THE CONCEPT OF PRICE AND SERVICE QUALITY AT PT. LION SUPER INDO, PALEMBANG CITY, ISLAMIC ECONOMIC PERSPECTIVE

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ABSTRACT

This research aims to analyze how the concepts of price and service quality are applied at PT. Lion Super Indo supermarket in Palembang City from an Islamic economic perspective. Through a qualitative approach that includes literature studies, field observations, and interviews with consumers, this study found that the strategies implemented by Super Indo are often perceived as unfair by consumers, particularly concerning non-transparent discounts. On the other hand, the quality of service is rated as quite good, although not fully consistent in terms of friendliness, cleanliness, and information delivery. The analysis results show that the application of Islamic economic values such as justice, transparency, trustworthiness, and honesty needs to be strengthened so that businesses do not solely focus on profit but also reflect Islamic ethics. This research contributes to guiding modern business practices to be more ethical and in line with Sharia principles.

Keywords: Islamic Economics; Pricing and Service Quality; Sharia Business Ethics

INTRODUCTION

Palembang City, as one of the major cities in Indonesia, has experienced rapid economic development, particularly in the trade and retail sectors. Over the past few decades, supermarkets and convenience stores have become an integral part of modern urban life, including Palembang. PT. Lion Super Indo, as one of the leading supermarket chains in the city, plays a crucial role in providing daily necessities and other goods to the public.

PT. Lion Superindo, commonly known as Superindo, is a retail company engaged in sales. Its head office is located at Menara Bidakara 2, 19th Floor, Jl. Jendral Gatot Subroto Kav. 71–73, South Jakarta. Since 1997, Superindo has grown and developed alongside Indonesian society. Today, it operates 128 outlets across 17 major cities in Indonesia and is supported by more than 6,000 trained employees. The supermarket provides a wide range of daily necessities with reliable quality, competitive pricing, and accessible store locations. Product freshness and quality are maintained through proper sourcing. The company's slogan is: "Fresher, More Affordable, and Closer" (Tysara, 2022).

Superindo is a joint venture between the Salim Group (Indonesia) and Ahold Delhaize (Netherlands), an international food retail company based in Zaandam, the Netherlands. Ahold Delhaize operates over 6,500 outlets across 11 countries on 3 continents and employs more than 375,000 people worldwide (Tysara, 2022).

In the context of Islamic economics, supermarkets in Palembang need to be evaluated to ensure that their business practices align with Islamic principles, particularly concerning pricing and service quality. Price is the exchange value assigned to obtain a good or service. Superindo has faced several challenges and criticisms from customers regarding its pricing strategies and promotional practices. Some consumers have expressed dissatisfaction with unstable pricing, misleading discounts, and prices that are higher than competitors (Aisy & Rachmi, 2023). Furthermore, criticisms have been directed at the lack of affordable product options and an overreliance on promotional campaigns to increase sales. Islamic economics underscores the values of justice, transparency, and balance in all economic transactions.

Service quality refers to how well a service meets or exceeds customer expectations. Businesses are expected to deliver excellent service to maintain consumer trust and loyalty. However, consumers have reported concerns about unfriendly staff, inattentiveness from employees, and slow checkout processes. Additional criticisms include store cleanliness, comfort, and product availability that does not always align with customer needs (Pratama & Iswati, 2024). In accordance with Islamic economic principles, aspects of service quality should reflect justice, transparency, trust (*amanah*), quality, and friendliness.

Given the background above, this study is entitled: "The Concept of Price and Service Quality at PT. Lion Super Indo Supermarket in Palembang City from an Islamic Economic Perspective." This research aims to contribute to a deeper understanding of how pricing and service quality are applied in retail practices in alignment with Islamic values. It is hoped that the results of this study will guide modern supermarkets to not only pursue profit but also uphold Islamic ethical values and the interests of the community.

LITERATURE REVIEW

According to Adam Smith in his seminal work the wealth of nations, he discusses the fundamental economic principles that shape a nation's wealth. This book explains how division of labor, free trade, and competition can improve productivity and economic growth. This research employs the theory of division of labor as a framework to analyze the concepts of

pricing and service quality, since the theory plays a central role in economics. Thus, the division of labor theory is considered appropriate for examining price and service quality in this study.

Price Concept

According to Kotler and Armstrong, price is defined as the amount of money exchanged for a product or service, or the sum of the values that customers give up in order to gain the benefits of owning or using a product or service (Tombeng et al., 2019). Price is the only element in the marketing mix that generates revenue for a company. Setting the right price is a critical decision that supports organizational success (Putri et al., 2021). In economics, price is also related to the selling or purchasing value of a product or service and serves as a key variable for comparing similar products.

Service Quality

According to Kotler, service quality is the company's ability to provide products or services that meet consumer expectations, as promised. Customer perceptions of service quality are shaped by the gap between what they expect and what they actually receive (Lianardi & Chandra, 2019). Service quality refers to the effort to meet consumer needs through both products and services, and to deliver them accurately in line with consumer expectations.

