five types of pricing objectives, namely:³³

1. Profit-Oriented Objectives

Classical economic theory assumes that every company always chooses the price that maximizes profit. This objective is known as profit maximisation. In the era of global competition, the conditions faced are increasingly complex, and there are more and more variables that affect the competitiveness of each company, so it is impossible for a company to know for sure the price level that can generate maximum profit. Therefore, some companies use a profit target approach, setting a reasonable or appropriate profit level as the target. There are two types of profit targets commonly used, namely margin targets and *Return On Investment* (ROI) targets.

2. Volume-Oriented Objectives

In addition to profit-oriented objectives, some companies set prices based on volume-oriented objectives, commonly known as volume pricing objectives. Prices are set to achieve sales volume or market share targets. This objective is widely applied by airlines.

3. Image-Oriented Objectives

A company's image can be shaped through pricing strategies. Companies can set high prices to establish or maintain a prestigious image. Meanwhile, low prices can be used to create a particular *image of value*, for example by guaranteeing that they are the weakest in a specific region. In essence, both high and low pricing aim to improve consumers' perception of the company's overall product mix.

4. Stabilisation Objectives

Prices. In markets where consumers are very price-sensitive, if a company lowers its prices, its competitors must also lower theirs. Conditions such as these underlie the formation of price stabilisation objectives in certain industries (e.g. petroleum). Stabilisation objectives are achieved by setting prices to maintain a stable relationship between a company's prices and those of *the industry leader*.

³³ Suharnitha, Suharnitha. "The Effect of Variable Costs and Fixed Costs on Selling Price Determination in Micro, Small and Medium Enterprises (MSMEs) Selling Bread in Bone-Bone District, North Luwu Regency." PhD diss., Muhammadiyah University Palopo, 2022.

5. Prices can also be set with the aim of preventing competitors from entering the market, maintaining customer loyalty, supporting repeat sales, or avoiding government intervention.

Furthermore, there are various methods for setting prices. The method used depends heavily on the pricing objectives to be achieved. Pricing is usually done by adding a percentage above the value or amount of production costs for manufacturing businesses, and above the capital for merchandise for trading businesses.³⁴ Meanwhile, in service businesses, pricing is usually done by calculating the costs incurred and the labour and time sacrificed in providing services to service users. According to Fandy Tjiptono, pricing methods are grouped into four types based on their basis, namely:³⁵

1. Demand-Based Pricing Method

Demand-based pricing emphasises customer preferences and tastes rather than costs, profits, or competition. Considerations include purchasing power, willingness to buy, lifestyle, product benefits, substitute prices, potential markets, non-price competition, consumer behaviour, and market segments. Examples include *skimming*, *penetration*, *prestige*, *price lining*, *odd-even*, *demand-backward*, and *bundle pricing*.

2. Cost-Based Pricing Method

In this method, the main determining factor for pricing is the supply or cost aspect, not the demand aspect. Prices are determined based on production and marketing costs plus a certain amount to cover direct costs, overhead costs, and profit. This method includes *standard markup pricing*, *cost plus percentage of cost pricing*, *cost plus fixed fee pricing*, and *experience curve pricing*.

3. Profit-Based Pricing Method

This method seeks to balance revenue and costs in pricing. This can be done either based on a specific profit volume target or expressed as a percentage of sales or investment. This method includes target

³⁴ Elisa Wildayana, *Control Approach of Fresh Fruit Bunches Price Fluctuations on Income of Farmers*, 27, no. 3 (2016): 103–8, <https://doi.org/10.21776/ub.habitat.2016.027.3.12>.

³⁵ Fandy Tjiptono. *Marketing Strategy, 4th Edition* (Yogyakarta: Andi Publishers, 2019), pp. 157-164

profit pricing, target return-on-sales pricing, and target return-on-investment *pricing*.

4. Competition-Based Pricing Method

In addition to being based on cost, demand, or profit considerations, prices can also be set based on competition, i.e., what competitors are doing. This method comprises four types: customary pricing (above-, at-, or below-market pricing), loss-leader pricing, and sealed-bid *pricing*.

