

THE INFLUENCE OF PRICE, PRODUCTIVITY, ISLAMIC FINANCIAL BEHAVIOR, ON THE WELFARE OF PALM OIL FARMERS IN LABUHAN BATU

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Abstract. This study aims to examine how the welfare of oil palm farmers in Labuhan Batu Regency is affected by prices, productivity, and Islamic financial behavior. The research employs multiple linear analysis and a quantitative descriptive approach. A total of 1,167 farmers participated, with a sample size of 80, determined using probability sampling. Primary data were gathered through a Likert-scale survey, while secondary data were sourced from books, journals, and prior studies. The results indicate that the F-test significance value is $0.000 < 0.05$, and the independent factors explain 65.7% of the variance in farmers' welfare. The findings suggest that favorable prices and strong productivity improve income and ensure ample harvests. Islamic financial behavior supports sound financial management, allowing farmers to meet social obligations such as zakat while enhancing financial planning skills. In conclusion, the combination of price, productivity, and Islamic financial behavior fosters a positive environment for improving the welfare of oil palm farmers in Labuhan Batu.

Keywords: price; productivity; Islamic financial behavior; community welfare

I. INTRODUCTION

One of the benchmarks for the improvement of a nation's welfare is its economic growth [1]. The availability of various basic needs, such as food, clothing, shelter, and clean drinking water is referred to as welfare. Welfare can also be defined as the ability to pursue education and obtain decent employment in order to improve an individual's social status and standard of living. According to Sudarsono, community welfare is a state of the economy that is very good, manifested through the establishment of laws and regulations in the economic field that govern the behavior of all stakeholders and the allocation of public funds arising from these activities. [2].

Resources or capacities that are substantial yet have not been utilized or developed to their fullest potential are referred to as economic potential. This means that even though we truly have the ability to do something, potential is a strength that remains hidden and untapped, much like talent that has yet to be developed or achievements that have yet to be realized Indonesia has abundant natural resources that are widely recognized. To meet basic needs, the community utilizes the potential of these abundant natural resources. Indonesia's economy has largely been supported by the agricultural sector.

Table 1. Population Of Labuhan Batu Regency

Year	The population of Labuhan Batu.
2021	499.982
2022	508.024
2023	513.826

Source: [3]

The Central Statistics Agency of North Sumatra predicts that the population of Labuhan Batu will continue to increase from 2021 to 2023. In 2021, the population of Labuhan Batu reached 499,981 people. By 2023, the population is expected to reach 513,826 people, up from

508,024 people in 2016. A type of rural economic activity known as oil palm farming aims to increase farmers' income and enable them to feed their entire families while also improving their welfare. If farmers cannot meet these needs, they are considered poor [4]. The land planted with oil palm

in Labuhan Batu Regency is as follows. The oil palm plantation land in Labuhan Batu Regency is as follows.

Table 2. Area Of Oil Palm Plantations In Labuhan Batu Regency

Regency City	Description	Palm Oil				
		2022	2021	2020	2019	2018
Labuhan Batu	Area (Thousand Hectares)	36.6	35.59	35.57	35.46	35.16
	Production (Ton)	-	546372.73	532600	505372.7	125775

Source: [3]

According to statistics from 2018 to 2022, the area of oil palm plantations in Labuhan Batu Regency continued to increase. In 2018, the area reached 35.16 thousand hectares, then increased to 35.46 thousand hectares in 2019, and finally reached 35.59 thousand hectares in 2020. The area of oil palm

plantations reached 36.6 thousand hectares in 2022. The production of palm oil in Labuhan Batu Regency also fluctuates. Based on the latest data from 2024, the price of fresh fruit bunches (FFB) of palm oil in Labuhan Batu is presented in the table below:

Table 3. Price Of Fresh Fruit Bunches (Ffb) Of Palm Oil In Labuhan Batu

Umur Kelapa Sawit	Harga/Kg
3 years	2.325,63
5 years	2.520,57
7 years	2.611,36
9 years	2.663,59
10-20 years	2.735,05
21 years	2.689,98
23 years	2.661,40
24 years	2.566,84
25 years	2.482,19
CPO	12.131,46
Kernel	12.132,46

