
THE ROLE OF THE MARKET IN IMPROVING THE COMMUNITY ECONOMY ACCORDING TO THE ISLAMIC ECONOMIC PERSPECTIVE (CASE STUDY OF THE SENGGOL KURIPAN MARKET IN INDONESIA)

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ABSTRACT

A market is a place that has rules set up for the exchange of property rights and the exchange of goods between producers and consumer. Islam emphasizes that the market must stand on the principle of perfect competition. However, that does not mean that freedom is absolute. but freedom is wrapped in the frame of shari'ah. The market mechanism in Islam is the existence of market freedom in determining prices. Prices depend on the market. However, Islam does not adhere to the principle of a free market price. Islamic economics views that the market, state, and individual are in balance (iqtishad). The market is guaranteed freedom in Islam. The free market determines the methods of production and prices, there should be no disturbance that results in the destruction of the market balance.

Keywords : Mechanism, Market, Islam

PRELIMINALY

The market is a place where the exchange of services and goods takes place, which has naturally emerged since the beginning of human civilization. In Islam, the market plays an important role in meeting the economic needs of the community. As in the time of the Prophet, the market played an important role in building the civilization of Islamic society at that time. (Pratomo & Taufik, 2018).

The market played an important role in the economy of the Islamic community at the time of the Prophet Muhammad and Khulafaurrasidin. In fact, Muhammad SAW was originally a businessman, as did Khulafaurrasiidin and most of his colleagues. When Islam began to develop in Mecca, the Prophet Muhammad and the Muslims experienced severe persecution and terrorism by the pagan community in Mecca, so that struggles and vocations



were prioritized. When Muslims moved to Medina, the role of the Prophet Muhammad shifted to market controllers or al-Mutashib (Farida, 2012).

The Islamic concept asserts that the market must be based on the principle of perfect competition. However, this does not mean that this freedom is absolute, but that it is protected by Sharia. In Islam, trade is voluntary (*Antaradim Minkum*) (Abd Ghafur, 2019).

This statement indicates that the market is where products are placed and sold to people who need them. The statement also said the market is moving away from double opportunities that are difficult to fulfill. So the market was created to facilitate exchange while meeting demand (Rahmi, 2015).

The study of buying and selling is part of the *muamal* which continues to develop following the times, forms and patterns of the buying and selling system. So, over time, Islamic law related to buying and selling also developed. This is because Islamic law is flexible, tough and fair to achieve profit (Husada, 2019).

As we know, trading according to Islamic law must be in accordance with the principles and conditions of buying and selling. Buying and selling according to *muamal fiqh* is exchanging something. According to language, buying and selling is exchanging something for another, according to language, exchanging property for property for the purpose of ownership (Kartika et al., 2018).

The emergence of economic problems can be conveyed by the fact that there are several Islamic moral messages and enlightenment of market theory, which can be linked as part of the response to the rejection of the system of socialism and secularism. Although there is no system that is against Islam. However, Islam wants to put everything in the right proportions, so that no one gets hurt and can be reflected in the framework of the totality of worldly life and human life (Sifa', 2020).

The creation of business fields is also in the market. The market has become an integral part of social life. Some people even depend on the market for their daily work. Therefore, the existence of the market is very important for society as well as for the economy. In everyday life, the market can be understood as a meeting place for buyers and sellers. However, in the economic field, the market is not defined as a place, but rather prioritizes buying and selling activities. Not only that, the market is also a supporter of increasing regional revenue budgets, so that the existence of markets in the community is very much needed, both traditional markets and modern markets (Then Setiawan 160203119.pdf, n.d.).



The economy is an important aspect that can support the progress of a country. A great nation is a nation that is able to develop and advance the economic sector, both formal and informal, by paying attention to the income distribution of its citizens. Progress in the economic field is also influenced by technical progress and rapid changes in times (Santander, 2017).

In economics, the concept of a market is any structure that allows buyers and sellers to exchange goods, services, and information. The exchange of goods or services for money is a transaction. Market participants are all buyers and sellers who interact with each other while trading. This influence is a major economic study that has led to the emergence of several theories and models of market forces underlying supply and demand. The market has two roles: buyer and seller. Markets facilitate trade and enable the distribution and allocation of resources in society. The market allows all traded items to be evaluated and priced. A market emerges more or less spontaneously or is deliberately constructed by human interaction to enable the exchange of rights (ownership) of services and goods.

The era that continues to develop and increasingly advanced technology accelerates the buying and selling process, both in terms of technology and destinations (Nugroho, 2017). Now people understand that personal (used) goods are the same as other goods and do not personify the individual and himself. Although personal (used) merchandise is no longer understood as a separate concept, there are still very few people selling personal (used) merchandise at flea markets. The reason is, used products on the market are not only useful, but also very cheap. For example, all clothes are cheap. Therefore, most people are reluctant to sell personal (used) items at flea markets because the prices are very cheap (Damsar, 2020).

The research conducted within the framework of this research is a study of the role of the state in the development of traditional markets. The role of government in the potential and challenges of traditional markets will be analyzed. In addition, the analysis of market potential and problems is carried out using an Islamic economic perspective approach, especially the concept of market supervision (hisbah) (Djayusman et al., 2018).