Pricing Practices for Fresh Fruit Bunches at PT Hari Sawit Jaya

The practice of setting prices for fresh fruit bunches (FFB) of oil palm at PT Hari Sawit Jaya reveals several clear problems, particularly unfairness and a lack of farmer involvement. FFB prices should be set through a provincial-level pricing team meeting that involves companies, the government, and farmer representatives to ensure certainty and fairness. However, in reality, partner farmers are rarely involved. They do not know how prices are determined, including essential components such as yield and the K index. Their position is weakened because companies determine prices themselves without consulting farmers. This situation often results in farmers receiving prices they consider unfair.³⁶

In addition, the information that companies have regarding prices and calculations is far more complete than that of farmers. Farmers receive only the final price and do not know how the company arrived at it. Due to this lack of information, farmers cannot negotiate or seek other, more profitable market alternatives. As a result, they often have to accept prices that do not match the quality or quantity of the fruit harvested, which creates a sense of injustice and reduces trust in the company.³⁷

³⁶ Chairul Fahmi, “The Application of International Cultural Rights in Protecting Indigenous Peoples’ Land Property in Indonesia,” *Https://Doi.Org/10.1177/11771801241235261* 20, no. 1 (March 2024): 157–66, <https://doi.org/10.1177/11771801241235261>.

³⁷ Khairunnisak Arif, “The Existence of Indomaret Retail Companies in Banda Aceh (A Study of Law No. 5 of 1999 and the Principle of al-Munafasah at-Tijariyyah)” (PhD Thesis, State Islamic University Ar-Raniry, 2025), <https://repository.ar-raniry.ac.id/id/eprint/41878/>.

Another impact of this non-transparent pricing practice is seen in farmers' motivation and work output. When prices are considered low and not aligned with market conditions, farmers feel their efforts are not appreciated. This can dampen their enthusiasm for improving the quality and quantity of their harvest, ultimately harming both farmers and companies. In some cases, farmers still have to sell their fresh fruit bunches to companies because they have no other market options, making them highly dependent on companies.³⁸

This practice also contradicts the principles of Islamic economic law, which emphasises fairness, transparency, and clear agreements between sellers and buyers. Prices set unilaterally without clear explanations make transactions unfair and detrimental to farmers. Prices should be determined by mutual agreement and good faith between both parties so that no party is disadvantaged.

In addition, the government's role in supervising and assisting in setting standard prices remains inadequate. Although there is the Minister of Agriculture Regulation No. 1 of 2018, which regulates the mechanism for setting FFB prices, it has not been fully implemented. The government rarely attends to facilitate price meetings or oversee the process, allowing companies to determine prices on their own. This has prevented the principle of mutual benefit between companies and farmers from being achieved, and can cause social and economic tensions in the community.

This situation is consistent with the findings of Nurul Hidayah Hasibuan in Bandar Palas Village, South Labuhan Batu. In her research, farmers do not have the freedom to sell palm oil to other parties, prices are determined unilaterally by collectors, and weight and price deductions often occur. This contradicts the principles of Islamic economic law, which emphasise agreement, honesty, and fairness in transactions.³⁹ The practices of PT Hari Sawit Jaya are similar, where non-transparent pricing and a lack of farmer involvement lead to injustice and potential losses for farmers.

³⁸ Chairul Fahmi, "The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia," *Jurnal Ilmiah Peuradeun* 11, no. 2 (May 2023): 2, <https://doi.org/10.26811/peuradeun.v11i2.923>.

³⁹ Hasibuan, Nurul Hidayah. "Palm Fruit Price Setting Reviewed from the Compilation of Sharia Economic Law (Case Study in Bandar Palas Village, Sungai Kanan District, South Labuhan Batu Regency)." PhD diss., UIN Syekh Ali Hasan Ahmad Addary Padangsidimpuan, 2023.

