Wages in Wage Systems in Indonesia and Islam

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Abstract: Wages in Wage Systems in Indonesia and Islam. The conflict between workers and employers has become a routine phenomenon in the world of labor in Indonesia. From a number of demands that have arisen in each demonstration, the issue of wages has always been the main issue voiced by the workers. The government has actually attempted to mediate this issue by issuing a regulation on Provincial Minimum Wages (UMP) and Minimum Wages for City/District (UMK). The issue of wages, however, always ranks first in the demands of the workers. This article compares the concept of wages in the capitalistic economic system with the concept of wages in Islam. The aim is to get an idea of how each system regulates the relationship between workers and employers. This study finds out that in Islamic economics, wages (ujrah) are product of a system of cooperative help which is manifested in a contract of an employment agreement. Whereas in a capitalistic economic system, labor is more valued as one type of commodity or capital goods that will produce a new value.

Keywords: wages in Islam, labor problems in Indonesia, capitalistic economic system


Kata Kunci: upah dalam Islam, problema perburuhan di Indonesia, sistem ekonomi kapitalistik

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Introduction

Over the years, especially during national labor day, wage problems have caused controversy, especially regarding the wages of workers or workers who have not found a meeting point. Low wages received, postponement of wages in the next few months, lack of value of components in wages, and many other issues are routine issues that are the subject of their demands. In fact, some products issued by the government that protect workers’ wages and their working conditions quantitatively are sufficient, but it should be noted that qualitatively there is a need for more in-depth study.

In the assessment of the workers, the system of stipulating wages in Indonesia has not fully accommodated the interests of the workers or workers. Case in point: The stipulation of the DKI Jakarta UMP in 2014, the process of which began with negotiations at the Wages Council, did not work. The Governor of DKI Jakarta actually uses KHL of Rp 2.2 million as a reference for wage fixing, while according to representatives of workers who sit on the Wage Board, the amount of KHL is Rp 2.7 Million. The Labor Union itself demands a UMP of Rp. 3.7 million/month.

When the Governor of DKI Jakarta then set a 2014 UMP of Rp. 2,441,301, this was immediately greeted by demonstrations by thousands of workers. Not only is the UMP value far below the demands of workers, but also the impact of the DKI UMP determination which is then used as a benchmark for establishing UMPs/MSEs throughout Indonesia.

Another problem that also triggers the turmoil of workers is the number of decent living needs (KHL). Initially, it was determined that the KHL calculation was based on 60 KHL components. But the workers demanded to add the component to 84 KHL components, including TV and perfume. The government does not approve the submission of the latest component because, according to the Government, 60 KHL components alone have caused hundreds of companies to apply for suspension of wages.¹ Even though the wage deferral regulation has been

¹ “See on :http://m.suaramerdeka.com, 17/5 2014, 315 Perusahaan Setuju Penangguhan
seen by workers as a rule that removes the expectations of workers to get a decent wage or according to their needs.

**Waste and Labor Policy in Indonesia**

**History and Remuneration Policy in Indonesia**

Zulkarnain Ibrahim identified 5 (five) types of constraints in the employment system in Indonesia, namely: Constraints in the Legal Substance Level (Inconsistencies in Company Regulations and legal uncertainty) Constraints in the Minimum Wage Determination Policy; Constraints in the Decision on Decent Wages Policy (Constraints in the Legal Structure Level (Institution of Supervisors) and Constraints in the Legal Culture Level (Government, Workers and Employers).  

The concept of minimum wage regulations emerged in the 1950s, which was marked by preparations for making regulations even though they were not in the formal form (Law). Even so, the government’s provisions directly affect the wage rates of most workers in Indonesia. In the following years, the minimum wage refers to the provisions issued by the Indonesian Minister of Manpower based on the work of the National and Regional Wage Research Council (DPPN/DPPD). This decree was issued after the New Order government formed the DPPN in mid-1969, which was followed by the formation of the DPPD in 1970. In the early 1970s, the implementation of minimum wages on a limited scale had been applied to workers who worked in private companies.