Source: [5]

Based on the age of the plants and their by-products, the price of fresh fruit bunches (FFB) of oil palm in Labuhan Batu for the year 2024 is shown in the table below. The cost of Fresh Fruit Bunches (FFB) increases with the age of the plants; oil palm trees between the ages of 10 and 20 have the highest price, which is Rp2,735.05 per kilogram. Older plants, including those aged 24 and 25 years, tend to be cheaper, priced at Rp2,566.84 and Rp2,482.19 per kilogram, respectively. Next, the most expensive derivative products are Crude Palm Oil (CPO) and kernels, priced at Rp12,131.46 and Rp12,132.46 per kilogram, respectively. These figures indicate how costs vary according to the age of the plants and the type of products produced, reflecting variations in productivity and efficiency at each stage of oil palm growth. The selling prices of agricultural products vary greatly in Labuhan Batu Regency. For palm oil producers, this has a significant impact on increasing productivity and income. Productivity heavily depends on the potential of the available natural and human resources. Farmers will have low incomes if palm oil production is poor, which will make it difficult for them to thrive. Prices are not only an important factor, but they often hinder farmers in rural areas from gaining more profit because the selling prices of products are never stable.

The stability of market prices regulated by the government affects price determination in addition to the contractual provisions between sellers and buyers. However, to maximize the profits of one party, prices are sometimes set by several parties acting as buyers and sellers without considering market prices or government prices [6]. This happens because agricultural operations depend on global market conditions. The income and welfare of farmers will fluctuate in line with changes in market conditions [7]. Research shows that palm oil prices have a positive and significant effect on the welfare of palm oil producers [8]. Prices impact production and welfare. This happens because the capacity of available natural and human resources determines production. The relationship between actual input and actual return, both tangible and intangible, can be understood as productivity [9]. Land as a consequence of production, capital in agricultural production, labor in production, and output are examples of productivity indicators [10], utilizing all its resources for the factors of production. Therefore, the level of harvest productivity will impact farmers' income. When palm oil production is poor, income projections are very low, which hinders farmers from living prosperously (Wulandari 2022). This is in line with Sari (2018) research which shows that

income is greatly influenced by productivity. However, a study found that productivity does not affect income [11].

Welfare often refers to a good state, a condition of human affairs where people are prosperous, healthy, and at peace. Welfare in the economy is related to real profits [12]. Islamic economics argues that the allocation of money through zakat, infak, and charity can regulate welfare. According to Rahman et al. (2023), indicators of well-being include: the number of family members; health and nutrition; education; employment; household consumption.

The price is the amount of money needed to purchase a specific item. Prices are determined by various companies in various ways. In small businesses, top management often sets the prices [13]. The reasons for price fluctuations influence the actions taken in the field of price management. If variations in supply and demand are the reasons for price changes, market intervention is used to maintain control. On the other hand, if the cause is a distortion affecting supply and demand, then price control is carried out by eliminating the distortion and adjusting prices to restore the market to its state before the distortion [14]. There are four factors to consider when calculating the price index: affordability, competitiveness, price-benefit ratio, and price-quality ratio of the product [7].

Production can be understood as a step in the process of creating or adding profit, utility, or new value [15]. Work ethic and motivation, quality and skills of the workforce, wages, and social security all impact productivity [16]. According to Pradnyawati dan Cipta (2021), indicators of productivity include the land produced, the capital used in agriculture, the labor employed in production, and the output generated.

