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Islamic Economic Review of The Concept of Employee Wages (Case in Jakarta)

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Abstract. Research indicates that the concept of remuneration in Islamic economics emphasizes alignment with its principles. Workers are expected to maintain professionalism and avoid fraud. The primary aim of this remuneration concept is to enhance workers' well-being, reflecting a focus on community welfare and humanity rather than just profit. Entrepreneurs are encouraged to treat workers like family, fulfilling all their needs, and embodying the spirit of cooperation (ta'awun), ensuring no harm comes to any party. This ethos promotes collective responsibility in meeting the basic needs of the less fortunate. In the context of Place in Jakarta City, the remuneration model aligns with Islamic economic principles. Employee pay is based on customer percentage, encouraging each worker to contribute to the business's success. Salaries are adjusted according to the employees' skills and the number of customers they serve, resulting in variable wages rather than a fixed amount. This model ensures that remuneration is fair and reflects the employees' contributions, fostering a cooperative and supportive work environment consistent with Islamic values.

Keywords: Islamic Economics Review, Concept, Employee Remuneration

1. INTRODUCTION

Economics is a social discipline that focuses its study on human activities related to the production, distribution and consumption of goods and services. The origin of the word "economics" itself comes from the Greek, namely *oikos* which means "family, household," and *nomos* which refers to "rules, rules, laws." In a general framework, economics can be defined as "household rule" or "household management." Economics involves creative and innovative thinking activities to create solutions to meet life's needs, with these solutions covering aspects of production, distribution and consumption.

Islamic economics, referred to in Arabic as *al-iqtishad al-Islami*, refers to the knowledge of the rules related to the production, distribution, and consumption of wealth. Islamic economics is the study of human economic behavior which is governed by the principles of the Islamic religion and is based on the concept of monotheism, as outlined in the pillars of faith and pillars of Islam. Economic topics are one of the aspects discussed in Islam. However, it needs to be emphasized that the field of economics can be divided into two parts, namely economics and economic systems. There is an essential difference between economics and economic systems. If someone does not understand this difference, it can cause misunderstanding and confusion in determining what things can be adopted from outside Islam and what cannot be adopted, because Islam itself has regulated these aspects in detail. In the context of Islamic economics,

trading businesses have special emphasis because of their direct link to the real sector.

In carrying out a business activity, production has a very crucial role in determining the continuity of the business. Humans have various business opportunities throughout the world, and every business they undertake needs to be productive. The stability of a business really depends on the level of productivity generated by these activities. If the production results are quality, the profits obtained will also be optimal. On the other hand, if the efforts undertaken do not meet quality standards, the results obtained will be less than satisfactory and may even result in losses.

In the context of Islamic Economics, wages are known as *ujrah* and are often related to employment contracts. In the perspective of Islamic Economics, determining workers' wages highly upholds the principles of justice and adequacy. The main principle of justice lies in the clarity of the contract (transaction) and commitment based on a voluntary agreement. Therefore, the agreement must pay attention to the employer's obligation to pay workers according to their work contribution. On the other hand, workers are also prohibited from forcing employers to pay more than their ability to provide wages which are workers' rights. In carrying out a business activity, production has a very crucial role in determining the continuity of the business. Humans have various business opportunities throughout the world, and every business they undertake needs to be productive.

The stability of a business really depends on the level of productivity generated by these activities. If the production results are quality, the profits obtained will also be optimal. On the other hand, if the efforts undertaken do not meet quality standards, the results obtained will be less than satisfactory and may even result in losses. In the context of Islamic Economics, wages are known as *ujrah* and are often related to employment contracts. In the perspective of Islamic Economics, determining workers' wages highly upholds the principles of justice and adequacy. The main principle of justice lies in the clarity of the contract (transaction) and commitment based on a voluntary agreement. An employment transaction contract is an agreement between a worker and an entrepreneur, so that before a worker is hired, it is necessary to clearly determine how much wages the worker will receive, including the amount of wages and the method of payment. Therefore, the agreement must pay attention to the employer's obligation to pay workers according to their work contribution. On the other hand, workers are also prohibited from forcing employers to pay more than their ability to provide wages which are workers' rights.