In contrast, Trya Nurbaiti's research shows that transparent and fair pricing strategies can be implemented effectively. In her study, collectors who set TBS prices openly, based on factory prices, and provide opportunities for farmers from outside the village to participate in transactions are considered to be in accordance with the principles of Islamic economic law. This strategy emphasises the importance of involvement from both parties to ensure fair and mutually beneficial transactions. This reinforces the finding that PT Hari Sawit Jaya's practices need improvement, particularly in increasing farmer participation and improving transparency regarding price components.⁴⁰

From an economic perspective, Elisa Wildayan's findings indicate that the price difference between plasma farmers and local farmers has a significant impact on income, namely £29.33 million/ha/year for plasma farmers and £22.67 million/ha/year for local farmers. This study recommends controlling FFB prices and increasing production when prices fall.⁴¹ This condition is relevant to PT Hari Sawit Jaya's practices, where unilateral price uncertainty can reduce farmers' income and welfare, underscoring the need for a more equitable and stable pricing mechanism.⁴²

Furthermore, Jefferson Situmorang's research at PIR Perkebunan Sei Besitang, North Sumatra, shows that FFB pricing policies that involve farmers more actively can stabilise prices. However, fluctuations still occur in some areas. This reinforces the finding that farmer involvement in price setting is significant. The practice at PT Hari Sawit Jaya, which tends to set prices unilaterally, shows that the lack of farmer participation can lead to injustice and social tension.⁴³

Dian Hafizah's research also adds to the macro perspective, noting that the price of palm oil commodities, including CPO, is strongly influenced by

⁴⁰ Nurbaiti, Trya. "Strategies of Palm Oil Collectors in Setting the Selling Price of Fresh Fruit Bunches (FFB) During the Cooking Oil Shortage in 2022: An Islamic Economic Law Perspective (Study in Pondok Kubang Subdistrict, Central Bengkulu Regency)." PhD diss., UIN Fatmawati Sukarno Bengkulu, 2024.

⁴¹ Wildayana, *Control Approach of Fresh Fruit Bunches Price Fluctuations on Income of Palm Oil Farmers*.

⁴² Rozatul Fadilla Azza, Chairul Fahmi, and Riza Afrian Mustaqim, "LEGAL PROTECTION FOR LOCAL PRODUCTS IN ASEAN MARKET LIBERALISM: A Legal Analysis and Fiqh Muamalah Perspective," *Al-Mudharabah: Jurnal Ekonomi Dan Keuangan Syariah* 7, no. 1 (January 2026): 128–51, <https://doi.org/10.22373/al-mudharabah.v7i1.9675>.

⁴³ Jefferson Situmorang, *Analysis of Palm Oil Fresh Fruit Bunch Price Policy at Sei Besitang Plantation in North Sumatra*, 1987, 61–70.

global markets, such as Rotterdam prices. This emphasises the importance of striking a balance between responding to international markets and ensuring fairness for local farmers.⁴⁴ In the practice of PT Hari Sawit Jaya, without government oversight and farmer involvement, unilateral price setting can be detrimental to farmers, even though the company adjusts prices according to market conditions.

Thus, it can be concluded that the practice of setting FFB prices at PT Hari Sawit Jaya shows the need for comprehensive improvement. Prices must be set transparently, involving farmers, and in accordance with the principles of fairness in Islamic economic law. Openness and farmer participation will improve welfare, maintain harmonious partnership relations, and prevent potential social and economic conflicts. This conclusion is in line with previous research, which emphasises the importance of farmer involvement, fairness in transactions, and fair pricing mechanisms to ensure the economic welfare of the palm oil plantation community.

