

Analysis of the Implementation of As-Salam Contract in White Garlic Purchase Transactions between Retailers and Distributors: Case Study White Garlic Industry Supply Chain in Medan City

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Abstract

Purpose: This study aims to analyze the application of the As Salam contract in the purchasing system of garlic between retail traders and importers in Medan, Indonesia.

Research Methodology: The research utilizes a qualitative approach, employing observation and structured interviews with key participants in the garlic trading industry. The instruments include interview guides and observational checklists to gather detailed insights into the contract negotiation and execution process.

Results: The findings indicate that the trading practice involves detailed contract agreements, including specific terms on quantity, quality, and delivery schedules. The principles of the As Salam contract are strictly adhered to, ensuring clarity and minimizing the potential for disputes. Prepayment is an integral part of the contract, facilitating efficient stock planning and delivery logistics.

Limitations: The study is limited to the garlic trade within the Medan region, which may restrict the broader applicability of the findings to other commodities or regions.

Contribution: This research contributes to the discipline of Islamic economics by providing practical insights into the implementation of As Salam contracts in commodity trading, offering a model for ensuring fairness and transparency in accordance with Islamic law.

Keywords: *Business, As Salam Contract, Purchasing, Islamic Economics, Garlic Trade*

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1. Introduction

Garlic (*Allium sativum*) has become an integral component of numerous cuisines worldwide. Renowned for its distinctive aroma and flavor, garlic has evolved into a significant commodity in the global trade industry. The garlic trade and industry play a crucial role in the economies of many nations, with the processes of production, distribution, and consumption of garlic becoming intrinsic to the daily lives of people across various regions of the world. The garlic plant grows from bulbs planted in soil. The processes of planting, cultivation, and harvesting are essential aspects of garlic production. Suitable climatic conditions and soil quality significantly influence production yields. Post-harvest, garlic bulbs are typically stored under appropriate conditions to maintain their freshness and quality throughout storage and distribution periods (Widiana & Annisa, 2018).

The garlic industry encompasses various processes from processing to distribution. In processing facilities, garlic can be transformed into diverse forms such as fresh garlic, minced garlic, garlic powder, or garlic oil. These processing methods enable garlic to have an extended shelf life and facilitate

distribution to various markets, both local and international. The garlic trade is an integral component of this industry. Countries such as China, India, Argentina, Spain, and the United States are the world's primary garlic producers. Annually, millions of tons of garlic are produced and traded in the global market. The garlic trade includes exports and imports between countries, as well as transactions among producers, traders, and consumers in local markets (Timisela, Salampessy, & Apituley, 2020).

Economic, political, and environmental factors influence the dynamics of the garlic trade and industry. Fluctuations in garlic prices can be affected by factors such as global supply and demand, international trade policies, weather conditions, and technological advancements in production and processing (Saprida, 2018). For instance, disruptions in production in one major producing country can significantly impact global garlic prices. The utilization of garlic in various cuisines and health products also supports the demand and growth of this industry (Widyaningsih, Masitoh W, & Siddi, 2020). Garlic has long been recognized for its potential properties in enhancing human health, such as boosting the immune system, lowering blood pressure, and possessing antibacterial and antiviral properties (Mardia et al., 2021).

The garlic trade in Indonesia presents an intriguing dynamic, playing a significant role in the agricultural industry and distribution throughout the nation. Indonesia is one of the world's largest garlic importers. The demand for garlic in Indonesia continues to rise in tandem with population growth and the development of the food industry. However, domestic garlic production in Indonesia has not yet been able to independently meet internal demands, necessitating the continued importation of significant quantities of garlic. The conditions of the garlic trade in Indonesia are influenced by several factors, including domestic production, trade policies, international market prices, and domestic demand (Irrawati & Mukaramah, 2024). Although Indonesia has the potential to produce garlic, it still faces challenges in improving productivity and production quality. The majority of garlic production in Indonesia originates from the regions of East Java, Central Java, and West Java (Hermawan, Karjo, & Napitupulu, 2019).

Medan, as one of the largest cities in Indonesia and a trade center on the island of Sumatra, also plays a crucial role in the garlic trade. Medan serves as a primary distribution point for garlic entering North Sumatra and surrounding regions. The garlic traded in Medan generally originates from imports, either directly through Indonesia's main ports or via international trade intermediaries (Akbar, 2018). In Medan, garlic trade occurs in various traditional and modern markets. Traditional markets are the primary venues where wholesale and retail merchants sell garlic to consumers. Additionally, there are modern markets such as supermarkets and hypermarkets that offer imported garlic in cleaner and more organized packaging. Garlic prices in Medan, as elsewhere in Indonesia, are influenced by various factors including supply from producing countries, currency exchange rate fluctuations, and domestic demand. Garlic prices can experience daily or weekly variations depending on market conditions. Furthermore, seasonal factors can also affect garlic prices, such as harvest seasons in major producing countries. The following data on garlic prices in Medan are sourced from the official website simpang.pemkomedan.go.id:



Gambar1. Garlic Prices in Medan City for the Period of March 20, 2024 - March 27, 2024
Source: simpang.pemkomedan.go.id

Based on data from simpang.pemkomedan.go.id, garlic prices in Medan city tended to increase over a two-week period from March 20, 2024 to March 27, 2024. Although there was an increase, it was not significant. In recent years, the Indonesian government has undertaken various efforts to reduce dependence on garlic imports by encouraging increased domestic production. These programs include providing assistance and incentives to farmers to improve garlic productivity and quality. However, these efforts still require time to yield significant results (Hani, Yuniningsih, & Suwitri, 2024).