METHOD

This study used qualitative research methods. Sugiyono explained that qualitative research methods are research methods based on the philosophy of post-positivism, used to examine the natural state of objects (as opposed to experiments) where the researcher as the



key tool, sampling data sources is carried out. in a focused and skillful manner, the collection technique uses triangulation (combination), data analysis is a loaded or qualitative process, and the results of qualitative research emphasize significance rather than generalization.

The approach used is a qualitative approach, a qualitative approach is a research process and methodological-based investigation that investigates a social phenomenon and a human problem. In this approach, the research process produces descriptive data in written or oral form from the observed people and observed behavior.

RESULTS AND DISCUSSION

1. Market

In Latin, the market can be traced through the root word "mercatus", which means trade or place of trade. While the Arabic meaning of market as "market" means an economic intermediary, as well as a way of life, the general style of economic activity touches all aspects of society and the entire socio-cultural world. A market can be understood as a meeting place between sellers and buyers, or where the forces of supply and demand meet and shape prices.

According to W.J. Stanton in Muhammad Abdul Halim's book, The market is a collection of people who have a desire to have their needs met, funds to be spent, and are willing to be spent. money) and willingness to buy goods or services.

2. Type Of Market

According to Muh Abdullah Halim, the distribution of market types is as follows:

- 1) Types of Markets According to the Form or Form of Activities, namely Real Market, is a market where goods that can be traded actually exist and can be bought by the public. Abstract Market, is a market that has the following characteristics: locations that are not visible, consumers and producers do not meet in person, marketing via the internet, ordering by telephone, goods sold are not visible directly, only through pictures and descriptions of goods. Examples of online markets, stock markets, capital markets, etc. (Gide, 1967).
- 2) Types of Market According to the Transaction Method, namely, Traditional Market/People's Market Traditional markets are markets built and managed by



the government, private sector, cooperatives or local communities with places of business in the form of shops, kiosks, stalls and shops, tents, or the like. names owned/managed by small and medium enterprises and small capital with a deal-making process (Permendagri No 42 of 2007). It should also be added that traditional markets are the center of human socio-economic activities, therefore the model of economic relations that takes place in traditional markets leads to the formation of social interactions. legacy. represent communication needs between individuals.

Modern markets are markets built by the state, private sector or cooperatives in the form of commercial centers, hypermarkets, supermarkets, department stores, shopping centers, mini markets and are managed in a modern way with a focus on commercial services. proximity to one-handed management, strong capital and favorable prices (Permendagri No 42 of 2007) (Umiyati, 2021).

3) Types of Markets According to Distribution Width or Wide Reach

✓ Regional Market

Regional market is a market for buying and selling products in the area where the product is made. We can also say that a regional market caters to supply and demand in one region.

✓ Local Market

A local market is a market for buying and selling products in the city where they are made. It can also be said that the local market caters to supply and demand within the city.

✓ National Market

The national market is the market where the product is bought and sold in the country where the product is produced. We can also say that the domestic market caters to domestic demand and sales.

✓ International Market

The international market is a market for buying and selling products from different countries. The scope of the market can also be said to be worldwide. Example: Coffee market in Santos, Brazil (Ling, 2012).



4) A perfectly competitive market is a market in which many buyers and sellers know each other about the state of the market. Prices are determined by the market mechanism of supply and demand (supply and demand). The bargaining position of consumers is very strong, but it is difficult for producers to earn above average profits. In this market, sellers sell the same product (homogeneous), all products are the same, so promotions with advertising will not affect product sales. Imperfectly Competitive Markets (Monopoly, Oligopoly, and Monopolistic) :

- Monopoly Market is a market situation where there are many buyers and only one or a few sellers, and therefore of course the producers/sellers control the pricing. The fewer goods produced, the more expensive they are, and vice versa. In a monopoly market, the goods sold are unique.
- An oligopoly market is a market dominated by a few firms that dominate only a few products. For example car manufacturers Toyota, Mazda, Daihatsu, etc. Competition here is very tight, in addition to preventing consumers from switching to other products, it also hinders the development of new producers with good sales potential. Changes in the price of a company will greatly affect the prices of other companies' products. Like it or not, they have to lower the price of their products if they don't want to offend consumers. Monopoly market structures are often formed in capital-intensive industries.
- A monopolistic market is similar to a perfectly competitive market, in that it is easy for sellers to enter or leave the market. Here the producer has the right to increase the selling price of the product but only relatively little or not significantly. The products sold are also identical products, only distinguished by quality, shape, size, etc. Usually, in oligopolistic markets, buyers rarely change brands, because they already trust the quality of the product. In this market, the company's image will determine the behavior of the product later, so that promotion and advertising are needed in this competitive market (Syaifuddin, 2010).



CONCLUSION

From the description above, the important point is that market regulation in Islam is intended to maintain the rights of all parties, both buyers and sellers. For this reason, it should be emphasized here that the main aspect of Islamic economics, including the market system, is the aspect of morality. Some of these aspects involve issues of integrity, accountability, and professionalism when applied in the implementation of the current modern system. No less important than the issue of regulation is the commitment of Islam in enforcing these rules by imposing a hisbah institution, which has the responsibility and authority to oversee the market, even the hisbah or wilayatul hisbah institution can apply to other more universal issues, such as welfare, fulfillment of public facilities and law enforcement.

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