The activity of paying wages or wages is one of the oldest aspects of muamalah maliyah that emerged in the history of human civilization. Initially, this activity only involved the exchange of work services for materials (wages). Therefore, this system can also be seen as part of exchange theory. The difference with buying and selling lies in the object of exchange, where in the wage system, work services are exchanged for material, while in buying and selling, what is exchanged is material for material. However, the problem lies in the lack of confirmation to workers when there is a decrease in wages, which should be informed in accordance with the agreement between both parties. This process is not recorded in writing, but only through verbal agreements and mutual trust. This lack of clarity creates uncertainty, especially when there is a decline in sales turnover, such as a decrease in the number of visitors or bad weather, which has the potential to make sales not run smoothly. In this situation, neither has clear guidelines for resolving the problems that arise.

2. RESEARCH METHODS

This research is a type of field research, which is carried out systematically by collecting data directly from the research location⁶. The method applied in this research is a qualitative research method, where the qualitative approach involves research procedures that produce descriptive data in the form of written or spoken words from participants, and behavior can be observed. This approach focuses on the background and individual context holistically. Therefore, the author chose a qualitative approach in accordance with the research objectives, which aims to obtain an overview of the Islamic Economic Review of the Concept of Employee Wages (Case Study at Jakarta City).

3. RESULTS AND DISCUSSION

Definition of Wages

Definition of wages according to Law no. 13 of 2003 concerning employment can be found in article 1 paragraph 30 which states: "Wages are the rights of workers/laborers received in the form of money as compensation from entrepreneurs or employers to workers/laborers. These rights are determined and paid in accordance with the employment agreement and/ services that have been or will be performed" (Law No. 13 of 2003 article 1 paragraph 30). Wages can be related to the income earned by labor, where this can be considered as the amount of money received by a worker in a certain period, such as a month, week, or day, referring to the nominal wage of labor. The amount of wages a worker receives is influenced by factors such as the amount of money

received, the purchasing power of money, and so on. This wage includes the amount of living necessities that the worker actually receives as compensation for his work. Therefore, giving rewards to workers, whether in large or small forms, must be in accordance with the real value of the work they do, not just the nominal value of the effort they have given.

Legal Basis for Wages

This interpretation clearly shows that we are permitted to hire the services of others as long as we are willing to pay appropriate wages. The concept of *ujrah* has very broad benefits, including compensation for the benefits of an object or wages for a special job. *Ujrah* involving contracts for services or work, such as the construction of buildings or the work of company employees, is closely related to the issue of wages. Therefore, the discussion is more focused on work or labor (*ajir*). According to *fiqh* scholars, this kind of *ujrah* is permitted if the type of work is clear, such as a construction worker, company employee or factory worker.

Remuneration Pillars and Conditions

Religion demands that the implementation of *ujrah* always pay attention to provisions that can guarantee its implementation without harming any party, so that the noble intentions desired by the religion can be maintained. In this context, the *fuqaha'* detailed the concept of pillars that must be fulfilled in the *ujrah* contract. These pillars include: 1) *'Aqidayn*: Involves two actors in the *ujrah* contract, namely *mu'jir* (owner of services or benefits) and *musta'jir* (renter or user of services or benefits of rented goods). In the practice of *ujrah* which involves one's own energy, *mu'jir* is often referred to as *ajir*. 2) *Sighat*: Refers to the transaction language in the *ujrah* contract, which involves *ijab* and *qabul* which includes a contractual agreement providing ownership of services or benefits from the *mu'jir* in exchange for wages (*ujrah*), either explicitly, implicitly (*kinayah*), or even explicitly symbolic (*mu'atah*). 3) *Ujrah*: This is a wage given for the services or benefits of the goods rented.

The Concept of Wages in an Islamic Economic Perspective

Islam teaches its people to appreciate beauty and be grateful for Allah SWT's blessings on creation. One form of gratitude is by protecting and caring for the environment, because Islam cares about health and beauty. Humans have the essential nature of being individual and social creatures, meaning that they cannot carry out their activities alone without the help of others. In these activities, humans have certain goals,

and to achieve them without harming other people, rules or norms are needed that regulate them. The Islamic religion regulates muamalah activities in detail, including the provision of wages to employees. Jakarta City uses an *ijarah* (Wage-reward) agreement to provide wages to its employees. In practice, these wages are appropriate. Regarding the concept *ijarah* on human power then *fiqh* regulate *ujrah* (wages) as follows:

1. The wage is in the form of known assets and the wage must be stated clearly, because it will contain an element of *jihalah* (obscurity). This has become an agreement between the ulama, however, the Malikiyah ulama determine the validity of the *ijarah* as long as the size of the intended wage can be known based on customary customs.
2. Wages must be different from the type of object, paying for similar work, such as renting a place to live, serving as a servant, this according to Hanafi is not legal and can lead to the practice of usury.

