



## The Practice of Mark Up Pricing in Determining the Selling Price of Gold Jewelry: The Perspective of Islamic Business Ethics

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### ARTICLE INFO

*Keywords:* Mark Up Pricing, Selling Price, Gold, Islamic Business Ethics

*Received* : 10 August

*Revised* : 27 September

*Accepted* : 15 October

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### ABSTRACT

The purpose of this research is to find out: (1) The practice of Mark Up Pricing in setting the selling price of gold jewelry at H. Abdul Mukhid's shop; (2) Islamic business ethics on the practice of Mark Up Pricing in setting the selling price of gold jewelry at H. Abdul Mukhid's shop. The research method used is qualitative with the type of study Case. The results of the study are (1) Pricing of H. Mukhid's gold jewelry shop using the Mark Up pricing method, with a profit of Rp20,000 for gold jewelry produced by himself, and a profit of Rp15,000-Rp20,000 for jewelry purchased (kulakan) at sales and loper; (2) Islamic business ethics in Mark Up Pricing for pricing by applying the principles of (a) Unity: working for worship and done in a halal way; (b) Balance: maintaining customer trust by providing pure gold products of the highest quality; (c) Free will: Free to determine the best staples and provide orders in a timely manner; (d) Responsibility, honesty: accepting resale on the condition that it does not come from stolen gold, (e) Truth, and honesty: honest in taking standard profits and not high either own production or from other parties, (f) Tolerance and friendliness: Buyers will be given recommendations if the store does not have the product they are looking for, and (g) Openness and freedom: Accepting criticism and suggestions from buyers in order to improve quality and service.

## **INTRODUCTION**

Buying and selling is a muamalah activity that is carried out daily by mankind. Muslims should carry out buying and selling in a way that has been determined by Shara'. The law of buying and selling is permissible or allowed in Islamic teachings.

In buying and selling activities, there are bargaining activities carried out by two buyers and sellers with the aim of getting an agreement in the transaction. As a seller, of course, has the desire to sell goods at a high price, while the buyer wants to buy at a low price, so that in the bargaining activity, it will meet at the midpoint so that a price agreement can be created that is approved by both parties in buying and selling.(Jannah, 2020).

One of the commodity trades that provides future benefits related to the benefits of ownership of the commodity is gold jewelry. Gold is a precious metal that has high beauty and financial value and is often used as a means of expressing oneself. Because many people are willing to spend a lot of money to own precious metals with various variations of it.(Pratiwi & Nashirudin, 2021).

Gold is often used as a symbol of wealth, not only that gold can also be used as an investment. Gold also has various types and levels. Types of gold such as gold jewelry (gold jewelry), gold bars, antam gold, London gold, local gold, gold coins (dinars) and others. Gold grades are 30%, 40%, 70%, 85%, 91.6%, 95% and 99% (Salim, 2011).

A company in increasing sales must of course be able to provide affordable prices, balanced prices with good quality including providing price variations to consumers and the prices offered are competitive with prices from competitors.(Adipramita & Cempena, 2019)

In determining the right price in buying and selling gold, there needs to be consideration that is not easy, because in determining the price there needs to be a calculation of other costs in the production process and taking into account the profit that will be obtained. It is necessary to do a Mark Up in determining the selling price of the gold commodity.

One of the appropriate methods to use in buying and selling gold is to use "Mark Up" or "Mark On Percentage". Why is this, because now many gold traders do not produce directly so there are not many fixed assets used. And the method used is a percentage above the price of the product purchased.(Slamet, 2002)

Mark Up is one of the pricing methods that is usually considered the simplest and most widely applied. This method is generally determined with the aim of covering indirect costs and business profits.Mark Up is the amount of rupiah added to a product so as to produce a selling price. Business actors will determine the price of the goods they sell by adding Mark Up to the purchase price per item, the percentage on each type of goods also varies. The percentage of price increase (Mark Up) varies depending on the store and the type of product sold at the store.

In this method, the price of the product is increased by adding a percentage of the product cost called Mark Up. The simplest method seen by

many business people is by adding a certain amount of increase (Mark Up) to the cost of the product.(RAHAYU, 2019)

The problem with pricing on gold jewelry is that people think that the price of gold jewelry in gold shops is expensive. Most people understand, for example, the price of 70% gold today is Rp. 550,000 per gram, while in the gold shop the price of a ring (ring) of 70% grade with a weight of 3 grams costs Rp1,800,000, if rounded up the price of the ring per gram is Rp600,000, while the profit of this gold shop per gram gets  $Rp50,000 \times 3\text{gram} = Rp150,000$ . Therefore, the community considers the price of gold jewelry in gold shops to be expensive and gold shops are considered to take quite a lot of profit, if gold jewelry is sold back to the gold shop it will be discounted.

Gold jewelry store "H. Abdul Mukhid" is located at the Blimbing market stand in the field of gold buying and selling transactions that have specific business characteristics. Categorized as a specific business activity because purchases from customers and sales of gold in cash. or can be on credit (not cash), gold jewelry store "H. Abdul Mukhid" sells a variety of gold jewelry such as: rings, bracelets, necklaces, earrings and various models and also levels (carat).

