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A Review of Sharia Economic Law on the Fish Price Determination Mechanism Between Fishermen and Suppliers

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ABSTRACT

A Review of Sharia Economic Law on the Fish Pricing Mechanism between Fishermen and Suppliers at the Independent Tuna Fishermen's Cooperative in Jikotamo Village. This study aims to analyze the fish pricing mechanism between fishermen and suppliers in Jikotamo Village and review these practices from the perspective of Sharia economic law. The research method uses a qualitative approach with a focus on the Independent Tuna Fishermen's Cooperative in Jikotamo Village, South Halmahera Regency. Data were collected through in-depth interviews and field observations, then analyzed using Sharia economic principles related to justice, transparency, and the prohibition of riba and gharar practices. The results show that the market structure is uncompetitive with dominant suppliers determining prices unilaterally. This imbalance results in a disproportionate distribution of added value, with fishermen receiving a relatively small share of the total added value. From the perspective of Sharia economic law, the fisheries supply chain has met the requirements for transaction validity (sahih) in muamalah fiqh, but needs improvement in information transparency, fair distribution of profits, and resource efficiency. The study recommends implementing a transparent pricing information system, strengthening the capacity of fishing cooperatives, subsidizing production inputs, and establishing direct partnerships with companies.

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1. INTRODUCTION

As the world's largest archipelagic nation, Indonesia covers 70% of its territory, offering significant potential in the marine and fisheries sectors. Human activity and natural conditions in coastal areas have caused varying changes in the position of the coastline in each region (Oloko, Fakoya, Ferse, Breckwoldt, & Harper, 2022). Indonesia's coastline has undergone three changes: from 81,000 km to 95,181 km, and now to 99,093 km. These changes are influenced by the number of islands, which has reached 17,480, and the submergence of several islands due to climate change (Abdullah et al, 2024).

With a land area of only 1/3 of the total area and the remaining 2/3 ocean, Indonesia has a coastline of 108,000 km and a water area of 6.4 million km² (PUSDATIN-KKP, 2018). According to the FAO, Indonesia is the second country after China that contributes the largest fisheries production in the world. 2019 NKRI Territorial Data shows: the area of Indonesian waters is 6,400,000 km², the total area of NKRI is 8,300,000 km², the length of the coastline is 108,000 km, and the number of islands is 17,504 (16,056 have been submitted to the UN) (Dakhoir et al, 2017).

North Maluku Province covers an area of 140,255.32 km², of which 76.27% is marine waters and consists of 395 islands. The people of Jikotamo Village work as civil servants, entrepreneurs, traders, farmers, laborers, and fishermen. Fishermen in Obi District use small boats to catch fish from shallow rompong (8-12 nautical miles) and deep rompong (20-30 nautical miles). Limited capital results in small catches and low incomes (Ahmad et al, 2023). Fish are divided into surface fish (Skipjack Tuna, Baby Tuna: Rp 17,000/kg) and bottom fish (Red Snapper, Red Grouper: Rp 40,000/kg; mixed: Rp 30,000/kg). Fishermen's poverty is caused by simple equipment, seasonal fish resources, low education, minimal market information, and unilateral pricing by suppliers (Masri et al, 2023). The relationship between fishermen and suppliers often experiences imbalances in pricing and distribution (Wahyuningsih, 2019).

Suppliers are companies or individuals who provide critical resources to other companies. The Tuna Mandiri Fishermen's Cooperative, with 84 members, acts as a liaison between fishermen and four suppliers (Haji Irma and Pak Kahar for PT. Harita Group; Efendi Madimasi and Jamhidin for PT. Wanatiara Persada) without written contracts, with a maximum of 7 tons per month. Fishermen in Jikotamo Village experience structural disadvantages due to their lack of market access and dependence on suppliers who unilaterally determine prices (Gutiérrez et al, 2022).

Islam bases economics on worshipping Allah SWT, based on the principle of monotheism. Sharia economics focuses on fairness, transparency, and sustainability in transactions. The Compilation of Sharia Economic Law defines sharia economics as activities that meet commercial and non-commercial needs according to sharia principles (Ali, 2020).

