

**Conference Paper**

# The Production Behaviour of Muslim Restaurant Towards the Rise of the Basic Commodities' Prices

Rahmania Nur<sup>1</sup> and Irham Zaki<sup>2</sup>

<sup>1</sup>Postgraduate Student of Islamic Economic Science-Faculty of Postgraduate School \_Universitas Airlangga

<sup>2</sup>Department of Islamic Economics-Faculty of Economics and Business-Universitas Airlangga

## Abstract

The purpose of this research is to examine the production behavior of Muslim restaurant towards the rise of basic commodities' prices. The method used for the study is qualitative descriptive case study. The data used are primary data and secondary data. Primary data was obtained from the results of interviews, observations and documentation on the parties concerned, while in this study, the secondary data was obtained from printed media, electronic, and internet regarding Islamic production pattern, supporting data from various journals, and books relevant to research. The results of the research showed that the increase in the price of basic commodities had an impact on the behavior of the production of Muslim restaurants in Baureno. The increase in the prices of basic commodities made the restaurant industry doers in Baureno sub-district change the prices and quantity of the menus in their restaurants. Such price increases are apparently still within reasonable limits and in accordance with the principles of Islamic economic production, taking profits fairly and not harming customers. Muslim restaurant manufacturers as a whole have made production in Islamic way.

**Keywords:** Islamic production behaviour, price increasing in basic commodities

Corresponding Author:

Rahmania Nur  
 rahmania.nur-  
 2018@pasca.unair.ac.id

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## 1. Introduction

Price increases are complicated problems that often occurs in the world of economics, and there is no doubt that price increases have an effect on every element of society involved, including producers. For producers, rising prices of basic commodities can be beneficial if the income obtained is higher than the increase in production costs.

If certain conditions happen, producers will be encouraged to increase their production, however, if the increase in prices of basic commodities causes an increase in production costs will cause a detrimental condition to producers. Producers will

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be forced to reduce their production or can also stop for the unexpected time. Until the conditions are very extreme where producers use rotten basic commodities or chemically dangerous to produce. Therefore there is a production pattern that is not in accordance with Islamic law which should produce halal and *thayyib* products.

## 2. Theoretical Framework

Some Islamic economists give different perspective regarding production activities, but remain in the same substance. Below are some understanding of production according to contemporary Muslim economists (P3EI,2014:230-231)

1. Khaf (1992) defines production activities as one of human efforts to not only change certain physical forms, but also morality, as a way to achieve the purpose of life as outlined by the Islamic religion that is the happiness of the world and the hereafter.
2. Mannan (1992) emphasize that production on *altularism* value as an Islamic producer so that as a producer it can carefully address the concept of *Pareto Optimality* and *Given Demand Hypothesis* which are used as the basis for production in conventional economics.
3. Rahman (1995) explain that the distribution of production carried out evenly.

The principles of Islamic production explained by Sidiqqi and Afzalur Rahman:

### 2.1. Producing halal products and services in every production process

The principle of production that must be carried out by every Muslim is that whether individual or group is to hold fast to all those who are legalized and forbidden by Allah and not to exceed His limits. It is forbidden to produce everything that damages the *aqidah* and *akhlak* and something that removes the identity of the *ummah*, destroys religious values, occupies things that are futile and keeps away from the truth, which is close to evil, alienates the afterlife, destroys individual welfare and general welfare (Qardhawi, 1997: 195). A Muslim producer must avoid production activities that contain unclean elements, usury, speculation.

From Al-Maidah verse 3, it can be seen that Allah SWT has forbidden and forbidden his servants from consuming carcasses, namely animals that die without cause and without slaughtering them in Islamic law, and without going through the process of

hunting, blood flowing so that it does not include the heart and liver. Pork, every part of it including fat or skin, also applies also to animals that are not slaughtered in Islamic law. This is not once forbidden, but because of the loss, remembering the bloods that is still locked in his body, this is dangerous for religion and the health of the body. By these reasons, Allah forbids it. But there are exceptions to fish carcasses, fish carcasses are considered halal, either because they die by themselves or other causes.