Gold jewelry shop "H. Abdul Mukhid" recording data on gold sales and purchase transactions and recapitulating daily reports has been done neatly. For shop owners, recording daily transactions needs to be done because the principle of the "H. Abdul Mukhid" gold shop is a family business with the principles of trust and kinship. The process takes a long time to analyze the income statement from the gold sales and purchase transaction process, especially the gold buying and selling transaction has a very large turnover of money because the price of gold always changes following the dollar value.

From several practices related to determining the existing selling price, it is necessary to take a deeper look at the practice of mark up pricing in determining the selling price of gold and assessing the existing business ethics in an Islamic perspective.

## LITERATURE REVIEW

### *Islamic Business Ethics*

Ethics is one of the main branches of philosophy that discusses the value or quality of the study of moral standards and judgments, ethics itself contains the meaning of custom, which is taken from the Ancient Greek "Ethikos". The scope of ethics includes analyzing and applying concepts such as: good, wrong, right, and also responsibility.(Fauzia, 2018)

Ethics is often defined by the terms manners, courtesy, moral guidelines and immoral norms discussing moral values and norms to regulate human behavior, as individuals and as groups and institutions in society. While norms are rules that are enforced in society, both implied and explicit (traditional and informal).(Prihatminingtyas, 2019).

Business comes from the English word "business" from the root word busy which means busy, in the context of an individual, community, or society. The definition of business in economics refers to an organization that sells goods or services to consumers for profit.(Kom, 2021)

Business in language has many meanings, namely business, trade, shop, company, business that can make money, trade business, and others. Referring to this understanding, it can be seen that business is simply a buying and selling activity or an exchange of goods and services.(Latifah et al., 2020)

Islamic business is a business practice that in carrying out operational activities does not only get profit, in the sense that the benefits allowed must be proportional and not harm others. In doing business by applying sharia or Islamic principles, ethics in business has an important role as a fence so that business people do not fall into greed.(Latifah, 2021).

Islamic business ethics is the application or morals in running a business in order to gain profit but not out of morals, behavior, and norms of Islamic teachings.(Aprianto et al., 2020).

The function of Islamic business ethics, in essence, is to prepare all the essentials needed by society and design something that is of little value into something extraordinary or can be called of great value. In the context of Islamic business, it must apply Islamic business ethics, namely "Akhlaq" because it is an important point in Islamic business ethics, morals are the main morals.(Aprianto et al., 2020)

Simply put, studying ethics in business means studying everything related to good and bad, right and wrong in business based on moral principles.

The principles of Islamic business ethics are: (Ghafur, 2018)

1) Unity

The concept of unity means unity as in the concept of tawhid which integrates all aspects of Muslim life, whether in the economy, social, political, and also religion. Tawhid as a belief that God is only one. But tawhid here is not only that, the system that must be implemented in managing life.

2) Balance

In work and business activities, Islam requires doing justice. This definition of fairness is directed so that the rights of others are placed properly. The balance of life in the world and in the hereafter must be prioritized by Muslim work and business people. Therefore, the concept of balance is a call to Muslim business people or entrepreneurs to be able to realize actions that can place themselves and others in worldly welfare and salvation in the hereafter.

3) Free will

Freedom here is related to humans to act without any external coercion. Free will is inseparable from the position of man as Khalifatullah on earth. Humans are given the freedom to control their lives without leaving the laws that have been created by Allah SWT.

4) Accountability

In the business world, humans are required to have responsibility to two sides, namely vertically and horizontally. Vertical responsibility is the responsibility to Allah SWT, while horizontal responsibility is the responsibility to fellow humans.

- 5) Policy, truth and honesty  
Policy is a good attitude, which is an action that benefits and does not harm others. Truth is a value that is used as a basis and does not conflict with the teachings of Islam. In the context of business, truth is meant as the right intention, attitude and behavior. Honesty is an attitude that must be done in any business without fraud.
- 6) Tolerance and friendliness  
In Islam, doing business is not only about gaining profits, but also having a hummorous relationship that will benefit both parties, because a sense of tolerance must be carried out by both parties. Friendly must be done by anyone, because it is a commendable trait recommended by Islam.
- 7) Openness and freedom  
Business people must be prepared to accept other people's opinions that are more correct. Not only with openness, business people must establish cooperation in sharing burdens and responsibilities without any discrimination between other business people.

### *Selling*

According to Hendi Suhendi, buying and selling is an agreement to exchange goods that have value voluntarily between the two parties, one receiving objects and the other receiving in accordance with the agreed agreement and in accordance with Islamic religious law.(Suhendi, 2010)

Then in terms of objects used as objects of sale and purchase, the opinion of Imam Taqiyuddin can be stated that buying and selling is divided into three forms, namely:(Rahman, 2021).

- 1) Sale of visible objects  
Buying and selling visible objects means that at the time of the sale and purchase contract, the goods being bought and sold are in front of the seller and buyer. This is common practice and is permissible, such as buying rice at the market.
- 2) Sale and purchase in which the characteristics are mentioned in the promise  
The sale and purchase mentioned in the agreement is the sale and purchase of orders (salam) according to the custom of the merchants, salam is a sale and purchase that is not cash (cash), salam originally means lending goods or something that is balanced with a certain price, the intention is an agreement that delivers the goods deferred to a certain period, in exchange for a price that has been paid stipulated at the time of the contract.
- 3) Buying and selling things that do not exist  
In terms of the perpetrator of the contract, the subject of buying and selling is divided into three parts, namely verbally, by intermediary, and by action. A verbal contract of sale and purchase is one that is done by most people. For mute people, it is replaced by signs because signs are natural in expressing the will. What is considered in the contract is the

intention or will and understanding, not speech and statements. As for the pillars of buying and selling, according to the majority of scholars, the pillars of buying and selling include: seller (bai), buyer (mustari), ijab and qabul (sighat), and objects or goods (ma'uqud alaih).