A person's financial behavior is a reflection of their financial responsibility and knowledge about money management [17]. Islamic financial management plays an important role in human life because, in addition to producing the best outcomes, Islamic financial management can also bring about the pleasure of Allah SWT. According to Safryani et al., (2020), planning, budgeting, managing, and saving finances are indicators of Islamic financial behavior. Since the income of palm oil producers is influenced by the amount of production generated during the harvest period, sustainable

maintenance is certainly essential to boost palm oil production. Therefore, palm oil farmers must focus on ways to increase production and the quality of high fruit. To achieve this, their efforts need to secure optimal fertilizer and maintenance to obtain good results, perfect growth, and maximum harvest, all of which will boost their income. In addition to limited capital, farmers also face challenges such as increasing production yields, but the available funds are insufficient to cover production costs due to the continuously declining prices of palm oil every day. Palm oil farmers in Labuhan Batu Regency hope that the prices of their harvest will remain stable as it will boost their income. Productivity increases every year due to better agricultural practices, such as fertilization and clearing of shrubs from oil palm plantations. However, due to fluctuating prices, my income is not comparable to that of the farmers.

The study [18] shows that (1) the price of palm oil has a positive and significant impact on the welfare of palm oil entrepreneurs; oil entrepreneurs in Siamburek Village, Kualahu Selatan District, North Labuhanbatu Regency; (2) Palm oil production has a positive and significant effect on the welfare of palm oil entrepreneurs in Siambo Village.

The price of palm oil, production, and the welfare of farmers are all influenced by a number of interrelated variables. It is common knowledge that when the price of palm oil drops, producers have to incur higher costs for the maintenance of their palm oil plantations. According to the author's observations of the residents of Labuhan Batu Regency, the community understands that their income will decrease along with the decline in palm oil prices. This is due to the fact that, although the price of palm oil has fallen, production will certainly be affected, which in turn impacts the welfare of palm oil farmers.

The researchers intend to differentiate this study from previous research by using an additional independent variable, namely Islamic financial behavior, which is believed to have an impact on the well-being of palm oil farmers in the Labuhan Batu region. The ability to understand, evaluate, and manage money in order to make wise financial decisions and avoid debt is known as financial literacy. Assuming that quality education will enhance a person's understanding of finance.

II. RESEARCH METHODS

This research employs a quantitative descriptive method used in this investigation. Quantitative descriptive research is defined as the description, analysis, and explanation of the variables (phenomena) included in this study. This research took place in Labuhan Batu Regency. The data collection strategy for this research includes documentation and surveys. There are two types of data used: primary data, which consists of responses from a Likert scale survey given to respondents, and secondary data collected from books, journals, and other relevant sources. This research involved 1,167 people in Labuhan Batu Regency. A sample is a representation of the size and composition of a population. This research uses purposive sampling along with non-probability sampling. The methodology of purposive

sampling is a method of selecting samples with extra attention. This consideration was taken into account when collecting samples from the oil palm farmer community in Labuhan, Batu Regency.

The ideal sample size for this research is between 30 and 200. If this research intends to use multivariate analysis (multiple regression or correlation), the sample size should be at least ten times the total number of variables being evaluated. Basic experimental research requires ten to twenty members. The sample size used in this study is based on Sugiyono (2019), where multivariate correlation analysis and multiple regression are employed. This indicates that the sample size is 20 times the total number of variables being evaluated. Since this study has four variables (dependent and

independent), the sample size is 20 multiplied by four, or 80 [19]. Sample measurement using 80 respondents, according to the calculation results. Second, the Likert scale used in this research is paired with multiple linear regression data analysis techniques on IBM SPSS software version 23. The mathematical model known as regression analysis can be used

A. Validity Test

Validity testing is used to assess the validity of the questionnaire, and the Pearson product-moment correlation approach is employed to evaluate the validity of the instrument items in this study, with a significance level of 0.05 and the criteria of $r_{hitung} > r_{tabel}$ and $r_{hitung} < r_{tabel}$ [21]. All items in the independent and dependent variables have a calculated significance value of r less than $\alpha = 0.05$.

C. Normality Test

Table 4. Normality Test

N	80
Test Statistic	.092
Asymp. Sig. (2-tailed)	.092 ^c

The Kolmogorov-Smirnov technique is used for normality testing based on the table, and it is conditioned to be significant (Asymp. Sig. (2-tailed) < α 0.05) to indicate a

D. Multicollinearity Test

The VIF values for the variables of price, productivity, and Islamic financial behavior are 1.821, 1.712, and 0.707, respectively, while the acceptance values for productivity and Islamic financial behavior based on the multicollinearity test results are 0.584 and 0.707, respectively. This research does not indicate multicollinearity because the data does not show any significant relationships among the independent variables.