Analysis of Price Setting at PT Hari Sawit Jaya from the Perspective of Sharia Economic Law

Islam views justice as a fundamental principle that must be applied in all aspects of life, including economic activities. This principle aims to ensure that the rights of every individual are respected and that no party is disadvantaged in transactions. In Islam, justice is not only a matter of legality or rules but also encompasses moral values rooted in equality and wisdom. In pricing, Islam emphasises that prices must reflect the actual value of a good or service without any manipulation or oppression. Unfair prices, such as those caused by monopoly, fraud, or exploitation, are contrary to Islamic principles.⁴⁵

Based on the study results, pricing practices at PT Hari Sawit Jaya still face several obstacles, particularly regarding farmers' involvement in price determination. Partner farmers are rarely involved in pricing meetings and

⁴⁴ Dian Hafizah, *Study on Indonesian Government Policy on CPO Trade Using Market Integration Approach*, 2011., 154–70.

⁴⁵ Rahman, Abd., and Nahei. "Principles of Fairness in Price Setting from an Islamic Perspective." *Al-Hukmi: Journal of Sharia Economic Law and Islamic Family* 5, no. 2 (2024): 124-134.

are unaware of price-determining components such as yield and the K index. This creates uncertainty that can be considered *gharar* (uncertainty), which is prohibited in Sharia transactions because it can harm one party.

In addition, the company's unilateral pricing puts farmers at a disadvantage and makes them vulnerable to injustice (*zulm*). In Islamic economic law, a fair price is one set by a voluntary agreement between the parties and in accordance with the equivalent value of the goods (*qimah mitsl*).⁴⁶ The unilateral practices at PT Hari Sawit Jaya totally contradict this principle, as farmers have no room to refuse or negotiate prices they deem inappropriate. This is in line with Nurul Hidayah Hasibuan's findings in Bandar Palas Village, where a lack of transparency and price cuts by collectors are considered violations of sharia principles.⁴⁷

However, PT Hari Sawit Jaya continues to strive to adjust the price of fresh fruit bunches (FFB) to market conditions, which is an essential aspect of sharia economics, namely maintaining a balance between supply and demand. Fair and open mechanisms for farmers have not complemented these efforts. In addition, the aspect of justice in Sharia economic law requires that pricing not harm either party and promote mutual welfare (*maslahah*). The price difference between plasma and local farmers has a significant impact on income, emphasising the importance of fair prices for maintaining farmers' welfare.⁴⁸ In the case of PT Hari Sawit Jaya, the unilaterally set prices reduce farmers' income and cause injustice, so the company needs to review its pricing mechanism to reflect the principles of fairness and mutual agreement.

Based on the author's analysis, the determination of the price of Fresh Fruit Bunches (FFB) at PT Hari Sawit Jaya can be linked to the theory of *tsaman* in Islamic economics developed by classical thinkers such as Ibn Taymiyyah and Ibn Khaldun. In the theory of *tsaman*, prices are formed naturally through the mechanisms of *demand* and *supply*, not through unilateral determination. Ibn Taymiyyah emphasised that price increases or decreases resulting from market dynamics do not constitute oppression, provided no

⁴⁶ Situmorang, *Analysis of Palm Oil Price Policy at the Sei Besitang Plantation in North Sumatra*.

⁴⁷ Hasibuan, Nurul Hidayah. "Palm Fruit Pricing Reviewed from the Compilation of Sharia Economic Law (Case Study in Bandar Palas Village, Sungai Kanan District, South Labuhan Batu Regency)." PhD diss., UIN Syekh Ali Hasan Ahmad Addary Padangsidempuan, 2023.

⁴⁸ Wildayana, *Control Approach of Fresh Fruit Bunches Price Fluctuations on Income of Farmers*.

manipulation or intervention harms other parties.⁴⁹ However, if prices are set unilaterally without agreement and transparency, this contradicts the principle of fairness in Sharia economic law.⁵⁰

In the case study of PT Hari Sawit Jaya, although in theory the price of fresh fruit bunches (FFB) is influenced by market conditions, the practice of setting prices without involving farmers indicates an imbalance of economic power that leads to *zulm* and *gharar*. Ibn Khaldun, in his *Muqaddimah*, emphasises the importance of a natural balance between supply and demand without coercion or domination from either party. Therefore, the involvement of farmers in the price determination process is not to change the market mechanism, but to ensure that the process is transparent, voluntary, and in accordance with the principle of justice (*al-'adl*), which is the basis of price theory in Islamic economics.