In the garlic retail industry in Medan, there are two primary roles: importers and retailers. Garlic importers serve as suppliers to retailers in the market, while retailers sell garlic to consumers through the market. One of the main principles of the As Salam contract is that payment is made in full at the beginning or at the time of the contract. This means that the buyer pays the price of the goods in cash at the time of the contract, even though the goods will be delivered later. This distinguishes As Salam from other types of contracts that may involve gradual or installment payments. Although payment is made in cash at the time of the contract, the delivery of purchased goods will be made in the future. This means that the seller is responsible for delivering the purchased goods to the buyer at the time agreed upon in the contract. For example, if an As Salam contract is made for the purchase of wheat, the delivery of wheat must be made during the upcoming harvest season (Indah & Ali, 2024).

In the As Salam contract, the specifications of the purchased goods must be clear and understood by both parties (Sukmayanti, 2020). This is important to avoid uncertainty or doubt regarding the goods to be delivered in the future. Both parties must agree on the type, quality, and quantity of goods to be delivered. The seller in the As Salam contract is responsible for ensuring the delivery of goods as agreed in the contract. Delivery must be made according to the specified time without any delay or deficiency in the quantity or quality of goods. The principles of the As Salam contract also include a prohibition on goods forbidden in Islam for trade, such as alcohol, pork, or other haram items (Sukmayanti, 2020). As Salam transactions must be conducted with halal goods and in accordance with sharia principles (Ramdhan, Waizul Qarni, & Budi Harianto, 2024). As in every economic transaction in Islam, the principles of justice and voluntary agreement between both parties are very important in the As Salam contract. There should be no element of deception, coercion, or injustice in the transaction process (Hermawan et al., 2019).

In Medan city, garlic trade involves various actors, including retailers who supply local market needs by purchasing goods from importers or wholesalers. One transaction that is often carried out is purchasing with an upfront payment system, where retailers pay for garlic at today's price, but the goods are only taken seven days later. A concrete example of this situation can be illustrated through the case of a garlic retailer in Medan transacting with an importer. On May 1, researchers found a case where a retailer in Medan decided to buy 500kg of garlic from a large importer. The agreed price for this transaction was IDR 30,000 per kilogram, so the total payment to be made by the retailer was IDR 15,000,000. This retailer paid in full on that date, with the agreement that the garlic would be collected on May 8. This agreement was arranged in an as-salam contract, which is a sale and purchase agreement in Islamic law where payment is made in advance and goods are delivered at a later date.

Approaching May 8, there was a spike in garlic prices in the Medan market. Factors such as bad weather disrupting supply, sudden increased demand, or logistical constraints could cause this price increase. On May 8, the market price of garlic rose to IDR 34,000 per kilogram. In this situation, questions arise regarding how the as-salam contract regulates this transaction. The as-salam principle provides price certainty and protection for retailers against unexpected price fluctuations. From the retailer's perspective, this is very advantageous because they can plan sales with stable prices and are not affected by market volatility. They can sell garlic at the current higher market price, potentially gaining more profit. On the other hand, importers face the risk of loss due to price fluctuations. In this case, importers must deliver garlic according to the agreed price even though the market price has risen. To reduce this risk, importers can implement several risk management strategies (Sri, Kurniawati, & Artaningrum, 2024). One of them is by using futures contracts or hedging to protect against price fluctuations. In addition, importers can maintain sufficient stock to meet the demand that has been bound in the as-salam contract, so they do not need to buy additional goods at higher market prices.

Before conducting this research, observers have understood and been guided by relevant previous research as research references. Research conducted by (Nurfitri Ningsih, 2019) entitled, "Analysis of Salam Contract in Fruit Sale and Purchase According to the Perspective of DSN-MUI Fatwa No: 05/DSN-MUI/IV/2000 (Case Study at Bunder Market Sragen)" results from research knowing the practice of as-salam contracts that occur between consumers and fruit traders in Sragen Market. Subsequent research conducted by (Sukmayanti, 2020) entitled "Islamic Economic Review of Contracts on E-Commerce Case Study of Tokopedia". The result of this research is that salam sales are "sales orders", buyers pay in advance to buy goods with certain standards, as well as sending goods after a certain period of time.

The application of the as-salam contract in garlic trade in Medan demonstrates how sharia principles can provide certainty and fairness in business transactions. This contract ensures that the rights of buyers and sellers are fairly protected, by providing price certainty for buyers and working capital for sellers. Nevertheless, both parties must be aware of the existing risks and implement appropriate risk management strategies to mitigate potential losses due to market fluctuations. This research aims to analyze the application of the as-salam contract in every chain of the garlic industry from importers to retail traders in Medan City.