F. Autocorrelation Test

Table 5. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.808 ^a	.652	.638	1.55334	2.167

a. Predictors: (Constant), X3, X2, X1
 b. Dependent Variable: Y

With a sample size of 80 (n), a number of independent variables of 3 (k = 3), a comparison using a significance level of 5%, and a Durbin Watson value of 2.124 based on the

to identify patterns in the interactions between two or more variables [20].

III. RESULT AND DISCUSSION

B. Reliability Test

In this study, the measurement of Cronbach's alpha value was used for reliability. Based on the reliability results of the water, the Cronbach alpha scores for all variables were greater than 0.6. Therefore, it can be said that all the research instruments used in this questionnaire are considered reliable and stable, meaning that the researcher can rely on its measurements.

normal distribution. Asymptotic Sig. (2-tailed) = 0.092 > 0.05, based on the data, indicates that the data is regularly distributed.

E. Heteroscedasticity Test

The productivity variable has a value of 0.170, and the price variable has a significance value (Sig.) of 0.810, respectively. The Islamic Financial Behavior variable also has a significance value (Sig.) of 0.403. Since the significance values of all four variables are greater than 0.05, it can be concluded that the regression model does not exhibit signs of heteroscedasticity, according to the decision-making basis of the Glejser test.

previous table, the value of d_u in the Durbin-Watson table is 1.7153. As the DW value of 2.167 is greater than $4 - 1.7153$ and less than $4 - 1.7153$ (2.2847), there is no autocorrelation.

G. Multiple Linear Regression Test

Table 6. Multiple Linear Regression Analysis

Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	6.775	2.174		3.117	.003
Harga	.226	.058	.352	3.883	.000
Produktivitas	.458	.061	.656	7.458	.000
Perilaku Keuangan Islami	.568	.051	.885	11.078	.000

A. Dependent Variable: Kesejahteraan

Based on the table, the regression equation is obtained as follows:

$$\text{Welfare} = 6.775 + 0.226 \text{ Price} + 0.458 + 0.568 + e\text{Nilai } \beta, \text{ konstanta, adalah } 6,775.$$

This indicates that the level of Welfare will reach 6.775 if the values of the variables Price, Productivity, and Islamic Financial Behavior sum to zero.

- a. The Price variable has a regression coefficient of 0.226. Welfare is positively influenced by the price variable.
- b. The regression coefficient for the productivity variable is 0.458. This shows that the evaluation score for

Welfare will increase by 0.458 if the assessment score for Productivity increases by one unit. The welfare variable benefits from the productivity variable.

- c. The Islamic Financial Behavior variable has a regression coefficient of 0.568. Thus, the evaluation score for Welfare will increase by 0.568 if the assessment score for Islamic Financial Behavior increases by one unit. Welfare is positively influenced by the variable of Islamic Financial Behavior.

H. T-test (Parsial)

Table 7. T-Test

Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	6.775	2.174			
Harga	.226	.058	.352	3.883	.000
Produktivitas	.458	.061	.656	7.458	.000
Perilaku Keuangan Islami	.568	.051	.885	11.078	.000

a. Dependent Variable: Kesejahteraan

From the table, the following information regarding the t-test results can be obtained:

- a. The price and welfare test produced a t-value of 3.883 and a significance level of 0.000 (less than 5 percent or 0.05). This indicates that price has a significant and positive effect on welfare, thus supporting the acceptance of hypothesis H1.

- b. The welfare and productivity test produced a t-value of 7.458 and a significance level of 0.000 (5% or less than 0.05). Therefore, hypothesis H2 is accepted because productivity has a significant positive effect on welfare.
- c. The test of wealth and Islamic financial behavior produced a t-value of 11.078 with a significance level of 0.000 (5% or less than 0.05). Therefore, hypothesis H3 is accepted because Islamic financial behavior has a positive and significant impact on well-being.

I. Test F (Simultan)

The F test in multiple regression analysis is designed to determine the simultaneous effect of independent variables.