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The current form and principle of implementing minimum wages is the result of a series of tripartite discussions between 1974-1976. Some milestones are important enough for the maturation of the concept of minimum wages, including the National Wage workshop in Yogyakarta in August 1974 and the National Wage Workshop in Medan in January 1976.\(^4\)

In 1989, the Indonesian Minister of Labor issued Minister of Manpower Regulation Number PER-05/MEN/1989 concerning Minimum Wages. Minimum wage income is based on the following considerations: (a) Minimum Physical Needs, (b) Consumer Price Index, (c) expansion of employment opportunities, (d) Wages generally applicable Regionally, (e) Company Sustainability and Development, (f) Regional or National Economic Levels. Determination of minimum wages based on minimum physical needs has changed to a minimum living need. This change has positive implications that workers are more seen as social beings who need fulfillment of life (social).\(^5\)

Wage policies are based on the necessities of life, self-development and family workforce by considering work performance and human values that foster a sense of self-esteem. The concept of the necessities of life above actually has long been the thinking of experts, for example, Shult and Coleman, who see that wage setting is closely related to economic factors, which include:

a. Increased life needs
b. Increased work productivity.
c. The employer’s progress (or inability) to pay.
d. Payment of wages in one industry with another industry in a region.
e. Impact arising from the high or low wages in the labor bargaining value (power employment).


The wage system in Indonesia recognizes the wage levels of workers. Lowly workers or unskilled laborers get the lowest wages. That can be measured by comparing it to minimum physical needs. Variation in wage rates in Indonesia does not only occur between business fields or sectorally but also regionally or between regions in several regions of the country, including gender. The manufacturing sector generally has the highest wage level (regardless of the sex of workers).

The wage gap for workers that lasted between levels also occurred in 1991-1993. The lower UMR/KHM ratio in 1998 was caused by the increase in prices which resulted in an increase in the MIC number (minimum living needs) higher than the increase in the UMR (regional minimum wage) So that the UMR increases and cannot fulfill the KHM.

The wage system in Indonesia is based on Government Regulation Number 78 of 2015 concerning Wages. In the regulation, it is stated that wage policy is directed at achieving an income that meets decent livelihoods for workers/laborers. Decent income as referred to is the amount of income or income of workers/laborers from the results of their work so that they are able to meet the living needs of workers/laborers and their families fairly. “Proper income as intended is given in the form of a. Wage; and b. non-wage income, “Article 4 paragraph (2) of this PP.

The wage policy includes a. Minimum wage; b. Wages for overtime work; c. Wages do not go to work because they are not available; d. Wages do not go to work because of other activities outside of their work; e. Wages for exercising the right to work breaks; f. form and method of payment of Wages; g. fines and deductions from Wages; h. things that

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can be calculated with Wages; i. proportional wage structure and scale; j. Wages for severance payments; and K. Wages for calculating income tax.

Wages as intended consist of components: a. Wages without allowances; b. Basic wages and fixed allowances; or c. Basic wages, fixed allowances, and non-permanent benefits. “In the event that the Wage component consists of a basic wage and a fixed allowance as referred to, the amount of the basic wage is at least 75% (seventy five percent) of the amount of the basic wage and the fixed allowance,” read Article 5 paragraph (2) of the PP.

This government regulation basically, if implemented properly is sufficient to accommodate the fulfillment of workers’ life needs. But what is interesting is precisely at a realistic level, where the issue of wages dominates labor disputes between employers and workers. The issue of wages has become increasingly urgent when there is a high inflation rate or an increase in prices or an increase in the prices of goods and services that are greater than the increase in wages.

**Wage and Labor Theory in Conventional Economy**

**Wages According to the Conventional Economic System**

Article 1 of Law Number 13 of 2003 concerning Labor states that wages are workers’ rights received and expressed in the form of money as compensation from employers or employers to workers/laborers who are determined and paid according to a work agreement, agreement or regulation legislation, including benefits for workers/laborers and their families for work and/or services that have been or will be carried out.

In economic theory, wages are defined as payments to physical and mental services provided by workers to entrepreneurs. In the theory of efficiency wages, it is stated that high wages make workers more productive. Workers who pay adequate wages more nutrition, and healthier workers will be more productive. The wage efficiency theory states that worker productivity increases along with the wage rate.⁸

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Economists tend to see labor income at average real wages, namely wages that show the purchasing power of one working hour, in other words, nominal wages or money wages divided by living costs. The theory of price formation (utilization) and utilization of input (employment), is called the marginal productivity theory, which is also commonly called the wage theory. Marginal productivity is not solely based on the demand side of the labor market but is also determined by the interaction between supply and demand. For workers, the demand for an increase and other income is a reflection of efforts to maintain real wages or income as much as possible, as well as a safety net to protect workers from arbitrary wages by employers.

**Determination of Wage Levels in the Labor Market**

On the external labor market, the wage rate is determined by the strength of labor demand and supply. But in the internal labor market, the amount of the wage rate is determined based on several factors such as an assessment of a job or job evaluation, a wage survey, and a minimum wage or an award rate determined by the government.