2. Literature review and hypothesis development

2.1 Salam Sale and Purchase

According to Harun, one of the terms in Islamic business transactions is "Salam," which can be literally interpreted as advance payment. Another similar term is "salaf," used to express mutual exchange or giving something with the expectation of obtaining results in the future. In the context of Salam, an individual provides their money in advance before receiving the merchandise. This means that the buyer has paid in advance for goods that will be received at a later date. This creates balance in the transaction, enabling business actors to conduct trade honestly and fairly. Thus, Salam and salaf become important instruments in Islamic business practices that prioritize justice and equilibrium in economic transactions (Harun, 2017).

According to the Asy-Syafi'i school of thought, there are no specific requirements for delivering the traded goods at the time of the transaction or in the future. What is most important to them is that the payment is made at the time of the contract. This means that when the contract occurs, the payment must be handed over. Meanwhile, the delivery of goods can be done immediately or postponed for later. In Raudhatul-Thalibin, Al-Imam An-Nawawi describes the salam contract as an agreement where the nature of the promised object is explained along with the payment made at the time of the contract. This opinion affirms that there is no obligation to deliver the goods at that time, which distinguishes it from other views on this matter (Fauzia, 2014).

According to Madani, the conditions in a salam transaction include several aspects. First, payment must be made in cash at the time of the contract. Second, the buyer is not allowed to sell the ordered goods before receiving them. Third, there must be an agreement between both parties regarding the time and place of delivery of the goods. Fourth, the goods must be provided according to the agreed time. This means that the goods must be available at the time of delivery as per the agreement. Therefore, if there is a salam agreement for fruits that have a specific harvest time, the transaction is not valid if there is no Muslim buyer involved. Fifth, the goods must have a clear size, quantity, or measure. Lastly, the nature and type of goods must be mentioned and clearly known by both parties. By fulfilling these conditions, the salam transaction is considered valid in Islam (Mardani, 2012).

2.2 Legal Basis of Salam

Salam sale and purchase is a permissible sale and purchase contract, based on the evidence found in the Quran, including:

a. Surah Al-Baqarah: 282, which states:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ

"O you who have believed, when you contract a debt for a specified term, write it down."

b. Hadith on Salam Sale and Purchase

عَنْ ابْنِ عَبَّاسٍ أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ لَمَّا قَدِمَ الْمَدِينَةَ كَانَ أَهْلُ الْمَدِينَةِ يَسْلُمُونَ فِي الثَّمَرِ إِلَى أَجَلٍ سَنَةٍ أَوْ سَنَتَيْنِ فَقَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ مَنْ سَلَّمَ فَلَيْسَ لَهُ فِي كَيْلٍ مَعْلُومٍ وَوَزْنٍ مَعْلُومٍ إِلَى أَجَلٍ مَعْلُومٍ

Ibn Abbas stated that when the Prophet came to Medina, the people of Medina were conducting salam sales on fruits for a period of one or two years. Then the Prophet said: "Whoever conducts salam should do so with a clear measure and clear weight, up to a specified time limit."

c. Ijma' (Consensus)

The consensus of scholars (ijma') on the permissibility of salam sale is quoted from the statement of Ibn Mundzir, who said that all scholars have agreed that salam sale is allowed because there is a need and necessity to facilitate human affairs. Owners of agricultural land, plantations, or commerce sometimes need capital to manage their businesses until they are ready for market, so salam sale is allowed to accommodate their needs. This ijma' provision clearly provides legalization for the practice of salam financing/sale and purchase.

3. Methodology

This research is a field study adopting a qualitative descriptive method. The field study approach involves direct investigation of the issue under study, focusing on in-depth analysis of the background and current situation, as well as environmental interactions occurring within a social unit, such as individuals, groups, institutions, or communities. In this context, researchers are actively involved in collecting data directly from the field, allowing them to understand the dynamics occurring in the actual context. The qualitative descriptive approach is used to depict the observed phenomena in detail and analyze the qualitative aspects related to the research (Sugiyono, 2018). Thus, this research focuses on a deep understanding of the actual situation being investigated.

In this study, the data collection methods employed include observation, interviews, and literature review. Observation is conducted by carrying out in-depth examinations of the purchasing system between retailers and importers. Interviews are conducted with various relevant parties, namely retailers in one of the markets in Medan city. Additionally, a literature review is conducted by examining various books, literature, notes, and reports relevant to the problem to be solved.

Through the observation method, researchers gain direct understanding of the transaction process between traders and importers. Interviews provide an opportunity to obtain views from various parties involved in these transactions. These include four retailers: Mrs. Nana Tarigan, Mr. Simbolon, Mrs. Martin, and Mr. Adi, as well as one of Medan city's importers, Mr. Gunawan. Meanwhile, the literature review provides a theoretical foundation and additional information supporting the analysis in this research. Thus, this data triangulation approach helps enrich the understanding of the phenomenon under study.

In analyzing the data for this research, the author uses a qualitative descriptive approach, where the data used are in the form of words rather than numbers. According to Miles and Huberman in (Akbar, 2018), data analysis consists of three stages. The first is data reduction, which is the process of summarizing information, selecting important things, and identifying themes and patterns that emerge from the data. The second is data presentation, where the results of the analysis are presented in various forms such as short narratives, diagrams, relationships between categories, flow charts, or images to clarify the information found. The final stage is drawing conclusions or verification, where the initial conclusions produced are still tentative and may change if there is new valid and consistent evidence when researchers return to the field. Thus, the conclusions obtained will become more credible as they are based on evidence that has been carefully verified. By using this approach, the research can present comprehensive and in-depth analysis results regarding the phenomenon being studied.