Including such chemicals that can damage the body of consumers or chemicals that can damage health, illegitimate a Muslim producer uses it in the production process. Including not using tools for production processes made of gold and silver. Production materials are everything that is lawful (not forbidden by religion), does not use rotten production materials, does not use chemicals that cannot be consumed by humans, does not use tools for production processes made of gold and silver.

## 2.2. Preventing environmental damage

Prevent damage on earth, including limiting pollution, maintaining harmony and availability of natural resources (Ali, 2013). The values of Islam do not require human behavior that likes to make damage and destruction.

In the production activities the value that must be done is to prevent damage in the surrounding environment, such as limiting pollution, maintaining cleanliness, harmony, not exploiting natural resources and managing natural resources properly. The indicator that can be used for the principle of production that prevents environmental damage is by making a special place for garbage disposal, throwing garbage into the landfill every day.

## 2.3. To be able to meet community needs

Producers only produce goods and services that are needed (needs), although not desired (wants) of consumers. The goods and services produced must have real benefits for Islamic life, not just giving maximum satisfaction to consumers. That way the principle applied by capitalist producers, namely consumer satisfaction or given demand hypotheses cannot be implemented directly (Fauzia dan Riyadi,2014:116)

Production activities must produce goods or only that can meet the needs of the community. Muslim producers must provide products that are beneficial and do not harm others. The target that must be achieved in stages is individual adequacy, rent of the people 's economy and contribution to fulfill the people and other nations.

## 2.4. As a medium of independence for the people

Production activities cannot be separated from the principle of independence of the people. For that every human being is required to have the skills, abilities, facilities and infrastructure that can meet spiritual and material needs, as well as the fulfillment of the need for the development of civilization, where *ahli fiqih* view that the development in the fields of science, industry, trade, finance is *fardhu kifayah*, with once humans can do world activities and the hereafter in a balanced manner (Ali, 2013). Production activities must move on two optimization lines. The first level of optimization is to strive for the functioning of human resources on the achievement of full employment, everyone works except those who are sick. The second optimization is in terms of producing primary (*dharuriyyah*), secondary (*hajjiyyat*), and tertiary (*tahsiniyyat*) needs (Mustafa et al., 2006: 107). The availability of employment for the community is an indicator that can represent the principles of Islamic production as a means for the independence of the people is to open jobs for the community, individuals are able to establish their own business.

## 2.5. Improve spiritual quality

Improving the quality of human resources in terms of improving spiritual quality related to spiritual awareness will strengthen improvements in other qualities, so fostering spiritual strength becomes an important element in Islamic production activities (Rahman, 1995:215). Humans created on this earth are to worship Allah SWT. Hence, all activities carried out by humans are solely to worship God. Producers must pay attention to spiritualism values; this value is a counterweight in carrying out production activities. The benefits of production are sustenance that must be grateful. A grateful way can use verbal, heart, and action. One of many forms of oral gratitude is by always saying *Alhamdulillahirabbil amin Alamin* for the provision of God's gift. Be grateful through the heart with always sincere, trustworthy, and *qanaah* for the sustenance earned. Gratitude through charity or *Infaq* (Aziz, 2013: 150). The indicator is to say the word *alhamdulillah*, sincerely for the sustenance given by Allah, able to perform zakat, do alms, professional charity.

## 2.6. Hold firmly on to justice

Islam advocates that in the agreement on wages or salaries both parties (employers and employees) must be honest and fair. So that there is no loss to one party. For example, if

a restaurant employee is not paid fairly and appropriately for his work, or on the contrary the owner is forced to pay high-paying employees who are not in accordance with the responsibilities of the duty charged. Salaries should be set in accordance with the initial agreement and the salary must be reviewed to adjust to changes in price levels. The indicator is to provide wages to employees in accordance with the agreement, the provision of decent wages for employees, giving a break for employees, giving time to pray for employees.