Thus, it can be concluded that the analysis of FFB prices at PT Hari Sawit Jaya, from the perspective of Islamic economic law, highlights the need for improvements in transparency, farmer involvement, and fair pricing. Companies must ensure that transactions are conducted voluntarily, prices are in line with the value of the goods, and both parties obtain balanced benefits. Pricing practices not only comply with Sharia principles but also contribute to harmonious partnerships and the economic welfare of palm oil farmers in North Sumatra.

Conclusion

Based on the results and discussion of the research on the pricing practices of fresh fruit bunches (FFB) at PT Hari Sawit Jaya, several comprehensive conclusions can be drawn regarding pricing mechanisms, economic justice, and the application of Islamic financial law principles. In general, prices in economics, including from an Islamic perspective, are the result of the interaction between supply and demand, which is the leading indicator for producers and consumers to make decisions. In Islamic economic theory, the market is guaranteed its freedom. Still, it remains within the corridor of sharia, where prices must be fair, not burdensome to either

⁴⁹ Ibn Taymiyyah, *Majmu' Fatawa*, Juz 29 (Beirut: Dar al-Wafa, 2004), p. 471.

⁵⁰ M. Umer Chapra, *The Future of Economics: An Islamic Perspective* (Leicester: The Islamic Foundation, 2000), p. 85.

party, and determined based on voluntary agreement between the seller and the buyer. This principle is reflected in the concepts of equivalent price (*qimah mitsl*) and agreed selling price (*tsaman musamma*), both of which emphasise fairness, transparency, and agreement in transactions.

In practice, the pricing of fresh fruit bunches at PT Hari Sawit Jaya reveals several significant problems. First, farmers' involvement in the price-determination process remains minimal. Partner farmers are rarely included in pricing meetings, so they are unaware of essential components such as yield and the K index. This leads to a lack of clarity and places farmers in a weak position, unable to negotiate and vulnerable to injustice or oppression. This lack of transparency affects farmers' motivation, production quality and quantity, and trust in the company. This condition is consistent with the findings of Nurul Hidayah Hasibuan, which show unilateral pricing practices by collectors in Bandar Palas Village, South Labuhan Batu, that cause injustice and potential losses for farmers.

From a Sharia-based economic law perspective, PT Hari Sawit Jaya's practices are not yet entirely consistent with Sharia principles. Unilaterally set prices can contain *gharar* (uncertainty) and *zulm*, as farmers have no room to refuse or negotiate. Islamic economic law emphasises that prices must be set fairly, voluntarily, and reflect the equivalent value of goods, to maintain mutual welfare (*maslahah*). These principles are essential to ensure that transactions do not harm either party and promote social justice. Companies' efforts to adjust prices to market conditions are positive, but without the involvement and transparency of information for farmers, the principles of Sharia justice are not fulfilled.

Other studies confirm the importance of farmer involvement and price transparency, as unfair pricing can reduce farmers' welfare and disrupt local economic stability. Jefferson Situmorang's findings show that active farmer participation in price setting can stabilise prices and reduce the potential for social conflict. The objectives of pricing should include profit, volume, image, stabilisation, and the prevention of monopolistic practices or injustice, using methods based on demand, cost, profit, or competition, in accordance with the business context. However, the practices at PT Hari Sawit Jaya do not yet reflect the principles of fairness and farmer involvement, and therefore require comprehensive improvement.

Thus, it can be concluded that the practice of setting fresh fruit bunch (FFB) prices at PT Hari Sawit Jaya requires reform to ensure transparency, fairness, and farmer involvement. Prices must be set through voluntary agreements, reflect the value of goods, and take into account farmers' welfare. Companies need to involve farmers in price-setting meetings, provide complete information, and refer to the principles of Islamic economics. The application of these principles will enhance harmonious partnerships, motivate farmers, maintain production quality, and strengthen the welfare and economic stability of the palm oil plantation community in North Sumatra.

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