4. Result and Discussion

4.1 *Observational Findings*

Islam encourages trade practices as a means to fulfill life necessities and build strong social relationships among the community. In this context, buying and selling transactions are viewed as effective ways to create a sense of togetherness, mutual assistance, and interdependence among humans. However, Islam also emphasizes that not all types of buying and selling transactions can be morally and ethically accepted. There are limitations that must be adhered to in trading practices to avoid causing harm or injustice to the welfare of the community. These principles ensure that each transaction does not violate Islamic sharia principles (Hariyanti, 2019). One example of a transaction carefully considered in Islam is the consignment sale transaction. Although initially appearing similar to the salam contract, there is potential for gharar or uncertainty that could violate sharia principles. This is due to the lack of clarity or uncertainty regarding the traded goods or delivery time (Widiana & Annisa, 2018).

Observational results of the garlic purchasing mechanism by retailers from importers in Medan reveal a series of structured and important steps to maintain a smooth and profitable trade flow for both parties. This observation provides deep insights into the dynamics of garlic trade at the wholesale level in Medan, one of Indonesia's important trading centers. The initial step in this mechanism is when the importer offers an agreement to the retailer. This agreement includes details about the available quantity of garlic, price per kilogram, and delivery date and location. Importers often have extensive networks and access to garlic supplies from various sources, both local and international, allowing them to offer various options to retailers. After the retailer agrees to the offer, they negotiate to ensure that all terms, including quality, quantity, price, and delivery time, have been agreed upon. At this stage, the retailer ensures that the goods' specifications have been explained in detail, covering aspects such as type, bulb size, skin softness, color, and water content of the garlic (Khulwah, 2019).

In accordance with the principles of the as-salam contract, the retailer makes an upfront payment after the agreement is reached. For example, if a retailer buys 500 kg of garlic at IDR 30,000 per kilogram, the total payment to be made is IDR 15,000,000. This payment is made before the delivery of goods, in line with the requirements of the as-salam contract which necessitates upfront payment for goods to be delivered at a later date. After the payment is received, the importer arranges for the garlic to be delivered to the location specified by the retailer. This process involves good logistical coordination to ensure that the goods arrive on time and in good condition. The importer is usually responsible for arranging shipping and bearing shipping and insurance costs, although sometimes these costs can be shared according to the agreement made.

When the garlic arrives at the retailer's location, they receive the goods and conduct quality checks. Retailers check whether the order matches what was agreed in the contract, including quality and quantity. If problems or discrepancies are found, the retailer has the right to file a complaint with the importer and seek a satisfactory solution for both parties. After receiving and inspecting the garlic, the retailer then sells it to end customers in the local market. Retailers utilize the clarity of agreed specifications to ensure they can meet customer expectations and explain the origin and quality of the garlic sold.

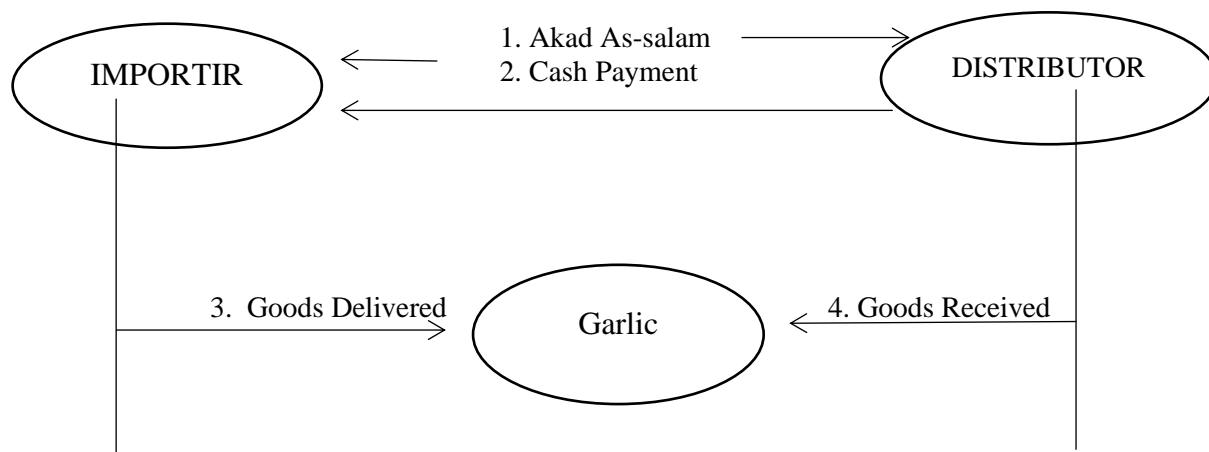


Figure 2: Scheme of As-salam Contract in Garlic Transactions in Medan City
Source: Medan

4.2 City Trade and Industry Office

This purchasing mechanism provides several advantages for both parties. For retailers, upfront payment provides price certainty and protection against market price fluctuations. They can plan sales with stable prices, which is very advantageous in volatile market conditions. On the other hand, importers gain sales certainty and funds to rotate their business. However, what if there is an increase in garlic prices before the specified delivery time arrives? The loss would certainly be on the importer's side.