### **Mark Up Pricing**

The concept of Price according to Kotler is one element in the marketing mix which can generate revenue, and other elements are charged. (Kotler & Keller, 2009)

Pricing is setting a price on goods. If the price value of an item is very high or expensive, sales will decrease, while if the price value is too low, it will reduce the profit of the seller. The price will be determined by the seller and buyer by bargaining or can be called negotiation. (Sudarsono, 2020).

In general, there are four main categories in pricing, namely: (Musleh, 2019)

#### 1) Demand-based pricing method

- a) Skimming price is a method of setting a high product price during the introduction or early growth of the product, but over time when the level of competition rises or the market attractiveness has dropped, the product price will be lowered.
- b) Penetration pricing is a method of pricing products at a low price at the beginning, the purpose of setting this low price is to achieve high sales volume where the company will reach economies of scale in a short time.
- c) Prestige pricing is a method of setting a relatively high price, the goal is that the product has an appeal to consumers who are very concerned about their social status.
- d) Price lining is a method of setting prices by setting varying prices for one type of goods based on certain attributes, for example, a certain color which is the favorite of consumers.

#### 2) Cost-based method

Costing with the cost-based method is setting the price of a product by taking into account all production, operational and marketing costs and the level of profit. What is prioritized in this method is the supply aspect. In this case, there are two kinds of methods in setting prices, namely Mark Up and cost plus.

- a) Mark Up Pricing is a method of determining prices where traders will add the cost of production or purchase of merchandise with a certain amount of Mark Up (profit).
- b) Cost plus is a method of pricing by adding a desired profit on top of the full future cost of producing and marketing the product.

#### 3) Profit-based method

This method has two ways of pricing, namely:

- a) Target profit pricing is where the company first determines the amount of annual profit it wants, and then sets the price that must be set for a certain number of units of product sales in order to achieve the desired profit.

- b) Target return on sales pricing is Selling price = estimated full cost + desired profit. In this method, the company determines in advance the price level at which it can earn a certain percentage of profit on sales volume.

4) Competition-based method.

Apart from being based on cost, demand and profit, prices can also be set based on competition. The various methods are:

- a) Customary pricing is a method of setting product prices that are determined by several factors, namely tradition, standardized distribution channels or other factors that are used as a benchmark by traders.
- b) Market pricing is a method that arises due to the assumption that it is not easy to identify the price formation structure prevailing in the market, which makes producers will set prices subjectively.
- c) Loss leader pricing is a pricing method that is set below total cost or can be referred to as selling at a loss. This strategy is temporary until the company's target program is achieved.

From the existing types of pricing, it can be seen that Mark Up Pricing is a type of pricing that is seen from a cost basis.

Mark Up is the price of a product or item plus the number of dollars that will be obtained to produce a selling price. Usually the Mark Up is determined by a percentage of the product cost or selling price. Traders, usually retailers and large traders, mostly determine their Mark Up based on the general selling price, while producers determine their Mark Up based on costs.(Rahamdani, 2022).

Mark Up is the addition of prices to the cost of a product so as to produce a selling price. the application of Mark Up on products can cause an increase in margin or profit from the sale of a product. Mark Up is one of the methods used by entrepreneurs and traders. Before determining the Mark Up on a business, you must pay attention to sales targets, operating costs, and also competitor prices.

Mark-up pricing is the excess of the selling price over the purchase price over the difference between the selling price and the cost of a product or item. Mark-up is often expressed as a percentage and can be calculated from the selling price of goods or their cost. For this reason, in calculating the amount of markup, the first thing to know is the basis for calculation, whether it is based on selling price or based on cost. If the basis of calculation is by dividing the mark-up by the cost of goods, while if it is based on the selling price, then the percentage of Mark Up is obtained by comparing the Mark Up with the selling price. Mark-up pricing is commonly used in or by producers, especially in determining the price of non-routine work which is difficult to determine the cost in advance, for example, contractors.(Lengkong et al., 2021).

In determining the calculation of Mark Up Pricing, it is necessary to have the right method or way to find out about it. From there, we need a formula in calculating Mark Up Pricing. Here is the Mark Up Pricing Formula: Selling price = Product Purchase Price or Total Production Cost + Mark Up (profit).

The traders determine the selling price by adding the desired Mark Up to the purchase price per unit. The percentage is set differently for each type of goods. In calculating the selling price, use the formula:  $\text{Selling Price} = \text{Purchase Price} + \text{Mark Up}$ .