## 2.7. Strong encouragement to achieve welfare

Production is intended to meet the needs of individuals and society and to achieve prosperity. The needs that must be fulfilled must be based on priority, which is related to the need for the establishment of the faith and religion, the maintenance of common sense, soul and descendant, and the prosperity of the assets. Production is intended to meet the needs of not only gaining profit, production activities must also pay attention to the value of helping to help fellow human beings in achieving prosperity. The four informants have shown the behavior of producers by selling food where food is a primary need (*dharuriyah*) of every human being

Community welfare is also assessed and reviewed in terms of Islamic law:

## 2.8. Religion

Islam is a religion whose teachings govern all aspects of human life. All human actions are governed by the Holy Qur'an and have been exemplified by the Prophet Muhammad as our lord. Therefore, it can be said that the Al-Qur'an and Hadith are a source of human guidance for doing things. Islamic religion is a religion whose teachings cover every aspect of human life. Everything has been arranged and written well in the Holy Qur'an. So, it can be said that religion is the source of someone's guidance in doing something. Fulfillment of religious specs such as prayer 5 times regularly, fasting, charity, alms including aspects of religious indicators

## 2.9. Soul

The need for the soul is seen from the daily needs that have been fulfilled such as eating, drinking, clothing and shelter. This need is absolutely to be fulfilled because of

the survival of humans as *khalifah* on earth. The indicator is fulfillment of daily needs, place of settlement.

## 2.10. Descendant

Continuity of life can be achieved if a person or family has offspring. But it is not enough if only limited to having offspring, it will be better if it is balanced with the educational and spiritual qualities of the descendant.

## 2.11. Assets

Assets are one of the needs that can complement basic human needs. In addition to basic needs, assets can also meet human needs to some degree. In Islam there are three levels of necessity namely *dharurriyat*, *hajiyat*, and *tahsiniyat*. In addition to meeting the needs for food, drink, clothing, and shelter, humans also need to pay zakat and alms. The expenditure of wealth in the way of Allah SWT is highly recommended in Islam. Because the needs are met not only for the needs of the world but also for the needs in the hereafter. Income and turnover after the day and can be used as an indicator of assets.

## 2.12. Optimizing profits refers to the principle of justice

The purpose of production in Islamic economics is to maximize *mashlahah*, yet taking advantage is not prohibited in Islamic economics. However, taking advantage is not prohibited in Islamic economics, as long as the benefits that are taken naturally do not exceed the limit to the detriment of consumers..

According to Ibnu Taimiyah in (Azizah, 2012) price fixing is considered unfair if the price of an item is above the market average price which will harm consumers and below the market average price which will harm producers. Producers must have a high commitment to justice and virtue that these values must guide in their business activities. Thus, all efforts to maximize profits must refer to the values of justice and virtue that will create prosperity in society. When the price of basic commodities goes up automatically will have an impact on the prices set by the producer, in addition to raising prices, producers sometimes prefer not to increase prices but reduce the quantity or quality naturally. The indicator is giving product prices according to market prices, not hoarding basic commodities for production

### 3. Research Methods

Spradley (1997:3) reveals that a qualitative approach is a process of research and understanding based on methodology that investigates a phenomenon, social culture and human problems.

The strategy used in this study is a descriptive case study. According to Yin (2009:1), case study is a strategy that is more suitable if the main question of a research is how or why, if the researcher only has few opportunities to control the events to be studied and if the focus of his research lies on contemporary phenomena (recent) in a real life context. The phenomenon referred to in this study is the existence of a phenomenon that raises changes in the behavior of Muslim restaurants when facing rising prices of basic commodities. The scope of this research is limited to Muslim restaurants in the Baureno sub-district of Bojonegoro district, which have been established for more than five years, as well as related people such as restaurant staff, as well as seeking answers as to how the restaurant's production behavior when its production factors, which are the basic commodities experience price increases.

The data source for this research are obtained from:

Primary data as the main data obtained directly from the informant concerned. Secondary data is obtained through literature studies, by studying relevant books and journals.

The determination of informants in this study is using purposive techniques. The reason for this study uses purposive is that in taking the informant the researcher prefers the restaurant owner and the customer who is considered to know most about what is expected about the topic under study.