As it stands now, the Business Competition Supervisory Commission (KPPU) has found unreasonable garlic prices in traditional markets (20/5). KPPU Regional Office I conducted a sudden inspection of the market and price monitoring in 2 traditional markets, Petisah Market and MMTC Market. The Head of Regional Office I KPPU, Ridho Pamungkas, said that the inspection was carried out to follow up on information about high garlic prices in several cities in Indonesia. In addition to KPPU, the inspection was also attended by the Chair of the Policy Formulation Group of Bank Indonesia North Sumatra Representative Province, Bulog Regional Office Operations Manager, Erlina Wita. Then, accompanied by the Head of Domestic Development of North Sumatra Trade and Industry Office, Sujatmiko, North Sumatra Agriculture Office, Muhammad Juwaini, North Sumatra Regional Police Food Task Force, and North Sumatra Economic Observer, Gunawan Benjamin.

The results of the field review in these 2 traditional markets found differences in garlic prices. Then, KPPU compared the price of garlic at MMTC per kilo sold for IDR 35,000 to IDR 36,000. If buying 1 burlap sack weighing 20 Kilograms (Kg), it will be priced variously from IDR 32,000 to IDR 34,000. While at Petisah Market, the price per kilo is IDR 38,000 to IDR 42,000.

"This price is much more expensive than the normal price of garlic which is usually sold at MMTC Raya Market at IDR 25,000 per kilo. The Highest Retail Price (HET) set by Bapanas for garlic is IDR 32,000," said Ridho Pamungkas.

On this occasion, KPPU explained that to avoid losses to distributors, they implement a consignment system, where retailers make payments after the goods are sold. Thus, this opportunity will benefit both parties if garlic prices are unstable.

However, there are many ways to avoid losses to distributors in applying the as-salam contract to garlic sales transactions. Some ways to face this risk:

- 1) Price Increase Absorption As an importer/distributor, they can decide to absorb the increase in garlic prices themselves without raising prices to buyers. Although this will reduce the importer's profit, it can maintain buyer trust and maintain good business relationships.
- 2) Negotiation with Retailers Importers can try to negotiate with buyers regarding the increase in garlic prices. Talk transparently about the situation that occurred and propose options that can be accepted by both parties, such as additional payments to cover price differences or contract adjustments.

- 3) Using Hedging Options Importers can also consider using hedging options to protect themselves from price fluctuations. With this option, importers can lock in the purchase price of garlic at a certain level to avoid losses due to price increases.
- 4) Making Flexible Agreements Previously, importers could make more flexible agreements with buyers, for example, adding a price adjustment clause if there are large fluctuations in garlic prices before delivery of goods.
- 5) Consultation with Financial Experts If this situation is complex, it is advisable to consult with financial experts or legal advisors to get proper advice in dealing with the risk of this garlic price increase.

In business, the risk of price fluctuations is common, but with the right strategy, distributors/importers will manage these risks well.

4.3 Interview Results

The researcher posed several research questions to one of the importers in Medan, Indonesia, regarding the application of the As-Salam contract in the purchase of garlic between importers and retail traders. The first question focused on the implementation of the As-Salam contract in the garlic trade in Medan. "In general, there is no initial price agreement in the field. This is because the purchase is usually based on estimates rather than a fixed price. I offer several payment agreements to consumers, including Down Payment (DP) and Deposit. Both have advantages and disadvantages for both parties." (Mr. Gunawan)

In this payment system, the most aligned with the pillars of the As-Salam contract is the Deposit system. This payment can be considered as an advance payment, and the goods specified in the contract are clear. The practice of direct sales from importers to retailers in Medan demonstrates compliance with the principles of the As-Salam contract. The second question addressed the risks faced by importers when conducting transactions with garlic-exporting countries (China), leading to price fluctuations.

"In recent years, the losses incurred have been related to technical and administrative issues. For example, during the Russia-Ukraine war, the transportation of garlic from China was disrupted, leading to increased costs. This is because the transportation involves thermocking to maintain the quality of garlic, which is not inexpensive. During the COVID-19 pandemic, the normal one-month journey could be delayed to two months. This significantly harmed importers, as the garlic risked spoiling and becoming unsellable. There were also issues with the exchange rate (KURS) of the rupiah. When transactions involved a bank guarantee, a weaker rupiah would result in additional payments. This is generally where drastic price fluctuations occur." (Mr. Gunawan)

Mr. Gunawan's explanation is very realistic regarding the risks faced by importers. All importers will experience difficulties in such situations. Therefore, importers cannot set a fixed price initially. However, with the deposit payment method, both importers and retailers can clearly agree on a mutually beneficial arrangement. For example, if a retailer pays IDR 20,000,000 for 500 kg of garlic at IDR 30,000 per kilogram, the total payment would be IDR 15,000,000. However, if the price increases due to administrative or technical issues to IDR 35,000 per kilogram, the payment would become IDR 17,500,000, with the remaining deposit of IDR 5,000,000 becoming IDR 2,500,000. This ensures that no party suffers a loss in the transaction, and this deposit method adheres to the pillars of the As-Salam contract.