Pricing with the Mark Up Pricing method has several steps, namely: (Musleh, 2019)

1. Determining fixed costs is a cost whose amount is not affected by the amount of output produced, regardless of the output produced, the cost remains the same. Examples of fixed costs are maintenance costs, depreciation costs, rent, insurance, profit sharing costs, salaries and so on.
2. Determining variable costs, namely variable costs (variable costs) are costs incurred for the procurement (manufacture) or purchase of variable sources. These variable costs will change according to the amount of output produced. Variable costs usually consist of labor wages, purchase of raw materials, fuel, and so on.
3. Total cost is the total amount of all types of costs incurred, both fixed resources and variable resources. The formula used in summing up the total cost is:  $\text{TC (Total Cost)} = \text{FC (fixed cost)} + \text{VC (Variable Cost)}$
4. Determine the cost of goods sold. After calculating fixed costs, variable costs and total costs, the next step is to determine the cost of goods sold. Cost of goods sold is the cost incurred for manufacturing or the cost of purchasing finished goods from suppliers. The formula for finding the cost of goods sold is almost the same as the formula for finding total costs, namely:  $\text{COGS (Cost of Goods Sold)} = \text{BV (Variable Costs)} + \text{BT (Fixed Costs)}$
5. Determine the cost of goods sold per unit. Next is to determine the cost of goods sold per unit, the formula for determining this price is:  $\text{Cost of goods sold per unit} = \text{COGS divided by Total production}$ .
6. Determination of selling price. In determining this selling price using the Mark method Up pricing, with the formula:  $\text{Selling price} = \text{Total Cost of Production} + \text{Mark Up (profit)}$ . There are 2 (two) provisions in determining the selling price with the system

Mark Up Pricing, which is the determination of the selling price with the results of production own and purchased from other parties.

- a. The selling price of the results of its own production, namely how to determine the selling price with the Mark Up Pricing calculation system where the goods are produced by itself, namely the selling price is the total production cost (gold staples, craftsman costs, washing costs) + profit (Mark Up). Here it can be seen that to be able to calculate Mark Up Pricing in determining the selling price of goods can be by reducing the selling price of goods by the total costs incurred in the production process until the product is finished and ready to sell.
- b. The selling price of the results of purchases from other parties. Determination of the selling price of goods using Mark Up Pricing where the goods sold come from other parties is the purchase price + Mark Up (profit). Here it can provide an illustration to be able to calculate Mark Up Pricing must know the purchase price of goods obtained from other parties

first. After the purchase price is clear, the next step in determining Mark Up Pricing is by reducing the selling price with the existing purchase price.

### **Gold Jewelry**

The word gold in Arabic is known as بَخْد or also called زَيْت , namely gold from mines that have not been cleaned (granules, powder or in Indonesia called gold excavation). While in the Qur'an the word adz-Dzahab (gold) is mentioned a lot by Allah SWT, including gold as one of the treasures loved by humans and a symbol or symbol of human wealth for those who have it.

As for the types of gold, there are gold bars and gold jewelry.(Salim, 2011)

- a) Gold Bars (gold bar). This type of gold is the most commonly known gold especially by investors, this gold bar resembles a brick with a 95% grade (22 K) or 99% grade (24 K). This type is considered the best because wherever and whenever it is sold, the price always follows international prices. Some types of gold bars are commonly sold in gold shops in Indonesia, namely: antam gold or LM gold (precious metal), gold london, local gold, gold coins.
- b) Gold Jewelry. Gold jewelry is gold that is used to enhance appearance. Which is commonly used by women, because in Islam men are prohibited from wearing it. This type of gold jewelry is used on average as rings, necklaces, earrings or anklets and so on.

### **METHODOLOGY**

The approach used in this research is a descriptive qualitative approach, which is research that aims to describe and describe clearly and in detail about the relevant aspects of the phenomenon of interest to researchers. (Abdussamad, 2022)

This research uses descriptive qualitative because it is to answer research questions contained in the research focus comprehensively and in depth. (Assyakurrohim et al., 2023). This research uses descriptive qualitative because it is to answer the research questions contained in the research focus comprehensively (Assyakurrohim et al., 2023).

This research is also considered a broad approach because it directly interacts with the object to be studied so that it will get accurate and definite data sources. (Hasibuan et al., 2021) Meanwhile, judging from the data information, this research includes research that we can see through the format of conducting research in the form of case studies. Where this research chose a case study at H. Mukhid's gold shop in the Blimbing Paciran Lamongan Market.

The key informant in this research is the Head of Blimbing Village, Mr. Erwanda Fathoni Prasetya Nugraha. While the main informant in this research is Mr. H. Abdul Mukhid as the owner of the gold shop "H. Abdul Mukhid" and supporting informants are 3 buyers, namely Mrs. Idhoh, Mrs. Sholatin and Mrs. Erika and also employees of the H. Abdul Mukhid Gold Shop, namely Mas Alfin and Mr. Khazim.

Data mining technique is a method used to obtain data in accordance with the scope of research. Data extraction can be obtained from observation, interviews, documentation.

In this study, researchers used a type of non-participant observation, because in this observation the researcher does not become part of or do not carry out the same activities as the group or informant, only acting as a researcher. The author will use semi-structured interviews by preparing a draft of questions before interviewing informants. And the type of document in the form of supporting data can be in the form of written documents or data contained in the object of research in the H. Abdul Mukhid gold shop in the form of photographs, voice recordings when conducting interviews, and other data related to business ethics in setting the price of gold jewelry.

Data analysis technique is a process of searching and systematically compiling data obtained from observations, interviews, and documentation through determining research objects and making conclusions so that it can be easily understood by researchers and their findings can be informed to others. (Kusumastuti & Khoiron, 2019)

In this study, the data analysis technique used was domain analysis. Domain analysis is an analysis used to obtain a general and comprehensive description of a study.