Table 8. F Test

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	346.166	3	115.389	48.441	.000 ^b
Residual	181.034	76	2.382		
Total	527.200	79			

A. Dependent Variable: Kesejahteraan
 B. Predictors: (Constant), Perilaku Keuangan Islami, Produktivitas, Harga

As can be seen from the previous table, the significance value is $0.000 < 0.05$. Thus, it can be said that the dependent variable, namely welfare, is significantly influenced by the

independent variables, namely price, productivity, and Islamic financial behavior, both separately and in combination.

J. Testing the Coefficient of Determination

Table 9. Test Of Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 ^a	.657	.643	1.54338

a. Predictors: (Constant), Perilaku Keuangan Islami, Produktivitas, Harga

The values in Table 9 show that the Adjusted R Square is 0.532, indicating that Price, Productivity, and Islamic Financial Behavior can influence 65.7% of the variation in the dependent variable, which is Welfare. Meanwhile, the remaining 34.3% (100% - 65.7%) is influenced by factors that

were not studied. Thus, based on the percentage of 67.5%, it can be concluded that factors such as price, accessibility, Islamic financial behavior, and service have an impact on the well-being of visitors to Simbilulu Waterfall.

K. Test the Most Influential Variable (Dominan)

By evaluating the standardized coefficients B of each variable with the highest values, the dominant test is used to

identify which variable has the greatest impact on the dependent variable, namely the interest in revisiting.

Table 10. Test Of The Most Influential Variables (Dominan)

	Model	B	Std. Error	Beta	t	Sig.
1	(Constant)	6.775	2.174		3.117	.003
	Harga	.226	.058	.352	3.883	.000
	Produktivitas	.458	.061	.656	7.458	.000
	Perilaku Keuangan Islami	.568	.051	.885	11.078	.000

a. Dependent Variable: Kesejahteraan

Price Value (X1), Productivity (X2), and Islamic Financial Behavior (X3) are determined by calculating the standard beta coefficient values, which yield values of 0.352, 0.656, and 0.885 respectively. The Islamic financial variable (X3) has the

highest value for its standard beta coefficient. Thus, the variable with the greatest impact on Well-Being is the Islamic financial variable. (X3).

The Influence of Prices on the Welfare of Oil Palm Farmers in Labuhan Batu

In Labuan Batu, price has a significant and positive influence on the sustainability of palm oil. If the calculated t value is 3.883, then the test result for the price/profit shows a significant value of 0.000 (less than 5% or 0.05). This indicates that income has a significant positive influence on well-being, supporting the acceptance of hypothesis H1. These results are in line with the research conducted by [8], which reveals that the well-being of palm oil is positively and significantly influenced by oil prices.

incomes. By earning more money, farmers can also invest in better farming equipment, which can improve crop yields and quality in the future.

Therefore, the welfare of palm oil producers increases along with the price of palm oil. The main determinant of farmers' welfare is the price of palm oil. Farmers' income will decrease and their financial burden related to maintaining palm oil plantations will increase if the price of the commodity falls. Farmers' income will certainly decline if productivity remains the same but the price of palm oil drops. Conversely, when the price of palm oil rises, farmers will earn more money to cover the expenses associated with maintaining their palm oil plantations. An increase in palm oil productivity and farmers' welfare will occur as a result. Prices greatly affect the welfare of palm oil farmers in Labuhan Batu. This is done so that farmers can sell their products at a higher profit due to the high price of palm oil. Farmers can meet their basic needs, such as food, education, and health, with higher

Furthermore, the social and economic aspects of the agricultural community benefit from the high prices of palm oil. Farmers tend to participate more in local economic activities, such as purchasing products and services from nearby markets, as their income increases. The entire local economy benefits from this direct impact. As a result, high prices benefit not only the farmers but also the surrounding community, whose well-being improves. Farmers also feel more financially secure when palm oil prices are stable and profitable. Farmers with stable and adequate income are better able to manage their finances and are less reliant on debt or loans. Avoiding the debt trap is very important, as it often creates problems for small farmers. In addition, farmers can focus more on improving the quality and yield of their palm oil without having to worry about sharp fluctuations in income when they have better financial stability.