The researcher also posed several research questions to garlic retailers regarding their purchasing system with importers. Four respondents from retail traders agreed to be interviewed. The first question related to the process of establishing cooperation with garlic importers through a purchasing system.

"I usually start by finding out about the availability of garlic from various importers in Medan. I try to find one that offers the price and quality that meets my needs. After that, I negotiate the terms, such as the quantity of garlic, price, and delivery time. Once an agreement is reached, the importer will arrange delivery to my place." (Ms. Nana Tarigan)

"The process is quite simple. I usually have a good relationship with a few trusted importers. I just need to contact them to inquire about the availability of garlic and negotiate the price and other terms. After an agreement is reached, the importer will arrange direct delivery to my store." (Mr. Simbolon)

"I have long-standing relationships with several garlic importers in Medan. We have built a strong partnership over the years. Usually, we communicate directly to negotiate the garlic purchase contract. After that, the importer will deliver the garlic directly to my store." (Ms. Martin)

"I usually use an intermediary to establish cooperation with importers. The intermediary helps me find reliable importers and negotiate the purchase contract. After that, the importer will deliver the garlic directly to my store as agreed." (Mr. Adi)

The practice of direct purchasing by retailers from importers in Medan shows adherence to the principles of the As-Salam contract. By establishing a clear contract, making advance payments, and ensuring future deliveries, both parties maintain fairness, transparency, and certainty in their transactions. This mechanism not only facilitates smooth garlic trading but also creates a business environment that aligns with Islamic values, providing benefits and protection for both retailers and importers.

The next question relates to the detailed specification of goods as described initially. Below are the respondents' answers. "We always request complete details regarding the quality of garlic, including whether it is local or imported, as well as the type and size. This also includes criteria such as the softness of the garlic skin, color, and moisture content. All these specifications are clearly stated in the contract to avoid misunderstandings." (Ms. Nana Tarigan)

"We always draft a detailed contract with importers. The contract specifies the quality of garlic, including freshness, size, and origin. Trust is key, and clear product specifications help build that trust." (Mr. Simbolon)

"Transactions must be transparent and clear. Product specifications, such as quality, quantity, type, and origin, must be explained in great detail. This includes physical descriptions, quality standards, and measurement methods used, as any ambiguity in specifications could render the transaction invalid." (Ms. Martin)

"I pay close attention to the quality of the garlic I purchase. If the retailer knows the quality and origin of the garlic, I can explain this to my customers, as customer satisfaction can increase if the product sold matches the promised specifications." (Mr. Adi)

Ms. Nana Tarigan emphasized the importance of detailed product specifications in the contract. She mentioned that complete details regarding the quality of garlic, including whether it is local or imported, as well as the type and size of the bulbs, are recorded in the contract. This also includes criteria such as the softness of the garlic skin, color, and moisture content. This approach shows that Ms. Susi and the importer strive to avoid misunderstandings by clearly specifying the product details.

Mr. Simbolon stressed that a detailed contract is key to building trust between retailers and importers. He stated that the contract specifies the quality of garlic, including freshness, size, and origin. Mr. Simbolon believes that clear product specifications help build trust, which is essential in any trading transaction.

Ms. Martin, from an Islamic legal perspective, emphasized that in Islamic transactions, clarity and transparency are crucial. Product specifications, such as quality, quantity, type, and origin, must be explained in great detail. According to her, the physical description, quality standards, and measurement methods used must be clear to avoid any ambiguity that could render the transaction invalid under the As-Salam contract.

Mr. Adi emphasized the importance of the quality of the garlic purchased, as this directly impacts customer satisfaction. He believes that if retailers know the quality and origin of the garlic, they can explain this to their customers, thereby increasing customer satisfaction. This shows that understanding detailed specifications can help retailers provide better service to consumers.

In the As-Salam contract, several key principles must be fulfilled to ensure the transaction complies with Islamic law, one of which is clear product specifications. The goods being traded must have clear and detailed specifications. The responses from the four respondents indicate that the specifications of garlic, including quality, quantity, type, size, origin, skin softness, color, and moisture content, have been clearly outlined in the contract. This shows that the transaction has successfully met this requirement.

The next question concerns how they determine the contract terms with importers, particularly regarding the quantity, quality, and delivery time of garlic.