## **RESULT**

A brief history of the object of research is the H. Abdul Mukhid Gold Shop in Blimbing Village, which is owned by Mr. H. Mukhid. He is not a native of Blimbing Village. He comes from Sendangduwur Village, Paciran District, Lamongan Regency. Sendang village besides being known for its sendang batik is also famous for its gold crafts. Before he sold gold he was a gold craftsman in Sendangduwur village. H. Abdul Muhid initially learned to make gold work since the 3rd grade MI (elementary school) for 9 years at H. Kusnan, then independent at his home. Being a gold craftsman is done from adolescence until marriage. After that H. Abdul Muhid began to glance to do the activity of buying and selling gold in addition to making gold. And the beginning of H. Abdul Muhid began selling in Campurejo Market from 1998 to 2002, at that time H. Abdul Mukhid was still in learning the world of trading gold jewelry from gold craftsmen. After that, at the end of 2002 H. Abdul Mukhid selling gold jewelry from the Campurejo Gersik market moved to the Blimbing Paciran market. The reason H. Abdul Mukhid moved to the Blimbing market was because it was more crowded, had more potential and was also closer to home than the Campurejo market. (Mukhid, 2023)

The buying and selling operations carried out by H. Abdul Muhid in the shop in the Blimbing Market start from 08.00 WIB until 12.00 WIB. For personnel in H. Abdul Mukhid's shop is assisted by Mas Alfin or his youngest son, in addition to helping H. Abdul Mukhid's shop aims to learn his youngest son so that later he can continue his business. Gold jewelry products sold at H. Abdul Mukhid's gold shop are rings, necklaces, bracelets, anklets, earrings and pendants. Where the shape and color of the pendant varies. This needs to be

done as a form of strategy in providing satisfaction for consumers for their wishes according to the desired form of the consumer. As expressed by Mr. H. Abdul Mukhid below:

"We also serve requests for the shape and type of pendant desired by consumers, for example consumers want the pendant color to be changed to blue while we only have red, we will provide it tomorrow. And if the consumer wants a love shape while we only have a circle shape, then the next day we will also provide the shape the consumer wants"(Mukhid, 2023)

Related to the shape of jewelry and pendant colors in gold jewelry are often provided according to consumer tastes. Because for H.Abdul Mukhid the best service provided by consumers will create high loyalty. In addition to affordable jewelry prices, it is also necessary to maintain the business ethics applied so that they are in accordance with Islamic principles not only as a form of obedience but can create harmony in building brotherhood between sellers and buyers.

The results of research related to the practice of Mark Up Pricing in determining the Selling Price of H. Abdul Mukhid Gold Jewelry from the perspective of Islamic Business Ethics are:

1. Practices Mark Up Pricing on Selling and Buying Prices Gold Jewelry Shop H.Abdul Mukhid
  - a) Look at the general price in the market;
  - b) Determine the price of materials (gold)
  - c) Jewelry making itself determines the cost of making Rp10.000
  - d) Determines the profit of jewelry making itself Rp20.000
  - e) Changing the price when there is an increase and decrease in the price of gold, by changing the price of gold only + the cost & profit
  - f) Factors that determine the price of gold jewelry are grade, weight and shape. But the shape does not really affect the price unless the order with the shape is not common in the market (custom)
2. Business Ethics Perspective on Mark Up Pricing Practices on Selling and Buying Prices Gold Jewelry Shop H.Abdul Mukhid

First, the Principle of Unity, namely Jewelry-gold produces itself and buys from other parties (kulakan), in this case H.Abdul Mukhid is working or doing this business with the intention of worship and that rezeqi has been arranged by Allah SWT, the most important thing in this case is done in a halal way.

Second, the Principle of Balance, namely Gold jewelry produces itself and buys from other parties (kulakan), in this case H.Abdul Mukhid is not only concerned about profit making but, with his products always being updated so that they can keep up with the times and can also compete in the market, besides that maintaining the quality of his products by controlling the basic ingredients of jewelry (gold).

Third, the principle of free will is that gold jewelry produces itself, in this case H.Abdul Mukhid's free will is free in determining the staple material so that it can produce good quality, and also in choosing craftsmen regardless of age and school graduates, the most important thing is that the

results of the work are good and on time and the person is trustworthy. Gold jewelry bought from other parties (kulakan), in this case H.Abdul Mukhid free will is choosing good goods to buy when there are sales (suppliers) offering goods to me.

Fourth, the Principle of Responsibility, namely Gold jewelry produces its own and buys from other parties (kulakan), in this case H.Abdul Mukhid takes responsibility with the buyer if the gold jewelry that was bought in his shop then at any time there is a resale must accept with the letter of the jewelry if there is no jewelry letter does not dare to accept it because it is worried that the item is a case, accepts sales without a letter if the person selling it is a person who subscribes to the shop, a trusted person or knows well the one who sells, because it is the responsibility of the store in the resale of gold jewelry.

Fifth, the Principles of Truth and Honesty Policy, namely gold jewelry produces itself and buys from other parties (kulakan), in this case H.Abdul Mukhid conducts a policy by determining the price according to the general price in the market by taking not too much profit (greed) in order to compete healthily between other gold jewelry stores in the market. Honesty and truth that is applied to buyers where if there are buyers who want to buy in his shop, they are usually told when the gold price goes up or down, and explain if there is a lack of jewelry weight when reselling jewelry (not in accordance with the letter when buying) because of the shrinkage of the time of use.