Muhammad Abdul Mun’in Affar, as quoted by Murtadho Ridwan, presents a number of theories about wages:
a. Subsistence theory of wages, according to this theory wages are limited by the level of basic needs needed to meet the living costs of a worker and his family. If wages exceed the needs, it will encourage population growth resulting in increased labor supply and ultimately an impact on decreasing wages. This theory is closely related to Robert Malthus’s population theory.

b. Wage fund theory of wages, according to this theory wages can change according to labor demand and supply factors. While the labor demand factor is influenced by the amount of funds provided to pay the wages themselves.

c. Marginal productivity theory of wages; This theory is based on the marginal productivity of workers. That is, the amount of wages of workers depends on the ability of workers to produce goods or services. The more laborers produce, the more wages they receive. This theory is very compatible with the Capitalist system because workers will be motivated to produce more goods and services.

d. Bargaining theory of wage, this theory relies on the minimum and maximum wages based on the results of agreements and agreements between the two parties.

e. The theory of purchasing power, this theory bases market demand on goods with wages. In order for goods to be bought then the wages must be high, if the wages are low then the purchasing power does not exist and the goods do not sell. If this is allowed, there will be massive unemployment.

f. The wage theory of natural law, this theory states that wages are set on the basis of costs needed to maintain or restore labor that has been used for the production process.13

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Factors that Affect the Determination of Wages

Many factors often influence the determination of wage levels, including: (1) Supply and demand for labor, (2) Labor organizations, (3) The ability of companies to pay, (4) Employee productivity, (5) Cost of living, (6) Government, (7) Internal and external consistency.\(^{14}\)

In addition to the influencing factors, there are also things that are used as a reference in determining wage levels in Indonesia,\(^{15}\) namely: (1) Government Decree, (2) Market Wage Level, (3) Company Capability, (4) Source Qualification Human Power Used, (5) Company’s Will, (6) Workers’ Demands.\(^{16}\)

Wage System

There are various wage systems offered but those commonly applied in Indonesia include:
1) Time System
2) Output System (output)
3) Volume Systems

From the various factors and remuneration systems, it can be seen that the wage system is based on the output according to the set time and the amount of nominal wages received based on work results and work performance.


Employment and Development of Trade Union Organizations in Indonesia

Adherents of traditional economies have divided production inputs or resources into three broad categories, namely: land, human labor, and capital. The definition of labor also includes the skills and skills they have. In terms of expertise and education, labor is divided into three groups, namely: manual labor, skilled labor, educated labor.

In a simple economy, machinery (capital) and workers (labor) are needed to produce output. If in an economy the output increases, the quality of the worker signifies an increase.

In Indonesia, the workforce forms a trade union that is independent, democratic, free and responsible for Java. This organization is formed, from, by, and for workers to fight for the rights and interests of the workers and their families. In the old order, the labor situation in Indonesia was colored by politics at that time. They are divided into various labor organizations or trade unions affiliated to political parties.

On July 12, 1950, the Indonesian nation had become one of the members of the International Labor Organization or the International Labor Organization. In 1959 there were twelve labor organizations,

which formed political affiliations, such as SOBSI (PKI), KBSI (PSI), SARBUMUSI (NU), GOBSII (PSII), GBSI (PNI), and others. Apart from that, there are still a number of other labor organizations established before and after 1959, including more than forty other sectoral labor organizations affiliated with these unions. The point is that workers at that time were more political than working.

Labor, Work Contracts and Wages in Islamic Economy

Labor in Islamic Economics

Labor is one of the factors of production which has a big meaning. All natural wealth is useless if it is not exploited by humans and processed by workers. Islam encourages people to look for wealth by working or trading and avoiding begging activities. Humans need wealth as a tool to fulfill their daily needs.

In the view of capitalism, as confirmed by Sri Dewi Yusuf, labor is considered a factor of production that is not different from other production factors. While in the view of labor Socialism or laborers cannot freely determine what they want because all are determined and controlled by the government. Both of these views are contrary to Islamic values because they do not place humans in their dignity as whole people. In the Islamic view, the relationship between employers and workers is not just a relationship between employment contracts but rather friendship, brotherhood, and mutual help.


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According to Afzalur Rahman, there are two types of workforces, namely manual labor, and educated labor. Criteria for selecting labor such as labor supply depend on three factors:

1. Workforce skills; namely labor effort to work based on the expertise and skills they have that can increase capital. Islam highly upholds the perfect work results and instructs its people to carry out all types of work diligently and perfectly.

2. Workforce mobilization; labor mobilization has a close relationship with the economic position of the workers. If the workforce group can move easily and freely from a place/work) to another place that promises better wages, then their standard of living will certainly be better.