"I usually determine the contract terms based on my store's needs. For example, I will set the quantity of garlic needed for a certain period, such as per week or per month. I will also negotiate the quality of garlic that meets the standards I want, such as imported or local garlic. Regarding delivery time, I will set a schedule that aligns with my store's stock needs." (Ms. Nana Tarigan)

"I usually determine the quantity based on my store's daily sales estimates. For quality, I will discuss with the importer about the type of garlic they offer and ensure it matches my customers' preferences. I usually request that delivery times align with my store's busy days, such as Saturdays or Sundays." (Mr. Simbolon)

"I usually determine consignment contract terms based on previous transaction experiences and my store's needs. I will negotiate the quantity of garlic needed for several periods, and I ensure the quality meets the standards I want. Regarding delivery time, I tend to ask the importer to adjust to the best delivery schedule for my store." (Ms. Martin)

"I usually set the quantity based on my store's storage capacity and customer demand estimates. For quality, I will discuss with the importer about the garlic source and ensure its quality meets my standards. Regarding delivery time, I will adjust to the best delivery schedule for my store, usually on days when my garlic stock is low." (Mr. Adi)

In the garlic trade between retailers and importers, the process of determining quantity, quality, delivery time, and advance payment reflects the principles of the As-Salam contract. First, when determining the quantity of garlic to be purchased, retailers tend to analyze it based on previous sales data, customer demand estimates, and their store's storage capacity. This aligns with the principle of the As-Salam contract, which emphasizes the importance of clearly and well-defined agreements in the contract, including the quantity of goods agreed upon.

Then, in terms of garlic quality, retailers prioritize standards that align with their customers' preferences. They discuss with importers about the garlic source and ensure its quality meets customer preferences. This reflects the principle of the As-Salam contract, which emphasizes the importance of goods having the expected quality, ensuring that the parties involved in the transaction receive goods that meet the desired standards.

Next, retailers adjust the delivery time to their store's schedule to meet stock needs and customer demand. Some respondents even request importers to adjust deliveries to their store's busy days. This practice aligns with the principle of the As-Salam contract, which emphasizes the importance of clear agreements regarding the delivery time of goods, allowing both parties to plan well and avoid uncertainty.

Although not directly mentioned in the conversation, advance payment to the importer may be part of the consignment contract agreement to ensure the seriousness of the transaction. Advance payment is a

practice that aligns with the principles of the As-Salam contract, where payment can be made in advance as a guarantee or sign of seriousness in executing the contract. This helps secure the transaction and ensures that both parties are engaged in a clear and fair agreement.

Overall, the practices revealed in the garlic consignment process between retailers and importers reflect adherence to the principles of the As-Salam contract. The quantity, quality, delivery time, and advance payment established in the contract demonstrate the seriousness and commitment of both parties in conducting transactions in accordance with the established Islamic principles.

The next question concerns the element of *riba* in the transaction. Below are the responses from the four respondents:

"I always make sure that every transaction I conduct is free from *riba*. In the case of garlic purchases, we have agreed on all terms without any interest. The price agreement between me and the importer is very clear from the start. There are no additional charges or deductions imposed after the initial agreement. Thus, I am confident that this transaction is free from *riba* because we avoid any form of interest or unclear profit." (Ms. Nana Tarigan)

"In this garlic trade practice, we as retailers are very careful to ensure that every transaction we conduct is free from interest or taxes. In the purchase agreement with the importer, I ensure that they set a fixed price at the start and do not impose any additional charges related to interest or taxes." (Mr. Simbolon)

"This advance payment ensures that no additional charges or interest are imposed later on. Additionally, our agreement also includes detailed product specifications and a clear delivery schedule, all of which have been agreed upon without any non-transparent additional charges." (Ms. Martin)

"There are no hidden agreements or additional interest on this payment. All details regarding the quality, quantity, and delivery time of the garlic have been agreed upon and recorded in a clear contract. We have also agreed that if there is any discrepancy or issue with the goods delivered, the solution will be discussed without involving any additional charges that could be considered *riba*." (Mr. Adi)

Based on the conversations with the four respondents (Ms. Nana Tarigan, Mr. Simbolon, Ms. Martin, and Mr. Adi), it can be concluded that all respondents stated that the price of garlic had been agreed upon at the beginning of the transaction. Ms. Susi and Mr. Adam emphasized that the agreed-upon price is fixed, without any additional charges or deductions after the initial agreement. This aligns with the principles of the As-Salam contract, where payment must be made in advance for goods to be delivered later. Ms. Martin emphasized that the advance payment ensures that no additional charges or interest are imposed later. Advance payment is one of the main conditions in the As-Salam contract to ensure certainty and fairness for both parties.

Ms. Martin and Mr. Adi explained that the product specifications, including quality, quantity, and delivery time, have been agreed upon in detail and transparently. This clarity is an important aspect of the As-Salam contract to avoid future disputes and ensure that both parties understand the conditions of the goods being traded. All respondents strongly stated that there is no element of *riba* in this transaction. Ms. Nana Tarigan and Mr. Simbolon emphasized that there are no additional charges or interest imposed after the initial agreement. Mr. Adi also confirmed that there are no hidden agreements or additional interest on this payment. Avoiding *riba* is one of the main principles in Islamic transactions, including in the As-Salam contract. The agreement to resolve discrepancies or issues with goods without involving additional charges that could be considered *riba*, as mentioned by Mr. Adi, reflects a commitment to justice and clarity. This ensures that all parties involved in the transaction are engaged in a fair and transparent agreement.