Sixth, Tolerance and Friendliness, namely Gold jewelry produces itself and buys from other parties (kulakan), in this case H.Abdul Mukhid is friendly to his buyers and if the item the buyer wants is not available or runs out, the buyer will be directed to another shop that usually exists, and also the buyer is offered that the shop also accepts orders.

Seventh, the Principles of Openness and Freedom. Gold jewelry produces itself and buys from other parties (kulakan), in this case H.Abdul Mukhid is receiving opinions or input by his craftsmen when making gold jewelry and also by sales (loper) when buying gold jewelry (kulakan).

## DISCUSSION

This section allows you to describe your research findings academically. You may not enter figures related to your statistical tests here; instead, you should explain those numbers here. You should structure your discussion with academic support for your studies and a good explanation according to the specific area you are investigating.

- 1) Practices Mark Up Pricing on Selling and Buying Prices Gold Jewelry Shop H.Abdul Mukhid

The practice of Mark Up Pricing on the Determination of Selling and Buying Prices of Gold Jewelry at the "H. Abdul Mukhid" Store in Blimbing Paciran Lamongan is where the H. Abdul Muhid Gold Shop is owned by Mr. H. Abdul Muhid selling various forms of gold jewelry that have price variations. The price of gold jewelry sold at the H. Abdul Mukhid Gold

shop changes according to the rise and fall of gold prices, with the variety of gold products sold being:

Table 1. Gold Jewelry Products H.Abdul Mukhid Shop

Types of Gold Jewelry	Radar	Selling Price
Bracelet	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	IDR 405,000/gram
Rings	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	Rp. 405,000/gram
	70%	Rp. 650,000/gram
Earrings	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	Rp. 405,000/gram
Pendant	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	405,000/gram
	70%	650,000/gram
	91.6% (Malaysia)	IDR 850,000/gram
Necklace	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	405,000/gram
	70%	650,000/gram
	91.6% (Malaysia)	IDR 850,000/gram
Anklets	30%	Rp. 300,000/gram
	37.5% (factory)	Rp. 365,000/gram
	42% (factory)	Rp. 405,000/gram

Of the gold jewelry products sold in the H. Abdul Mukhid Store, which are often bought by the public are bracelets, rings, necklaces and pendants, while those that are often resold are uncertain. The boom in sales of gold jewelry is in the harvest season of farmers and the season of sea products, because the average works of the people of the blimbing area around fishermen and farmers.

From the sale of gold jewelry H. Abdul Mukhid receives an average profit of Rp15,000-Rp20,000 per gram. When reselling gold jewelry in H. Abdul Mukhid's shop, a deduction of Rp. 30,000 per gram is charged and the weight of the jewelry is deducted. If selling back in a damaged condition will be subject to a 2x to 3x discount depending on whether the damage is severe or not.

The owner of this shop or H. Abdul Mukhid has a good relationship in the gold jewelry business with looper, pure gold sellers in Sendangduwur village, Chinese-owned gold jewelry stores in Tuban these people always update the price of gold every day. So H. Abdul Mukhid knows the price of the rise and fall of gold prices through the news of these people.

The price of buying and selling gold jewelry in the Blimbing market cannot be cheaper or more expensive than the gold jewelry shops in the market, because there is a general price in the market itself, the general price is a market

rule and is agreed upon by all gold jewelry shops in the market so that they can compete healthily.

The profit in the business of buying and selling gold jewelry is not merely selling directly for profit, because in this business there is a resale and it must be accepted by the store because it is one form of responsibility from the store, unless the jewelry does not have a letter the store does not dare to accept it for fear that the goods are case goods such as stolen goods, because cases like that often occur and gold shops are targeted as collectors, accepting sales without a letter if the person selling it is a person who subscribes to the store, a trusted person or knows well the one selling.

Some of the gold jewelry in H. Abdul Mukhid's shop is made by himself through gold craftsmen and some are bought (kulakan) from factories through sales, or craftsmen who sell around (loper). Loper who usually becomes H. Mukhid's partner is Mr. Khoirul, Mas Kharis Ilman, and Mr. Murib. As for sales, they are usually factories from Surabaya and Gresik.<sup>102</sup>

Profit and risk, more profit and less risk of making it yourself through craftsmen, because if you make it yourself, you can sell it twice and if it is damaged, you have not lost it. Meanwhile, if you buy (kulakan), the profit is less and the risk is higher.

The risk is greater, because three times selling can only make a profit, while if it is damaged, it has not been sold three times, it is still a loss.<sup>103</sup>

The Gold Jewelry Store owned by H. Abdul Mukhid in determining the selling price is diverse. This depends on the number of materials and other costs in determining the selling price. As for some important components used by the H. Abdul Mukhid Gold Shop are first, the basic gold material, second is the cost of craftsmen, third is the cost of washing, and fourth is profit.<sup>104</sup> The determination of the selling price in the H. Abdul Mukhid Gold Shop is divided into 2 (two) provisions, namely:

1. Jewelry pricing makes its own

In determining the jewelry produced using the calculation with the components of the total production cost (basic gold materials, craftsmen's costs, washing costs) + profit of IDR 20,000. For example: determining a 30% grade pendant per gram is the total cost of production (30% grade gold price of Rp270.000/gram + manufacturing costs of Rp10.000/gram = Rp280.000) + Mark Up (profit) of Rp20.000 = Rp300.000 per gram.