Data collection techniques used in this research include as below:

#### 3.1. Preliminary survey

The first step is observation and initial review of restaurants in Baureno sub-district. The purpose of this preliminary survey is to obtain a general description of the behavior of the production of Muslim restaurants in Baureno sub-district (Sugiyono,2011:69).

### 3.2. Field research

Direct interviews are conducted with restaurant owners and restaurant customers as informants. The informants who were taken were considered to have known how the production was done at the restaurant.

### 3.3. Documentation

The results of the observation or interviews will be more credible and trustworthy if it is complimented with documentation.

## 4. Results and Discussion

### 4.1. Undertaken principles of production

The indicator used to assess the principle of production that is being carried out is seen from the eight aspects of production principles proposed by Sidiqqi and Afzalur Rahman:

#### 4.1.1. Producing halal products and services in every production process

The results of interviews and observations indicate that the four informants carry out the principle of production in which all processes and basic commodities used are in accordance with Islam, not exceeding the limits set by the Holy Qur'an. The four informants also did not use basic commodities that were rotten or not suitable for consumption. Based on the table above, the four informants did not use hazardous chemicals, which are very risky to consumers' health. The four informants also did not use tools for the production process made of gold and silver.

#### 4.1.2. Preventing environmental damage

The results of interviews and observations showed that the four informants carried out activities to prevent environmental pollution through air pollution by providing a special place to dispose of the garbage produced and every day the waste will be disposed of in the Final Disposal Site (*TPA*) so that the cleanliness of the restaurant and its environment is maintained.



### 4.1.3. To be able to meet community needs

Production activities must produce products or service only that can meet the needs of the community. Muslim producers must provide products that are beneficial and do not harm others. The target that must be achieved in stages is individual adequacy, rent of the people 's economy and contribution to fulfill the people and other nations. From the results of interviews and observations, the four informants have proven to have met the needs of the surrounding community for food.

### 4.1.4. As a medium of independence for the people

Production activities must move on two optimization lines. The first level of optimization is to strive for the functioning of human resources on the achievement of full employment, everyone works except those who are sick. The second optimization is in terms of producing primary (*dharuriyyah*), secondary (*hajiyyat*), and tertiary (*tahsiniyyat*) needs (Nasution, et al, 2006: 107). The availability of employment for the community is an indicator that can represent the principles of Islamic production as a means for the independence of the people.

The results of the observation showed that the informant 2,3,4 provided opportunities for the surrounding community to work, by recruiting to be employees in the restaurant, but the informant 1 only had employees in the ten years starting in 1997 until 2007, after 2007 until now do not have employees, because the informant feels enough to be helped by her husband. The manifestation of the independence of the people was also shown by the four informants where as a fourth human being they had their own business to fulfill their needs and other people.

### 4.1.5. Improve spiritual quality

Observation results show that the four informants when earning income in the form of profits from established restaurants did not forget to give thanks Alhamdulillah. Another form of spiritual improvement by accepting sincerely whatever sustenance given by God. the four informants also did not forget to pay alms, it is obligatory for every capable Muslim. Informants 1,3,4 manifest gratitude to God for sustenance from the results of their efforts by always giving thanks and by giving charity. While the informant 4 has not carried out charity activities routinely, in the form of gratitude the informant 4 is enough

to be grateful every day. The four informants did not yet have the urge to pay *zakat maal* or professional zakat as a form of liability for their assets

#### 4.1.6. Hold firmly on to justice

Islam advocates that in the agreement on wages or salaries both parties (employers and employees) must be honest and fair. So that there is a loss to one party. For example, if a restaurant employee is not paid fairly and appropriately for his work, or on the contrary the owner is forced to pay high-paying employees who are not in accordance with the responsibilities of the job charged. Salaries should be set in accordance with the initial agreement and the salary must be reviewed to adjust to changes in price levels.

Results of interviews with informants

Observation results show that the four informants provide salary or wages that are appropriate for their employees, in addition the four informants also give their employees the right to rest and not neglect prayer time while working

#### 4.1.7. Strong encouragement to achieve welfare

Not only to get a profit, production activities must also pay attention to the value of helping to help fellow human beings in achieving prosperity. The four informants have shown the behavior of producers by selling food where food is a primary need (*dharuriyah*) of every human being. The four informants have reflected on the principle of achieving prosperity in society by meeting the basic needs of the community.