3. Total population; Population is one of the factors that can affect the supply of labor in a country. If the population increase can be controlled, then the standard of living of the workers will be better.  

**Employment Contracts in Islam (Al-Ijarah)**

Al-Ijarah comes from the word *al-Ajru* which means wage. Whereas *Ijarah* has a general meaning which includes wages for the use of something or compensation for an activity, or wages for doing something. *Ijarah* can be divided into two, *ijarah* which transacts the benefits of property commonly referred to as leasing, and *ijarah* which transacts the benefits of human resources which are commonly called labor.

For the legal lease (*ijarah*), the first time that must be seen is the person who will make the lease agreement. The most important element to note is that both parties are capable of acting in law (understanding). Imam Shafi’i and the Hambali Imam added one more condition, namely adult (baligh). Leasing agreements carried out by people who are not

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25 Sri Nurhayati dan Wasilah, Akuntansi Syari’ah di Indonesia, p. 66.
26 Helmi Karim, Fiqh Muamalah, p. 29.
mature according to them are not valid, even though they have the ability to distinguish between good and bad.\textsuperscript{28}

Islam explains that the legal leasing agreement (\textit{ijarah}) must be fulfilled as follows:
1. The benefits of goods or services are clear.
2. Delivery of goods to the tenants to enjoy the benefits such as car rental.
3. The treasure is justified by the Shari’a and aims well.
4. The service is not an obligation that must be done by the tenant.
5. The benefits taken must be in accordance with the item, for example, an employer appoints his business partner to work together while his colleague is also an employer.
6. The benefits taken must be in accordance with the purpose of the lease.\textsuperscript{29}

\textit{Ijarah} in Islam will be considered valid if it has fulfilled its pillars as follows:
1. Contract (pronounced ijab and qobul).
2. The parties involved are tenants and owners.
3. Salaries, wages, and rent payments.
4. Services or benefits (benefits of goods or services).\textsuperscript{30}

**Wages in Fiqh Muamalah**

Wages or salaries are payments made by employers to workers for their efforts involved in the production process.\textsuperscript{31} Wages in Arabic are called \textit{al-\textit{ujrah}}\textsuperscript{32}. In terms of the language of \textit{al-Ajru} which means ‘\textit{iwadhb}’ (substitute). Therefore, \textit{al-sawab} (reward) is named also \textit{al-ajru} or \textit{al-

\textsuperscript{28} Muhammad Jawad Mughniyah, \textit{Fiqh Lima Madzhab} (Jakarta: Lentera, 1999), p. 685.
\textsuperscript{29} Muhammad Sulaiman dan Aizuddinur Zakaria, \textit{Jejak Bisnis Rasul}, p. 380.
\textsuperscript{30} Muhammad Sulaiman dan Aizuddinur Zakaria, p. 381.
\textsuperscript{31} Muhammad Sulaiman dan Aizuddinur Zakaria, \textit{Jejak Bisnis Rasul} (Jakarta: PT Mizan Publika, 2010), p. 309.
ujrah (wages) that is a return for services provided in exchange for the benefits of a job.\textsuperscript{33}

Syafaruddin defines wages as rewards received by someone for his work in the form of material rewards in the world (fair and proper) and in the form of reward rewards in the hereafter (better rewards).\textsuperscript{34}

Muhammad Abdul Mannan explains:

“.....What it wages? it refers to the earning of labor. We can look at wages from two points of view, the monetary and the non-monetary. The quantity of money earned by labor during a period of time, say, a month or a week or a day, refers to the nominal wages of labor. The real wages of labor which depend on various sectors like the amount of money wages, the purchasing power of money, etc. Maybe said to consist in the number of necessaries of life which labor actually earns by his work: “the laborer is rich or poor, well or ill rewarded, in proportion to the real, not to the nominal, the price of his labor”.\textsuperscript{35}

From the understanding conveyed by Mannan, it can be understood that wages are rewards received by workers. However, wages can be seen from two sides of the point of view, namely, from a monetary point of view—some of the money that workers receive in a certain period of time—and not monetary, the quality of life of the workers obtain because of their work.

Islam provides guidelines that wages are paid at the completion of a job. In this case, the worker is encouraged to speed up the service to a temporary employer on behalf of the employer himself is advised to speed up the payment of wages of workers.\textsuperscript{36} This is in accordance with the hadith:

“from Abdullah Ibn Umaar said: The Prophet (peace and blessings of Allaah be upon him) said: Pay the wages of those who wear your energy before they dry their sweat.” (HR Ibn Majah, 2: 817)

\textsuperscript{33} Helmi Karim, \textit{Fiqh Muamalah} (Jakarta: PT Raja Grafindo Persada, 1993), p. 29.