If there is an increase or decrease in the price of gold, just replace the price of gold according to the level + the cost of making Rp10,000 + profit of Rp20,000. The calculation of Mark up Pricing to determine the selling price of gold jewelry with the provisions of making their own in the Gold Shop H. Abdul Mukhid Blimbing Paciran Lamongan can be seen from the table below:

Table 2. Calculation of Mark Up Pricing Determination of Selling Price of Gold Jewelry Shop H. Abdul Mukhid with Self-Production

Types of Gold Jewelry	Kadar	Selling Price	Gold Material	Manufacturing & Washing costs	Advantage	Mark Up (%)
Bracelet	30%	Rp. 300,000/gr	IDR 270,000/gr	Rp. 10,000/gr	Rp. 20,000	7,15%
Rings	30%	Rp. 300,000/gr	Rp.270,000/gr	Rp.10,000/gr	Rp. 20,000	7,15%
	70%	Rp. 650,000/gr	Rp.620,000/gr	Rp.10,000/gr	Rp. 20,000	3,18%
Necklaces	30%	Rp. 300,000/gr	Rp.270,000/gr	Rp.10,000/gr	Rp. 20,000	7,15%
	70%	Rp. 650,000/gr	Rp.620,000/gr	Rp.10,000/gr	Rp. 20,000	3,18%
Anklets	30%	Rp. 300,000/gr	IDR 270,000/gr	Rp.10,000/gr	Rp. 20,000	7,15%
Earrings	30%	Rp. 300,000/gr	IDR 270,000/gr	Rp.10,000/gr	Rp. 20,000	7,15%
Pendants	30%	Rp. 300,000/gr	Rp.270,000/gr	Rp.10,000/gr	Rp. 20,000	7,15%
	70%	Rp. 650,000/gr	Rp.620,000/gr	Rp.10,000/gr	Rp. 20,000	3,18%

From the table above, it can be seen that the H. Abdul Mukhid Gold Shop in determining the Mark Up Pricing of various types of gold jewelry sold in its shop with the provision of producing its own gold jewelry in the form of hand and foot bracelets, earrings, rings, necklaces and pendants has a Mark Up Pricing value of IDR 20,000.

## 2. Jewelry buying (kulakan) pricing

Determination of the purchase price of jewelry with the provision of products purchased from other parties and then sold by yourself is as follows: Purchase price + Mark Up (profit). For example: The purchase price of a bracelet of 30% grade is Rp285,000/gram + Mark Up (profit) of Rp15,000/gram = Rp300,000/gram. When buying, the profit from the seller is IDR 15,000 while the gold price is 30% grade IDR 270,000, if there is an increase in the price of gold or a decrease, just change the price of gold according to its level + IDR 15,000 profit from the seller or considered as the cost of making + profit taken IDR 15,000.

From the pricing above, the benefits of making your own and buying (kulakan) are more profit, the profit here cannot take much because it follows the general price (market) in the market itself, while the general price of jewelry at that time with a 30% content was IDR 300,000.

Mas Alfin said that it is even easier when changing prices, when gold rises or falls, just the price of gold that day according to its level + Rp30,000. That is, Rp10,000 is made by the cost of making (goods make their own) or 15,000 profit for the seller (goods buy), and the Rp15,000-Rp20,000 is the profit we get.

In determining the selling price of gold jewelry, it is determined by several components, namely content, weight, and manufacturing costs. The

calculation of Mark Up Pricing to determine the selling price of gold jewelry with the provisions of purchases from other parties (kulakan) in the Gold Shop H. Abdul Mukhid Blimbing Paciran Lamongan can be seen from the table below:

Table 3. Calculation of Mark Up Pricing Determination of Selling Price of Gold Jewelry Shop H. Abdul Mukhid with Kulak'an

