



Pricing Strategy Through the Lens of Islamic Principles

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Abstract

This article examines pricing strategies through Islamic principles, focusing on fairness, justice, and consumer welfare. Unlike conventional pricing models that prioritize profit maximization, Islamic approaches embed ethical imperatives rooted in Qur'an, Hadith, and maqasid al-shariah. Using a qualitative normative method, the study analyzes literature, Islamic legal sources, and Indonesian case studies. Findings show that Sharia-compliant pricing must avoid riba, gharar, and zulm, while ensuring transparency and mutual benefit. Businesses can apply cost-based fairness, value-based ethical pricing, and competition-based non-predatory strategies. The research contributes theoretically by expanding marketing management literature with Islamic ethics and practically by offering guidance for businesses and regulators in Muslim markets. It concludes that Sharia-compliant pricing enhances trust, stabilizes markets, and strengthens the credibility of Islamic economic systems.

Keywords: *Islamic economics, pricing ethics, Shariah compliance, fair trade, marketing strategy.*

INTRODUCTION

Pricing is one of the most influential elements of the marketing mix, directly affecting profitability, competitiveness, and consumer decision-making (Kotler & Keller, 2016, p. 312). In conventional business theory, pricing strategies are shaped by cost structures, demand elasticity, and market competition. However, these frameworks primarily emphasize efficiency and profit maximization, often overlooking broader ethical and social considerations (Nagle & Müller, 2018). In contrast, the Islamic perspective on pricing integrates both economic and moral dimensions, reflecting the Qur'anic injunctions and Prophetic traditions that prohibit exploitation, injustice, and fraud (zulm), while promoting fairness and transparency (adl and sidq) (Chapra, 2008, p. 76).

The global rise of Islamic economics has heightened interest in how core business functions—such as pricing—can be aligned with Sharia. With the growth of Islamic finance, halal industries, and Muslim consumer markets, businesses increasingly face the need to design pricing strategies that not only satisfy market demands but also comply with religious obligations (Wilson & Liu, 2010). For example, Islamic financial institutions must avoid interest (riba) while ensuring that pricing of their services remains competitive and sustainable (Iqbal & Mirakhor, 2017). Similarly, halal-certified products are often scrutinized for price fairness and ethical practices (Alserhan, 2011).

The Qur'an provides ethical guidelines relevant to pricing, warning against cheating in measures and weights (tatfif) as in Surah al-Mutaffifin (83:1-3), and commanding fairness in trade (Qur'an 55:9). Hadith further emphasizes that prices should not harm consumers, with the Prophet Muhammad ﷺ stating that markets should operate freely without manipulation, while forbidding monopolistic hoarding (ihtikar) (Al-Qaradawi, 1995, p. 214). These principles highlight that pricing in Islam is not purely transactional but rooted in justice, welfare (maslahah), and trust (amanah).

Despite growing literature on Islamic economics, research specifically on pricing strategies from an Islamic lens remains limited. Much work has focused on general business ethics, Islamic finance, or consumer behavior (Saeed et al., 2001; Hassan & Harahap, 2010). However,

the detailed application of Islamic jurisprudence to pricing strategies in modern markets—especially in sectors such as halal food, Islamic banking, and retail—requires further exploration. This article aims to fill this gap by offering a comprehensive conceptual and practical framework.

Therefore, this study seeks to answer three key questions: First, how do Islamic principles reshape the conceptualization of pricing strategy? Second, what specific strategies align with Sharia requirements for fairness and justice in pricing? Third, what are the theoretical and practical implications of adopting Islamic pricing strategies for businesses and policymakers? The objectives are to examine pricing strategies through Sharia principles, analyze their application in real-world contexts, and propose recommendations for strengthening Sharia-compliant practices.

The significance of this research lies in bridging conventional marketing theory with Islamic ethical imperatives. Theoretically, it contributes to Islamic marketing management literature by offering a structured model of Sharia-compliant pricing. Practically, it provides businesses and regulators with actionable guidelines for implementing ethical, fair, and competitive pricing in Muslim markets.

LITERATURE REVIEW

Pricing strategy has been extensively studied in marketing literature. Kotler and Keller (2016, p. 314) outline key approaches including cost-based, value-based, and competition-based pricing. Nagle and Müller (2018) emphasize the role of perceived value in pricing decisions, noting that firms often employ psychological tactics to influence consumer behavior. While effective, these approaches are frequently criticized for promoting profit maximization at the expense of fairness and consumer welfare (Belch & Belch, 2021).

Islamic marketing literature addresses pricing within the framework of Sharia. Alserhan (2011) identifies fairness, honesty, and justice as core principles guiding business practices. Saeed et al. (2001) argue that Islamic ethics reshape international marketing by prohibiting deceit and exploitation. Chapra (2008, p. 78) emphasizes that Islamic economics requires markets to operate with transparency and without manipulation. Empirical studies also highlight consumer expectations: Alam and Sayuti (2011) find that Muslim consumers associate fair pricing with halal authenticity, while Hassan and Harahap (2010) demonstrate that transparent pricing strengthens trust in Islamic banks.