In general, the welfare of oil palm farmers in Labuhan Batu increases rapidly when prices are high and stable. This has a wide positive influence on the economy and the well-being of the local community, in addition to having a direct impact on their income and financial stability. To ensure the survival and welfare of farmers in the future, the government and relevant stakeholders must prioritize efforts to maintain and increase palm oil prices.

The Influence of Productivity on the Welfare of Oil Palm Farmers in Labuhan Batu

Palm oil farmers in Labuhan Batu are reaping significant profits from their production. The test value for welfare productivity is 7.458 with a significance level of 0.000 (less than 5% or 0.05). The results of this study support H2 as they show that productivity has a positive and significant impact on well-being. A study conducted by Hasibuan in 2019 showed that oil production in Siamporik Village, Kualu Selatan District, and Labhan Batu Utara District has a positive and significant impact on the welfare of oil producers.

Farmers will be better off if their production is higher. Productivity is very important for the well-being of oil palm farmers. This can be linked to the fact that higher production will result in higher income. On the other hand, farmers' income will also decrease if productivity declines. High productivity allows farmers to finance the care of oil palms, including fertilization, which has a significant impact on production yields. However, farmers will not be able to cover these maintenance costs if production decreases. The variation in the price of palm oil fresh fruit bunches also affects unstable productivity as it impacts production [22]. In Labuhan Batu, productivity has a significant and beneficial impact on the welfare of oil palm farmers. The more oil palm produced by the farmers, the greater the income from the sale of oil palm when productivity is high. Farmers with higher incomes can better meet their basic needs such as food, healthcare, and education. Furthermore, higher productivity allows farmers to save money and invest in better agricultural techniques and technologies, both of which can enhance production yields in the future.

High productivity has a direct impact on income, but it also enhances the economic efficiency of agricultural communities. The increase in production allows farmers to sell more of their palm oil, which often results in higher selling prices due to economies of scale. In addition, this gives farmers greater leverage in negotiations with buyers or palm oil mills. As a result, the agricultural community as a whole, as well as individual farmers, experienced financial gains, which ultimately improved collective well-being. For oil palm farmers, high production yields also mean financial stability. Farmers can more easily manage their budgets and reduce the risk of income instability with consistent and steadily increasing production. To avoid dependence on debt or loans, which can become a heavy burden for small farmers, this financial stability is very important. High production also makes it easier for farmers to cover sustainable costs that support the sustainability of their agriculture, such as crop maintenance, fertilizers, and infrastructure improvements.

Overall, the improvement of the welfare of oil palm farmers in Labuhan Batu largely depends on high and consistent harvest yields. The increase in productivity provides more benefits for farming communities, in addition to boosting farmers' income and financial stability. To protect the long-term welfare of palm oil farmers in this region, measures to enhance palm oil productivity, such as agricultural extension, expanding access to advanced

agricultural technology, and government policy support, must be a top priority.

The Influence of Islamic Financial Behavior on the Welfare of Oil Palm Farmers in Labuhan Batu

Islamic financial behavior has a positive and significant impact on the welfare of oil palm farmers in Labuhan Batu. The test of Islamic financial behavior on welfare produced a t-value of 0.858 and a significance value of 0.000, which means it is less than 5% or 0.05. Thus, hypothesis H3 is supported because Islamic financial behavior has a positive and significant impact on well-being.

According to [23], financial behavior is any activity related to financial actions where an individual's psychology interacts with the actions they take when making financial decisions. Financial responsibility and a person's money management style are correlated with their financial behavior [17]. Compared to the variables of price and production, the variable of Islamic financial behavior is considered to have the greatest impact on the welfare of oil palm farmers in Labuhan Batu Regency. This is because traditions and principles of Islam emphasize the importance of justice, honesty, and blessings in business and financial management. Farmers who adhere to the principles of Islamic finance often value honesty, avoid usury, and uphold moral principles in conducting their business. This builds a sense of mutual trust between farmers and suppliers or customers, as well as enhances the financial security of families. Islamic finance practices can enhance economic stability, foster a more sustainable environment, and promote the long-term welfare of farmers.