Sharia economics applies the principles of Amar Ma'ruf (justice) and Nahi Munkar (prohibition of usury, gharar, maisyir, and haram), unlike conventional economics, which relies solely on market mechanisms (Hidayat, et al, (2023). Researchers suspect that the fish pricing mechanism implemented by suppliers does not involve all parties, making it crucial to examine the cooperative relationship between fishermen and suppliers from a sharia economic perspective (Frijuniarsi et al, 2025).

This research aims to analyze the fish pricing mechanism between fishermen and suppliers in Jikotamo Village and examine this practice from the perspective of Islamic economic law. It is hoped that this will lead to the implementation of a transparent pricing information system, strengthening the capacity of fishermen's cooperatives, subsidizing production inputs, and direct partnerships with companies.

2. METHODS

This study uses a qualitative descriptive approach to explore the problem in depth through interviews, observations, and documentation supported by literature studies. Qualitative descriptive research aims to understand the phenomena experienced by research subjects such as behavior, perceptions, and motivations. This study describes concrete data about the fish price mechanism for suppliers and fishermen in Jikotamo Village which is connected to the concept of sharia economics. Data Sources are Primary data: in-depth interviews, interactions and observations of the activities of suppliers and fishermen of the Tri Bakti Tuna Mandiri Fishermen's Cooperative in Jikotamo Village

and related parties, Secondary data: books, journals, documents and other references related to the research.

Data Collection Techniques: interviews, observation, and documentation. Data Analysis Techniques: using the Miles and Huberman model consisting of: Data reduction: selection, focusing on simplification and transformation of field data, Data presentation: analytical descriptive techniques to describe real conditions and then compare them with Islamic economic theory and Data verification: drawing critical conclusions using inductive methods, verified through the results of data reduction and presentation.

3. FINDINGS AND DISCUSSION

This research was conducted in April 2025, involving various stakeholders in the fish supply chain, including suppliers, fishing cooperatives, companies, and fishermen. Data collection was conducted through in-depth interviews to understand price dynamics, trade volume, and fish distribution mechanisms within the local economic system.

Supplier Profiles and Trading Patterns

The three main suppliers operating in the research area were found to have different operational characteristics. The first supplier (Efendi, PT. Wanatiara Persada) showed fuel consumption of 900 liters per month at a price of Rp 18,000 per liter, serving a trading volume of 900 kilograms of tuna per week with a profit margin of Rp 7,000 per kilogram (purchase price Rp 23,000, selling price Rp 30,000) (Umasugi, 2021).

The second supplier (Hj. Irma, PT. Harita Nickel) demonstrated a more complex operational pattern, employing two delivery fleets. Fuel requirements included 100 liters of diesel, 1 bottle of oil, and 100 liters of kerosene. Trading volume reached 900 kilograms per delivery twice weekly, resulting in a total of 1,800 kilograms per week. The profit margin was Rp 6,000 per kilogram (purchase price Rp 23,500, selling price Rp 29,500).

The third supplier (Jamhidin, PT. Wanatiara Persada) exhibits a smaller scale of operation, consuming 30 liters of gasoline twice a week and trading a volume of 450 kilograms per week. However, this supplier handles a wider variety of products, including yellowtail (baby tuna), skipjack tuna, and mixed bottomfish, with profit margins ranging from Rp 6,000 to Rp 12,000 per kilogram (Hatinurani, 2023).

The research results show that pricing mechanisms in the fish supply chain are dominated by market forces and supplier agreements. The first two suppliers stated that pricing was "in accordance with community prices," while the third supplier used "an agreement with the fish farm" as the basis for pricing.

Dynamics of Fishermen's Cooperatives

The fishermen's cooperative acts as the primary intermediary between fishermen and suppliers. Interviews with the cooperative's secretary and treasurer revealed that the cooperative manages 65 fishermen who use handline fishing techniques for floating fish. The cooperative's trade volume averages 9 tons per month, distributed as follows: 500 kilograms per week for supplier Efendi, 800-1,000 kilograms per week for supplier Hj. Irma, and 350 kilograms per week for supplier Jamhidin.