RESEARCH METHOD

The methodology used in this study is literature review, incorporating various references relevant to the research topic. In addition, it involves comparing expert opinions with current economic phenomena and realities. This research adopts a qualitative approach, utilizing online sources to understand and describe the concepts of pricing and service quality at PT. Lion Super Indo supermarket in Palembang City from an Islamic economic perspective. This approach is chosen because it allows for an in-depth exploration of meanings, perspectives, and experiences of the research subjects regarding the business practices implemented at the supermarket. Primary data was obtained through in-depth interviews with several customers who shop at PT. Lion Super Indo. Direct observation at the location was also conducted to witness firsthand how services are delivered and how pricing policies are applied.

RESULTH AND DISCUSSION

The concept of pricing according to Al-Ghazali emphasizes the importance of justice and the avoidance of exploitation in economic transactions. Market prices should be determined through fair and transparent processes, free from manipulation or monopolistic practices. Al-Ghazali's view aligns with Islamic economic thought that pricing standards must consider factors such as production costs, product quality, and public welfare (Kariim, 2023).

In principle, service is an intangible activity offered by an individual or an organization to consumers. One of the ways to achieve customer satisfaction is by improving service quality, as customers are the main focus when discussing satisfaction and service performance (Isabella et al., 2022).

Based on the research findings, the concept of Adam Smith's "invisible hand" is reflected in the free-market mechanism where individual interactions lead to socially beneficial outcomes without government intervention. In this system, prices are influenced by supply and demand dynamics, allowing both producers and consumers to find a fair balance. However, from an Islamic perspective, while the market operates freely, the state holds the authority to intervene in cases of scarcity or hoarding to stabilize prices.

The foundational values of Islamic economics in terms of pricing and service must align with the four characteristics of Prophet Muhammad (peace be upon him): Siddiq (truthfulness), Amanah (trustworthiness), Fathonah (intelligence), and Tabligh (communicativeness).

Pricing Concept

This study's findings align with the theory of division of labor, which asserts that price efficiency can be achieved through the interaction of supply and demand. Efficient pricing is influenced by factors such as lower production costs, higher product quality, and balanced market demand.

According to Ibn Khaldun, as urban areas grow and populations increase, the prices of essential goods may decrease due to increased availability, while in less populated areas, the opposite tends to occur (Beddu & Sinuligga, 2021).

Based on an interview with general pricing strategies include:

- 1. Cost-based pricing,
- 2. Demand-based pricing, and
- 3. Competition-based pricing. In Islamic muamalah, all of these are permissible as long as they avoid elements of *gharar* (uncertainty), *riba* (usury), *maysir* (gambling), or haram goods.

Moreover, psychological discounting is a common pricing strategy, involving:

- 1. Percentage Discounts (e.g., "20% off")
- 2. Previous Price Anchoring (e.g., "Was Rp100,000, now Rp80,000")
- 3. Buy-One-Get-One Offers
- 4. Limited-Time Promotions
- 5. Bundling Discounts

Service Quality

The findings on service quality also reflect the theory of division of labor, which highlights that the specialization of tasks improves operational efficiency and service consistency. When employees focus on specific duties, service delivery becomes faster and more accurate, reducing waiting times and increasing customer satisfaction.

Service quality to the extent to which delivered services meet customer expectations. The two core dimensions affecting service quality are expected service and perceived service. The service is considered satisfactory if what is received meets or exceeds customer expectations (Restiani & Ardiansyah, 2023).

Transparency is essential in delivering high-quality services. Transparency builds customer trust, enabling them to feel secure and informed during transactions. This openness minimizes potential harm and enhances customer confidence in the business.

Azaria Umaya further noted that while the products offerings at PT. Lion Super Indo are similar to those of other supermarkets, the key differentiator lies in the promotions provided, which significantly enhances overall customer experience.

CONLUSION

This study reveals that the application of pricing concepts and service quality at PT. Lion Super Indo, Palembang, still requires further optimization to align with the principles of Islamic economics. In terms of pricing, although strategies such as discounts and bundling are

implemented, certain practices such as deceptive discount schemes create perceptions of unfairness among consumers. From an Islamic perspective, price determination must be fair, transparent, and free from elements of gharar (uncertainty).

On the service side, while performance is considered satisfactory, it lacks consistency, particularly in aspects such as courtesy, cleanliness, and information transparency. Islamic economic values such as *amanah* (trust), siddiq (honesty), and fathanah (wisdom) should serve as the foundation for delivering services that consistently meet consumer expectations.

Thus, integrating Islamic ethical values into operational activities and marketing strategies is crucial for building a just and ethical business system. Strengthening this alignment not only enhances consumer trust but also reflects a commitment to upholding the moral framework inherent in Islamic economic teachings.

RECOMMENDATIONS

For Super Indo Management

It is recommended that regular evaluations be conducted on pricing policies to avoid any perception of manipulation. Promotions and discounts should be communicated honestly and transparently, in accordance with Islamic principles of shiddiq and transparency. Additionally, improvements in service quality should prioritize staff friendliness, store cleanliness, and product availability that meets consumer needs and expectations.

For Other Retail Business Practitioners

This study may serve as a reference for implementing Islamic economic principles more comprehensively in business operations not solely for-profit maximization but also to uphold ethical values and maintain balance in business transactions (*muamalah*).

For Future Researchers

Future research is encouraged to expand upon this study using quantitative approaches or broader field studies to gain a more objective and representative understanding of the application of Islamic values in the context of modern retail business.

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