Types of Gold Jewelry	Radar	Selling Price	Purchase Price	Advantages	Mark Up (%)
Bracelet	30%	Rp.300,000/ gr	Rp.285,000/ gr	Rp.15,000	5,27%
	37,5%	Rp.365,000/ gr	Rp.350,000/ gr	Rp.15,000	4,29%
	42%	Rp.405,000/ gr	Rp.390,000/ gr	Rp.15,000	3,71%
Rings	30%	Rp. 300,000/ gr	Rp. 285,000/ gr	Rp.15,000	5,27%
	37,5%	Rp 365,000/ gr	Rp 350,000/ gr	Rp.15,000	4,29%
	42%	Rp. 405,000/ gr	Rp. 390,000/ gr	Rp.15,000	3,71%
	70%	Rp. 650,000/ gr	Rp. 635,000/ gr	Rp.15,000	2,36%
Necklace	30%	Rp. 300,000/ gr	Rp. 285,000/ gr	Rp.15,000	5,27%
	37,5%	Rp 365,000/ gr	Rp 350,000/ gr	Rp.15,000	4,29%
	42%	Rp. 405,000/ gr	Rp. 390,000/ gr	Rp.15,000	3,71%
	70%	Rp. 650,000/ gr	Rp. 635,000/ gr	Rp.15,000	2,36%
	91,6%	Rp. 850,000/ gr	Rp. 830,000/ gr	Rp. 20,000	2,41%
Anklets	30%	Rp. 300,000/ gr	Rp. 285,000/ gr	Rp.15,000	5,27%
	37,5%	Rp 365,000/ gr	Rp 350,000/ gr	Rp.15,000	4,29%
	42%	Rp. 405,000/ gr	Rp. 390,000/ gr	Rp.15,000	3,71%
Earrings	37,5%	Rp. 365,000/ gr	Rp. 350,000/ gr	Rp.15,000	5,27%
	42%	Rp. 405,000/ gr	Rp. 390,000/ gr	Rp.15,000	4,29%
Pendant	30%	Rp. 300,000/ gr	Rp. 285,000/ gr	Rp.15,000	5,27%
	37,5%	Rp365,000/ gr	Rp350,000/ gr	Rp.15,000	4,29%
	42%	405,000/ gr	390,000/ gr	Rp. 15,000	3,71%
	70%	650,000/ gr	635,000/ gr	Rp.15,000	2,36%
	91,6%	Rp. 850,000/ gr	Rp. 830,000/ gr	Rp. 20,000	2,41%

2) Islamic Business Ethics Perspective on Mark Up Pricing Practices of H.Abdul Mukhid Gold Jewelry Shop

1. Unity

The basic value of Islamic business ethics in the H. Abdul Mukhid Gold Shop in determining prices by producing their own can be seen from the spirit of oneness (tawhid) owned by the owner in producing gold jewelry by maintaining trust and responsibility in carrying out work that is intended as worship and the rezeqi obtained is a gift from Allah SWT, and the most important thing is that Mr. H. Mukhid does this business in a halal and thoyib way.

2. Balance

The principle of balance or justice carried out by the H. Abdul Mukhid Gold Shop is to give the implication that work is not only about getting profit but also must pay attention to the materials to be used and make an

assessment of whether or not it is feasible to give wages so as not to do wrong to fellow Muslims.

3. Free Will

The principle of free will in determining prices by producing their own at the H. Abdul Mukhid Gold Shop can be seen from the freedom to provide training to employees to practice making their own jewelry, free to use staples that are considered to have good quality at affordable prices and free to obtain additional capital in the process of implementing the gold jewelry trading business either from their own capital or borrowing from other parties, the most important thing is to remain responsible for these decisions.

In addition, in determining the price of jewelry purchased from sales or factories, H. Abdul Mukhid Gold Shop has the freedom to choose to buy goods from any sales but still pay attention to good quality and affordable prices.

4. Principle of Accountability

The principle of responsibility in the H. Abdul Mukhid Gold Shop is on its merchandise (gold jewelry), where this shop is responsible for accepting the resale of gold jewelry that used to buy the H. Abdul Mukhid Gold Jewelry shop. The goods he sells, must accept resale from people who have bought, but on condition that there is a gold jewelry letter.

5. Principles of Policy, Honesty and Truth

The principle of policy and truth in terms of pricing at the H. Abdul Mukhid Gold Shop is to use the general price in the market so that the price is not too cheap and not too expensive in setting prices in order to compete fairly (reasonable), and not take too much profit (greed).

The principle of honesty in this case is in price changes when rising or falling gold prices and scales. So when a buyer comes to ask about the price of gold jewelry, H. Abdul Mukhid tells him if the price goes up or down. Honesty to the buyer in terms of scales, if there is shrinkage on the scales he explains that the jewelry worn will definitely have shrinkage over time, and also sees the results of the scales.

6. Principles of Tolerance and Friendliness

The principle of tolerance and friendliness in H. Abdul Mukhid's Gold Shop is tolerance towards other stores, for example by directing buyers to other stores if the item the buyer wants is not in stock (out of stock), and friendliness towards buyers, because H. Mukhid is famous for being humorous.

7. Principles of Openness and Freedom

The principle of openness and freedom in the H. Abdul Mukhid Gold Shop is to accept opinions or input from gold craftsmen when making gold jewelry and receive input from loper when buying (kulakan) gold jewelry.

## CONCLUSION AND RECOMMENDATION

The conclusions in this study are: (1) The pricing of H. Mukhid's gold jewelry shop uses the Mark Up pricing method, with a profit of Rp20,000 for self-produced gold jewelry, and a profit of Rp15,000-Rp20,000 for jewelry purchased (kulakan) at sales and loper; (2) Islamic business ethics in Mark Up Pricing for pricing by applying the principles of (a) Unity: working for worship and done in a halal way; (b) Balance: maintaining customer trust by providing pure gold products of the highest quality; (c) Free will: Free to determine the best staples and provide orders in a timely manner; (d) Responsibility, honesty: accepting resale on the condition that it does not come from stolen gold, (e) Truth, and honesty: honest in taking standard profits and not high either own production or from other parties, (f) Tolerance and friendliness: Buyers will be given recommendations if the store does not have the product they are looking for, and (g) Openness and freedom: Accepting criticism and suggestions from buyers in order to improve quality and service.

The implication of this research is that there is a definite concept and calculation of the determination of gold jewelry prices using the cost-based method with the Mark Up Pricing model that can be used as a reference for existing gold jewelry traders.

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