The cooperative handles six main types of fish with varying pricing structures: baby tuna (Rp 17,000/kg), skipjack tuna (Rp 17,000/kg), mackerel (Rp 17,000/kg), mixed bottomfish (Rp 30,000/kg), red snapper (Rp 40,000/kg), and red grouper (Rp 45,000/kg) (Swara, 2018). In addition to serving suppliers, the cooperative also serves the local market with a volume of 300 kilograms per day (9 tons per month) at a price of Rp 23,000 per kilogram (Kamaluddin et al, 2021).

The Role of Companies in the Supply Chain

Based on information from Suryo Aji (CSR member of PT. Harita Nickel), it was discovered that the company collaborates with eight catering vendors who serve as partners, including GDSK, PT Aden, TWSK, and PT Mans. The pricing system is based on the quantity requested from each supplier.

PT. Harita Nickel implements a recommended pricing policy for catering vendors to provide fair prices to local fishermen and farmers for the well-being of the community. However, implementation of this policy is entirely up to the catering vendors handling corporate consumption, as they also need to maintain profit margins.

Condition of Fishermen as Primary Producers

Interviews with fishermen (Mr. Kirman) indicate that operating costs at sea reach approximately Rp 2 million per trip, which includes fuel consumption of 50-150 liters of gasoline and the cost of preserving ice of Rp 200,000. Fishermen operate at a distance of 20 miles or more from the coast, with a frequency of 5-7 times per month (Gora, 2019).

Research reveals that fishermen are in a very weak bargaining position in the pricing system. Sea conditions have no effect on price fluctuations, placing fishermen in a highly vulnerable position in the bidding process. There is no transparency in pricing information, and no written agreements exist between fishermen and buyers (Siddique, (2024).

Fishermen's safety is in a worrying state. Life jackets are purchased privately without any assistance from the government or companies in the form of Community Development Programs (PPM) or Corporate Social Responsibility (CSR).

Implications and Key Findings

Analysis reveals significant disparities in profit margins within the supply chain. Suppliers earn a margin of Rp 6,000-12,000 per kilogram, while fishermen receive only a base price without transparency regarding the pricing mechanism.

Pricing in the fish supply chain relies heavily on “community prices” and “agreements with fish farms”, indicating the absence of a formal mechanism for pricing.

Fishermen's cooperatives act as a buffer between fishermen and suppliers, but do not have enough power to influence price setting that benefits fishermen.

Pricing Mechanisms in the Context of Islamic Economics

The research results show that pricing in the fish supply chain still uses a system of "according to community prices" and "agreements with fish farms." This situation aligns with the concept of tsaman al-mitsl proposed by Ibn Taymiyyah, namely equitable and acceptable prices through a free market mechanism between supply and demand. However, implementation in the field indicates an imbalance in the bargaining power of supply chain actors.

Recent research shows that the closed fishing season policy significantly impacts supply, catches, prices, and the fisheries market chain, highlighting the importance of regulation in maintaining price stability in accordance with Islamic economic principles. This finding aligns with research findings that indicate that sea conditions have no effect on price fluctuations, leaving fishermen in a highly vulnerable position (Setiawan et al, 2022).

The disparity in profit margins found in the study (suppliers earn a margin of Rp 6,000-12,000 per kilogram, while fishermen receive only the base price) demonstrates a discrepancy with the principles of Iqtishad Washathi (middle economy), which emphasizes balance. This contradicts the characteristics of Islamic economics, which emphasizes fairness in wealth distribution (Pramadeka, 2024).

Research shows that the current pricing system does not reflect the principle of mutual assistance (at-ta'awwun) due to a lack of transparency in pricing information and a lack of written agreements between fishermen and buyers. This situation creates information asymmetry that is detrimental to fishermen as primary producers (Demirel, (2023).

Implementation of the Syirkah Agreement in Fishermen-Supplier Cooperation

The prevailing form of cooperation between fishermen and suppliers does not adhere to the ideal principles of syirkah in Islamic economics. Fishermen's cooperatives, which act as a buffer between fishermen and suppliers, lack sufficient power to influence pricing that benefits the fishermen. This situation suggests that the prevailing contract is more akin to a conventional bai'i (sale and purchase) than a mudharabah or musyarakah (Bakar et al, 2024).