Furthermore, more effective and efficient resource management is influenced by Islamic financial behavior. Farmers who follow these guidelines typically manage their money more systematically, invest more cautiously, and are less extravagant. This reduces the risk of financial loss and enhances their ability to save and invest in profitable ventures. Although nominally the market price and productivity levels remain significant variables, this can have a beneficial effect in enhancing the productivity and quality of palm oil harvests. Thus, promoting palm oil businesses in the region, enhancing farmers' welfare, and strengthening their financial stability can be achieved by adopting sound Islamic financial behavioral strategies.

The welfare of oil palm farmers in Labuhan Batu is positively and significantly influenced by Islamic financial behavior. Principles such as justice, transparency, and balance are highly valued in the Islamic financial system. This guideline ensures that there are no elements of *riba* (interest), *gharar* (uncertainty), or *maysir* (speculation) in any transaction or financial management. Oil palm farmers can enhance their financial management skills, avoid debt, and make the best use of their money to fund business growth and basic needs by applying these concepts. In the Quran, Allah SWT says:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً
عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

The meaning is: "Do not steal from one another deceitfully, O believers, except in a way that is beneficial to both parties. And do not kill yourselves, for Allah is very merciful to you." (QS. An-Nisa: 29).

This verse highlights the importance for Muslims to conduct business fairly and cooperatively. Oil palm farmers can conduct their business in a more ethical and honest manner by applying this concept to their financial behavior, which will enhance their well-being.

The importance of integrity and justice in trade is also emphasized in the hadith of the Prophet Muhammad (peace be upon him). He said:

وَالشُّهَدَاءُ وَالصَّادِقِينَ، النَّبِيِّينَ، مَعَ الْأَمِينِ الصَّدُوقِ التَّاجِرِ

The meaning is: "A good and honest trader will accompany the prophets, the truthful, and the martyrs." (HR. Tirmidzi 3/515 no. 1209)

Oil palm farmers can enhance the trust of their business partners, build a positive reputation, and generate more sustainable income by incorporating these principles into their financial behavior. Their well-being and economic stability will benefit from this solid trust and reputation. Improved financial planning is another advantage that oil palm farmers gain from the implementation of Islamic financial practices.

Farmers can ensure that their wealth is distributed throughout society and not concentrated in the hands of a few by avoiding usury and prioritizing zakat and charity. The importance of zakat is mentioned in the Quran in Surah At-Tawbah: 103.

إِنَّ ۗ عَلَيْهِمْ وَصَلَٰ بِهَا وَتَرَكِيهِمْ تَطَهَّرَهُمْ صَدَقَةٌ أَمْوَالِهِمْ مِنْ خُدَّ
عَلَيْهِمْ سَمِيعٌ وَأَلَّهُ ۗ لَهُمْ سَكَنٌ صَلَوَاتِكَ

The meaning is: "With the zakat you take from their wealth, you purify and sanctify them, and you also pray for them. Yes, your prayer brings them peace." "Allah is All-Knowing and All-Hearing." (Q.S. At-Taubah: 103)

Oil palm farmers contribute to the welfare of the broader community while purifying their wealth by fulfilling their zakat obligations. This enhances the economic climate and makes it fairer and more prosperous, ultimately improving the welfare of the farmers themselves.

The Influence of Price, Productivity, and Islamic Financial Behavior on the Welfare of Palm Oil Farmers in Labuhan Batu District

The results of this study indicate that the significance value for the F test is $0.000 < 0.05$. Thus, it can be said that the dependent variable, welfare, is significantly influenced by the independent variables, price, productivity, and Islamic financial behavior, both separately and collectively. The independent variables have an influence of 65.7% on the dependent variable, according to the determination test. This indicates a significant influence.