The next question concerns how to handle discrepancies between the goods received and the agreement in the contract. Below are the responses from the four respondents:

"Usually, I will immediately contact the importer to inform them of the discrepancy. We will then try to find a solution together, such as replacing the goods or refunding the money according to what has been agreed upon in the contract." (Ms. Nana Tarigan)

"I will immediately inspect the goods received. If there is a discrepancy, I will contact the importer immediately to find the best solution, such as resending the goods or negotiating a refund." (Mr. Simbolon)

"I will immediately document and take photos of the non-conforming goods. Then, I will contact the importer to explain the situation and find the best solution, such as resending the goods or other compensation." (Ms. Martin)

"I will immediately contact the importer to report the discrepancy. We will discuss to find a fair solution, such as resending the goods or refunding the money according to the agreement in the contract." (Mr. Adi)

Analysis of the above conversations shows that the practice of the As-Salam contract is reflected in how retailers handle discrepancies between the goods received and the agreement in the consignment contract. The principles of the As-Salam contract, which underlie Islamic trade transactions, provide guidance for traders to conduct their business practices with integrity and fairness.

The openness and communication demonstrated by the retailers are important initial steps in handling discrepancies. By promptly contacting the importer to inform them of the issue, the retailers show their responsibility to address the situation transparently. This aligns with the principles of the As-Salam contract, which emphasize the importance of clear and open communication between the parties involved in the transaction.

In practice, when a discrepancy is identified, the retailers and importers work together to find a solution. They consider various options, including replacing the goods, resending the goods, or refunding the money according to the contract agreement. In doing so, they demonstrate a commitment to maintaining fairness in contract execution, in line with the principles of the As-Salam contract.

Furthermore, the importance of respecting the contract agreement is also evident in how discrepancies are handled. The retailers and importers adhere to the contract terms agreed upon beforehand and strive to fulfill them. This reflects respect for the commitments made in the transaction, which is an important aspect of the As-Salam contract.

In seeking solutions to discrepancies, both parties strive to reach a fair and mutually beneficial agreement. They consider each other's interests and seek compensation that matches the losses incurred. This action reflects the mutual benefit expected in the principles of the As-Salam contract.

Overall, the practice of handling discrepancies between the goods received and the agreement in the consignment contract by retailers reflects the proper application of the principles of the As-Salam contract. Openness, good communication, respect for contract agreements, and emphasis on fairness and compensation are the main foundations in handling emerging issues. Thus, retailers can ensure the smooth and fair execution of their trade transactions, in line with the ethical values of Islam that underlie the As-Salam contract.

5. Conclusion

Based on the discussion above, the application of garlic transactions by retailers from importers in Medan demonstrates strong adherence to the principles of the As-Salam contract in Islamic law. The As-Salam contract is a sales agreement where payment is made in advance for goods that will be delivered at a future date. This transaction requires clarity regarding the specifications of the goods, the price, and the delivery time. All respondents indicated that payment was made in advance after an agreement was reached. This is one of the main conditions in the As-Salam contract, ensuring that the transaction is free from uncertainty and providing assurance to the seller that the buyer is committed to the purchase.

Retailers and importers ensure that the specifications of the goods are clearly detailed in the contract. Details regarding the quality, quantity, type, bulb size, skin softness, color, and moisture content of the garlic have been clearly recorded. This is crucial in the As-Salam contract to avoid **gharar** (uncertainty), which could lead to disputes in the future. The price of the garlic is agreed upon at the outset, and there are no changes or additional charges after the initial agreement. This ensures that the transaction is free from **riba** (usury), as there is no element of interest or unclear additional profit. The certainty of price provides security for both parties, in accordance with the principles of the As-Salam contract.

The delivery time of the goods has also been clearly agreed upon between the retailers and importers. Retailers adjust the delivery time according to their store's stock needs, and importers are responsible for ensuring that the goods are delivered on time and in good condition. Clarity regarding delivery time is essential in the As-Salam contract to ensure transparency and avoid uncertainty. Retailers have clear mechanisms in place to handle discrepancies between the goods received and the terms of the contract. Immediately upon receiving the goods, retailers inspect the quality and quantity. If there is a discrepancy, they promptly contact the importer to seek a solution, such as a replacement of the goods or a refund. This practice demonstrates a commitment to fairness and equitable problem resolution, in line with the values of the As-Salam contract. However, price fluctuations are a common risk in business, but with the right strategies, distributors/importers can manage this risk effectively. Several approaches can be used to mitigate this risk, such as: absorbing the price increase, negotiating with buyers, using hedging options, creating flexible agreements, and consulting with financial experts.

Limitations and Future Studies

No research can cover all aspects of a topic, and this study is no exception. The primary limitation of this research lies in its focus on the garlic trade within the Medan region, which may limit the generalizability of the findings to other commodities or geographic areas. Additionally, the study primarily used qualitative data, which, while providing rich insights, may lack the quantitative rigor necessary for broader statistical validation. Another limitation is the reliance on self-reported data from interviews, which could introduce bias or inaccuracies in the participants' responses.

Future research could expand the scope by including other regions or commodities, thereby providing a more comprehensive understanding of the application of the As-Salam contract in different contexts. Further studies could also incorporate quantitative methods to validate the findings and provide more robust statistical evidence. Additionally, longitudinal studies could be conducted to assess the long-term impact of As-Salam contracts on business relationships and financial outcomes. Exploring the role of digital platforms in facilitating As-Salam transactions could also be a valuable area for future research, especially in the context of e-commerce and the growing digital economy.

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