The cooperative's trading structure, which manages 65 fishermen and produces 9 tons of fish per month, demonstrates significant potential for implementing a fairer syirkah contract. However, the current system still demonstrates supplier dominance in pricing, which is inconsistent with the principle of equality in the syirkah contract (Wahyuni, 2019).

The mudharabah concept, which allows for profit sharing based on an agreed-upon ratio, can be an alternative to improve fishermen's welfare. With operational costs at sea reaching Rp 2 million per trip, the mudharabah system can provide fishermen with a more equitable distribution of profits (Nguyen et al, (2023).

Recent studies have shown that the rapid development of the aquaculture industry has had a significant impact on fish price movements along the value chain, highlighting the importance of diversification and vertical integration in fisheries systems. This can be implemented through more comprehensive syirkah contracts.

Government Regulation and Intervention from a Sharia Economic Perspective

Research findings indicate that PT. Harita Nickel implements a price recommendation policy for catering vendors to provide fair prices to fishermen. This is in line with the concept of tas'ir, which allows government or authority intervention in pricing to prevent exploitation.

However, implementation of this policy is still entirely left to catering vendors, demonstrating weak enforcement within the regulatory system. In fact, in Islamic economics, price intervention is permitted if there is siyasa al-ighraq (price gouging) or monopoly that is detrimental to the public.

The dire safety situation for fishermen, where life jackets are purchased privately without assistance from the government or companies, demonstrates the suboptimal implementation of the principle of at-ta'awwun in the economic system. PT Harita Nickel's CSR program needs to be strengthened to support fishermen's welfare in accordance with Islamic economic principles.

Asymmetric Information in the Fisheries Supply Chain

The limited marketing information experienced by fishermen reflects the theory of information asymmetry in fisheries economics. This situation contradicts the principle of transaction transparency in Islamic economics, which requires information transparency to avoid gharar (uncertainty).

Research shows that within the seafood value chain, marketing costs per kg of marine fish are estimated to vary depending on the market actors involved, demonstrating the complexity of cost structures within the fisheries supply chain. This reinforces research findings on disparities in profit margins across actors.

The role of cooperatives as intermediary institutions needs to be strengthened through transparent information systems and fairer contracts. The diversification of products handled by cooperatives (six types of fish with varying price structures) shows potential for developing a more efficient marketing system.

Recommendations for the Implementation of Sharia Economics

Implementing a musyarakah contract between fishermen, cooperatives, and suppliers can create a fairer system with proportional risk and profit sharing. This system allows fishermen to capture a larger share of the value chain without bearing all market risks.

Stronger regulations are needed for the implementation of tas'ir to prevent price exploitation, particularly in situations where fishermen are in a weak bargaining position. These regulations must align with the maqasid ash-sharia principle of creating public welfare.

Developing a digital platform that provides real-time price information can reduce information asymmetry and increase transparency in pricing. This system must be integrated with Islamic economic principles to ensure fairness for all parties.

4. CONCLUSION

The analysis revealed that the prevailing pricing system still uses the "community price" and "agreement with the fishery base" mechanisms. While in line with the concept of tsaman al-mitsl, it creates significant disparities in profit margins among supply chain actors. Key findings indicate that suppliers earn a profit margin of IDR 6,000-12,000 per kilogram, while fishermen, as primary producers, only receive a base price without transparency regarding the pricing mechanism. This situation reflects a discrepancy with the principles of Iqtishad Washathi, which emphasize balance and fairness in wealth distribution. Fishermen's cooperatives, despite acting as a buffer by managing 65 fishermen and producing 9 tons of fish per month, do not yet have sufficient power to influence pricing that benefits fishermen. The information asymmetry that occurs in the supply chain contradicts the principle of transparency in Islamic economics, which requires clear transactions to avoid gharar. Fishermen are in a very weak bargaining position, with operational costs reaching IDR 2 million per trip, but lack access to adequate price information.

Implementing sharia economic principles in the fisheries supply chain requires restructuring cooperation contracts through the musyarakah or mudharabah concepts, which allow for a more proportional sharing of risks and profits. Strengthening regulations based on the tas'ir concept to prevent exploitation, developing an integrated information system to increase transparency, and implementing a more comprehensive CSR program to support the welfare of fishermen in accordance with the principles of at-ta'awwun in sharia economics is necessary.

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