The livelihoods of oil palm farmers in Labuhan Batu are greatly influenced by prices, production, and Islamic financial behavior. The increase in farmers' income due to the high prices of palm oil directly enhances their welfare. The

increase in harvest yields from high productivity allows farmers to earn more money from sales. Furthermore, Islamic financial behavior, which encompasses values such as integrity, transparency, and fund management in accordance with Islamic law, assists farmers in enhancing their financial stability, avoiding detrimental loans, and managing their money more skillfully.

These three factors work together to create a synergy that enhances the well-being of farmers. Higher prices allow farmers to earn more money, and increased production ensures a sufficient harvest. A strong foundation for healthy financial management is also provided by Islamic financial behavior, which helps farmers plan and manage their funds more effectively and fulfill social commitments such as zakat. As a result, the combination of production, pricing, and Islamic banking practices has fostered an environment that supports the improvement of the living standards of palm oil farmers in Labuhan Batu.

The Welfare of Farmers in the Perspective of Islam

In Islam, welfare can be seen through Surah Al-Baqarah: 126.

وَأَدَّ قَالَ إِبْرَاهِيمَ رَبِّ اجْعَلْ هَذَا بَلَدًا آمِنًا وَارْزُقْ أَهْلَهُ مِنَ الثَّمَرَاتِ مَنْ
أَمِنَ مِنْهُمُ بِاللَّهِ وَالْيَوْمِ الْآخِرِ قَالَ وَمَنْ كَفَرَ فَأُمَتِّعُهُ قَلِيلًا ثُمَّ أَضْطَرُّهُ
إِلَىٰ عَذَابِ النَّارِ ۖ وَيَسْئَلُ الْمُصِيبُ

The meaning is: "And (remember) when Ibrahim prayed: 'O my Lord, make this city one of peace and security, and provide its inhabitants who believe in Allah and the Last Day with fruits.' 'And for those who disbelieve, I will grant them enjoyment for a time, but then I will force them to taste the punishment of Hell, and it is the worst place of return,' said Allah." (Qs. Al-Baqarah: 126)

This section highlights the values of safety, wealth, and well-being within a community. This line can be seen as a prayer and hope for farmers to be granted abundant food and security in carrying out their agriculture in the context of farmers' welfare. Like Abraham, who prayed for the well-being of the people of Mecca, farmers need sufficient food and a supportive environment to thrive.

The welfare of farmers is viewed from an Islamic perspective as a component of efforts to achieve social justice and economic equality. Islam suggests that everyone, even farmers, should have equal rights and opportunities for personal and financial growth. Because farmers are very important in food provision, the welfare of the broader community is directly influenced by their well-being. Islam also emphasizes the importance of protecting the rights of workers, especially farmers, through programs such as charity, zakat, and donations, which can be used to provide assistance to those in need.

In addition, Islam emphasizes the importance of sustainability in resource management. Farmers are encouraged to use land and manage resources in a sustainable and wise manner to ensure that agricultural products continue to benefit both current and future generations. The long-term welfare of farmers is based on values such as trust and their need to protect the environment. So, from an Islamic

perspective, the well-being of farmers encompasses justice, social responsibility, sustainability, and is more than just a material issue.

IV. CONCLUSIONS

Based on the research results on the influence of price, productivity, and Islamic financial behavior on the welfare of oil palm farmers in Labuhan Batu Regency, farmers in Labuhan Batu Regency. Calculated with a t value of 3.883 and a significance value for the goodness-of-fit test of 0.000 (less than 5% or 0.05). Palm oil producers in Labuhan Batu Province are reaping many benefits from Islamic financial practices. The calculated t value is 11.078 and the mean is 0.000 (less than 5% or 0.05) from the Islamic Financial Behavioral Welfare Test. Price, productivity, and Islamic financial behavior simultaneously influence the sustainability of palm oil in Labuhan Batu. The research results show a significant F-test value of 0.000, which is greater than 0.05. The determination test shows that the independent variable has an influence of 65.7% on the dependent variable. This seems to have a significant impact. This research shows that the variables of price, productivity, and Islamic financial behavior only explain 65.7% of farmers' well-being, so future studies could add other variables such as market access or government policies to broaden the scope of the analysis. The local government and relevant agencies in Labuhan Batu Regency are advised to strengthen policies that support price stability.

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