Community welfare is also assessed and reviewed in terms of *maqashid syariah*:

### 4.2. Religion indicator

Based on the table above, the observations show that the four informants were able to pay zakat fitrah. The four informants routinely perform prayer services as a form of their obligation as Muslims. The four informants also performed the Koran service. The four informants also carried out the obligation to fast during the month of Ramadan. The four informants also paid zakat as a Muslim's obligation to the property they owned. The four informants also prayed to Allah for all the sustenance given by always saying *Alhamdulillah*.

### 4.3. Soul indicator

The need for the soul is seen from the daily needs that have been fulfilled such as eating, drinking, clothing and shelter. This need is absolutely to be fulfilled because of the survival of humans as *khalifah* on earth. The results of the interview can conclude that the four informants can meet their daily needs and feel sufficient. The four informants also have a permanent and decent place to live.

### 4.4. Descendant indicator

The continuity of life can be achieved if a person or family has offspring. But it is not enough if only limited to having offspring, it will be better if it is balanced with the educational and spiritual qualities of the descendant. The results of interviews and observations, the four informants can finance their children's education. Informant 1 can pay for his two children, his first child is currently studying in college and his second child is currently studying at a vocational high school. Informants 2 can finance the education of their only child until high school. Informants 3 can pay for their only children's education until high school and currently have a family. Informant 4 is able to finance the education of his two children. His first child has studied in college and his second child is currently studying at the high school. Seeing the four informants who can pay for their children's schooling, shows that ancestral values can be fulfilled properly.

### 4.5. Assets indicator

Assets are one of the needs that can complement basic human needs. In addition to basic needs, assets can also meet human needs to some degree. In Islam there are three levels of necessity namely *dharurriyat*, *hajiyyat*, and *tahsiniyat*. In addition to meeting the needs for food, drink, clothing, and shelter, humans also need to pay zakat and alms. The expenditure of wealth in the way of Allah SWT is highly recommended in Islam. Because the needs are met not only for the needs of the world but also for the needs in the hereafter.

The results of interviews and observations made by researchers in the field, all informants have enough income to meet their daily needs. Informants also use profits as capital to sell the next day. In addition to selling profits, it is also used to finance the education of their children.

#### 4.5.1. Optimizing profits refers to the principle of justice

When the price of basic commodities goes up automatically will have an impact on the prices set by the producer, in addition to raising prices, producers sometimes prefer not to increase prices but reduce the quantity or quality naturally.

The results of observations and source triangulation carried out showed that the four informants when there was an increase in the price of basic commodities did not raise prices where the price exceeded the market price which could harm consumers. The four informants also did not hoard materials used in the production process, where stockpiling can cause scarcity.

### 5. Conclusion

The increase in prices of basic commodities has an impact on the behavior of the production of Muslim restaurants in Baureno. The increase in the prices of basic commodities made the restaurant industry players in Baureno sub-district change the price and quantity of the menu in their restaurants. Such a price increase is still within reasonable limits and in accordance with the principles of Islamic economic production, taking profits fairly and not harming customers.

Muslim restaurant manufacturers as a whole have made Islamic production by producing halal products, both *halal* in essence and how to obtain them. Muslim restaurant manufacturers also implement the principle of preventing environmental damage by providing a special place for waste production. In addition to meeting the needs of the community at the level of *dharuriyah*, Muslim restaurant manufacturers also carry out the principle of community independence by establishing a business that automatically also creates employment opportunities for the community. Also by producing, producers encourage the creation of welfare for themselves and employees.

Muslim restaurant manufacturers also do justice to their employees, by providing decent wages and giving prayer and rest time. Fair behavior is also applied in terms of seeking profit, by not taking excessive profits.

And from the end in the behavior of Islamic production producers say *alhamdulillahilahirabbil amin alamin*, the form of speech is a form of gratitude for the blessings that are given in the form of welfare and profits from the sale of products. The producers also pay alms, but the producers have not been moved to pay professional fees.

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