Determining wages that are fair and do not harm workers means ensuring that wages are sufficient for living costs at a minimum, so that no one is harmed. Wage determination should not depend on an estimate of a particular minimum or rate level. Setting wages in accordance with sharia, as mentioned by Mawardi in *Al-Ahkam al-Sulthaniyah*, requires a standard basis that is sufficient to cover the minimum needs of workers. Differences in pay levels can arise due to variations in non-monetary benefits and abilities, and are sometimes caused by ignorance or delay. In some cases, Islamic law recognizes wages based on work level. In the Islamic context, there are significant differences with wage practices that do not take into account the living needs of employees. In Islam, wages are an important focus of attention to maintain employee welfare.

Jakarta City has the right to obtain profits from its business, both material and non-material. The obligation of employers towards workers is to pay wages or salaries as a form of welfare that must be received by workers, and this is the responsibility of employers towards workers. The importance of payment of wages immediately after work is completed has been emphasized in Islam. Delaying payment of wages without good reason is prohibited, and Islam recommends that payments be made promptly, without unnecessary delays. Arbitrary delays in payment of wages or suspensions without provisions in the contract constitute a violation of Islamic principles that promote worker welfare. Regarding the determination of wages, Islamic economics does not provide detailed textual provisions in either the Qur'an or the Prophet's Sunnah.

Fairness is an ² easy thing to say, but difficult to implement. Uzair emphasized that one of the most important Islamic philosophies in matters of wages or salaries is justice. Justice in Islam is categorized into two, namely: Fair, which means clear and transparent, meaning that before workers are hired, they must first explain what wages they will receive. This includes ² the amount of wages and payment procedures; 2) Fair means proportional. Fair means proportional, ¹ meaning that a person's work must be compensated according to the weight of the work.

Providing a Living Wage.

Providing wages to employees should pay attention to the concept of eligibility, which involves three main aspects: sufficient food, clothing and shelter. The wages given must also be in accordance with market standards and must not be reduced. Jakarta City uses an ijarah (Wage-reward) agreement to provide wages to employees. In practice, wages are as promised at the start, however, business owners state that the wages given are not fixed because monthly income is unstable, depending on how many customers come.

Every worker must receive wages fairly, which means that compensation must be commensurate with the severity of the work. The wages provided are considered adequate, especially because some workers live and eat at the business premises. The time for giving wages is in accordance with the teachings of the Prophet SAW emphasizes paying workers' rights immediately after completing work or before the sweat dries. Despite this, business owners and workers have reached an agreement to provide salaries every month.

Islamic Economic Review of Employee Wage Concepts

Basically, the goal of human life is to obtain prosperity in life, both in this world and the hereafter, and in both material and non-material aspects. Fulfilling the needs of human life in a balanced manner creates a noble and prosperous life. Fulfilling these needs will have a positive impact in the form of benefits, namely conditions that can improve humans as creatures who can provide benefits and goodness to other humans. Wages are receipts as a reward ³ from providing work for work for services that have been performed. Wages function as a guarantee for the continuity of a decent life for humanity and production is expressed or valued in the form of money determined according to an agreement.

The concept of good wages will determine the welfare of employees. This will have an impact on the future of the company, so employees will carry out their work with maximum results. But if it is the other way around, it will cause the company to decline in increasing employment. The wage concept strategy applied in Jakarta City is a wage system based on the percentage of the number of customers. So every employee provides services to consumers, the salary given by the owner of Jakarta City is in accordance with the percentage of the number of visitors served by the employee, so each employee does not have the same salary per month because if employee A provides more services than the waiter who the other one does not get a salary, that is, based on what is done, the salary will be given according to what is done without food money and a monthly salary.