Comparative literature underscores that Islamic pricing strategies overlap with conventional approaches but impose stricter ethical boundaries. For example, competition-based pricing is acceptable provided it avoids predatory practices, while value-based pricing must ensure consumers are not deceived or overcharged (Iqbal & Mirakhor, 2017). The literature thus suggests that Islamic principles offer both constraints and opportunities for developing distinctive, trust-based pricing strategies.

THEORETICAL FRAMEWORK

Pricing is a core marketing mix element, with strategies shaped by demand, cost, and competition (Kotler & Keller, 2016). While effective, these models often permit psychological manipulation and profit-driven decisions, which may conflict with Islamic ethics.

Islamic Ethical Theory: Rooted in Qur'an and Hadith, Islamic ethics emphasize justice (adl), honesty (sidq), and prohibition of exploitation. The Prophet ﷺ condemned monopolies and

unfair pricing, linking commerce directly to moral accountability (Al-Qaradawi, 1995, p. 215).

Maqasid al-Shariah Framework: Islamic objectives of protecting wealth, intellect, and welfare demand fairness in pricing. Chapra (2008, p. 80) highlights that market activities must enhance social justice and well-being. Pricing strategies are thus reframed as both economic tools and ethical obligations. These frameworks provide an integrated lens to examine how pricing strategies can balance competitiveness with compliance to Sharia.

PREVIOUS RESEARCH

Saeed et al. (2001) highlighted the role of Islamic ethics in international marketing, emphasizing fairness and honesty. Hassan and Harahap (2010) analyzed CSR in Islamic banks, showing that transparent pricing builds trust. Alam and Sayuti (2011) studied halal food purchasing, finding that price fairness influences consumer behavior.

Wilson and Liu (2010) examined global halal branding, noting the importance of ethical pricing in consumer perceptions. Alserhan (2011) outlined Islamic marketing principles, situating pricing as central to fairness. More recently, Nurhanifah (2022) studied Sharia-compliant marketing in Indonesia, identifying challenges in maintaining transparency and consistency. Utami and Nurrohman (2022) linked ethical marketing, including fair pricing, with economic performance.

These studies provide foundations but remain fragmented. Few comprehensively integrate Islamic jurisprudence with modern pricing strategies. This research addresses that gap by synthesizing theory and practice in a structured framework.

METHOD

This study uses qualitative normative data, focusing on textual analysis of Qur'an, Hadith, Islamic jurisprudence, books, journal articles, theses, and institutional reports (Creswell, 2014, p. 186). Primary sources include classical fiqh texts and Sharia legal references. Secondary sources comprise peer-reviewed journals, international books, theses, Indonesian Sinta-Garuda journals, and institutional reports (OJK, BPS, World Bank). Data were gathered using document analysis and systematic literature review, ensuring validity through triangulation (Bowen, 2009).

Thematic analysis was employed to categorize themes of fairness, transparency, and justice in pricing (Braun & Clarke, 2006). Integrative synthesis combined conventional marketing frameworks with Sharia principles to develop actionable pricing strategies (Miles & Huberman, 1994, p. 115).

RESULTS AND DISCUSSION

The findings reveal that Islamic principles significantly reshape pricing strategies. While conventional approaches emphasize competitiveness and profitability, Islamic pricing prioritizes justice, fairness, and social responsibility. Case studies in Indonesian halal industries and Islamic banks demonstrate how Sharia compliance enhances consumer trust.

1. Conceptualizing Pricing through Sharia Principles

Pricing in Islam is guided by justice (adl), honesty (sidq), and avoidance of exploitation. Qur'an 55:9 commands fairness in measurement, while Hadith forbids manipulative

practices such as hoarding (ihtikar). Thus, pricing strategies must ensure balance between firm profitability and consumer welfare.

2. Practical Strategies for Sharia-Compliant Pricing

Businesses can adopt cost-based fairness by ensuring profit margins are reasonable, value-based ethical pricing by reflecting product utility without exaggeration, and competition-based strategies that avoid predatory pricing. Case studies show Indonesian halal food companies applying transparent pricing policies to build loyalty.

3. Implications for Islamic Economic Development

Fair pricing strengthens consumer trust, stabilizes markets, and supports sustainable growth. It also enhances global competitiveness of halal industries. Policymakers must enforce anti-monopoly laws, strengthen halal certification, and provide consumer education to ensure compliance.

This research finds that Islamic pricing strategies integrate conventional models with ethical imperatives. Theoretically, it expands Islamic marketing literature by embedding maqasid al-shariah into pricing. Practically, it provides Muslim businesses with strategies to balance competitiveness with fairness, offering policymakers insights for governance.

CONCLUSION

Pricing strategy is not merely an economic decision but an ethical commitment in Islam. Guided by Qur'an and Hadith, pricing must avoid injustice, deception, and exploitation. This study demonstrates that integrating Sharia principles enhances consumer trust, supports equitable markets, and contributes to sustainable economic growth. Businesses, regulators, and policymakers should embed Islamic values into pricing strategies to strengthen Islamic economic ecosystems globally.

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