The wages received are given once a month and are given on the tenth day when each employee receives her salary. The wage mechanism is a procedure for determining wages taken by employers in providing compensation for the services of their employees. Usually entrepreneurs make wages based on policies that are adjusted to the steps of the business. The work practices that occur at Jakarta City are as follows:

Subject/Actor

- a. Subjects/Actors who carry out their work in a business consist of two parties, namely the business owner and employees. In practice, business employees as a whole fulfill the pillars of remuneration, namely someone who rents out (mu'ajjir) by the person who rents (musta'jir), as well as one ownership of services from the party musta'jir by one mu'ajjir.
- b. The practice carried out in this work is that there is an agreement between the consumer and the business owner.

Based on this, from the perspective of the subject/actor, carrying out business work in an Islamic manner is appropriate or legal. From an object perspective, this employee has fulfilled the basic requirements, namely being professional in carrying out his work and there is no element of fraud. Percentage in Islam is not explained conceptually, it can be seen from the Islamic system and concept which is based on justice and local feasibility which is taken from positive law which is based on the rules and concepts of Usul Fiqh which comes from the Istishlahi or Maslahat method which is in accordance with the rules of fiqh to determine the percentage law that can be used. taken from positive law.

If the *ijarah* is a job, then the obligation to pay wages occurs when the job ends. If there is no other work and there are no payment or deferral conditions in the contract, according to Abu Hanifah, wages must be paid in stages according to the benefits received by the worker. However, according to Imam Syafi'i and Ahmad, workers are entitled to their wages immediately after the contract takes place, regardless of the delivery of the leased object to the tenant (*musta'jir*). This is because the *musta'jir* has received benefits from the goods rented.

Wages are entitled to be received under the following conditions: 1) The worker has finished. If the contract is for services, then the wages must be paid when the services have been completed; 2) Get benefits, if *ijarah* in the form of goods. If there is damage to the goods before they are used and there is still no time lapse, the contract becomes void; 3) The possibility of getting benefits during that time even if they are not fully fulfilled; 4) Speed up payments *ijarah* according to the agreement of both parties in accordance with the terms of payment deferral.

As explained in the employee wage mechanism, it consists of three wage systems, namely wages according to time, according to results, and premium wages. Meanwhile, judging from the practice at Jakarta City, it uses a pay system based on results. Of course, there are differences in wage levels between one employee and another. However, this is permitted in Islam because the difference in wage levels that occurs among the employees of Jakarta City is due to their abilities. Differences in wage levels between one employee and another are permitted in Islam because differences in wage levels occur due to their ability to provide services.

⁶ Sometimes the difference in wages is very striking. There are those whose wages are just enough to live on, there are those who allow for a pleasant life. In fact, it is common to achieve a very luxurious life. Geographical factors are also one of the causes that give rise to imperfections in labor mobility. Sometimes in certain places there is a problem of a shortage of workers even though the wage level is relatively lower. Wages for workers at Jakarta City are adjusted based on an agreement between the business owner and the employee. Draft Remuneration in this business is based on the income or profit received by Jakarta City. The business owner confirms that each employee receives wages according to the income earned by this business, and that these wages are in accordance with the initial agreement. This was caused by the decrease in business income that occurred.

The public's view of wage levels is still considered sufficient, although the meaning of sufficient is relative and depends on the point of view used. The aspect of fairness is also a consideration in determining the appropriate wage level. In the history of economic thought, various schools of thought regarding fair wages have been known, and each school has its own concept of fair wages.

In the Jakarta City employee wage system, the wages given to workers have been agreed upon through an employment contract. However, the wages received by workers are based on monthly business income or how many customers come. The greater the income, the wages received will be in accordance with the agreement or may even exceed it. The research results show that employees have the right to receive full wage payments, although the amount can be reduced from what has been promised if there is a decrease in income due to the lack of visitors. Reducing workers' wages in situations like this is not considered a violation of the employment contract, and it does not reflect injustice in Islamic principles. However, according to research, if the agreement is detrimental to one of the parties, then another agreement can be made to determine the wages agreed upon by both parties. This process is permitted as long as the reasons are clear and agreed upon by both parties.

3. CONCLUSION

Wages in an Islamic economic perspective refer to the rewards received by a worker as compensation for work that has been carried out well and correctly. These rewards are given in the form of material things in the world (in the form of fair and decent assets) and rewards in the afterlife. Islamic economic principles in this context include a clear clarification regarding wages, which must be announced before work begins, should be paid before the sweat dries, and be adjusted fairly according to each individual's skills.

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