Fiqh Mu’malah arrange the issue of ujrah (wages) as follows:

1. The wage must be in the form of assets that are known and must be clearly stated. This has become an agreement of ulama‘, even though Malikiyah’ ulama determined the validity of the ijarah as long as the intended wage size can be known based on custom.

2. Wages must be different from the object, paying for a similar job. Paying for rent according to Hanafi is illegal and can lead to usury practices.

1. Principles of Wages in Islamic Economics

In the perspective of Islamic Economics, the principle of wages is divided into two parts, namely:\(^{37}\):

a). Fair

In Islamic economics the fair meaning in wage provisions can be interpreted as follows:

1) Fair means clear and transparent

The Prophet SAW had said: *Whoever hires an adjunct, then let it be mentioned about wages (payment)* “. (Narrated by Abdul Razak).\(^{38}\)

From the above hadith, it can be seen that the main principle of justice lies in the clarity of the aqad (transaction) and commitment to do so. Contracts in labor are contracts that occur between workers and employers.

In terms of the payment of wages, Rasulullah SAW said:

“*Give wages or services to the person you are hiring before the sweat dries.*”(Narrated by Abu Ya’la, Ibnu Majah, Imam Thabrani and Tarmidzi).\(^{39}\)

2) Fair proportional meaning

The fair meaning as a matter of proportionality can be seen from the basic principles used by the Prophet Muhammad and the


\(^{38}\) Helmi Karim, *Fiqh Muamalah*, p. 33.

Khulafaur Rashidin. Here fair words mean moderate in determining employee wages, not excessive or too little (proportional). The main goal is that workers are able to fulfill all their basic needs. Fair proportional meaning is explained in QS. An-Najm verse 39. “For a man has nothing but what he has tried.”

This verse confirms that one’s work will be rewarded according to the weight of the work.

3) Worthy

Eligible related to the amount received. The meaning is feasible in the view of Islamic Economics, namely:

a) Worthy of meaningful enough food, clothing, and boards. Rasulullah SAW said: “They (your servants and servants) are your brothers, God put them under your care; so that whosoever has a brother under his care must give him what he eats (himself) and gives what clothes to wear (himself); and does not impose on them a very heavy duty, and if you charge it with such a task, then let them help (do it).” (Narrated by Muslim).

From the hadith above, it can be seen that the wage eligibility received by workers is seen from three aspects, namely: food (food), clothing (clothing) and board (residence).

b) Worthy

A decent wage is a wage that must be in accordance with the labor market price so that workers are not unilaterally exploited. The Qur’an mentions: “And do not harm the people of their rights and do not run rampant on the face of the earth to make damage.” (Surat ash-Shua’ra 26: 183).

The above verse is meaningful: do not let someone harm others by reducing the rights that should be obtained. In another sense, do

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41 Departemen Agama RI, Al-Qur’an dan Terjemahnya, t.t., p. 299.
not hire someone with a salary that is far below the wages normally given.

2. Levels of Wages in Islamic Economics

Ibnu Taimiyah, when discussing the concept of wages, explained that the determination of the price level, including wages, was based on requests and offers that occurred in the market. This gives the meaning that in determining all aspects relating to wages, including pricing, is determined based on the strength of demand and supply in the labor market.

a) Minimum Wage Determination.

The minimum wage level is a provision that must be agreed upon as the basis for enforcement for workers and employers. Given the weak position of workers, Islam pays great attention to protect their rights from violations committed by employers.  

b) Highest Wages

Islam does not allow wages to be below the minimum level set based on the basic needs of the working group, and Islam also does not allow wages to rise above a certain level determined based on its contribution to production.

c) True Wage Level

The actual wage is an agreement that occurs between the employer and the worker whose rise and fall will be between labor supply and demand and will be influenced by the daily standard of living of the group of workers.

The use and implications of “equal wages” are similar to “equivalent prices”. The basic objective is that equal wages are needed to safeguard the interests of both parties, employers and workers, and to keep them from exploiting each other. This clearly helped and solved industrial disputes.

From the explanation above, there are several virtues in the concept of wages in Islamic economics, including:

a. Wage thinking in Islamic economics is based on the Qur’an and Hadith. The foundation is a reference to provide wages for subordinates or workers in a wage agreement.

b. Providing wages must be fair and equal for workers. Such fairness means that both parties have no harm, no more and no less in wages.

c. In the concept of Islamic economic wages, the government’s role in wages cannot be denied. The government (state) acts as a controller if there is an imperfection in wages.

d. Wages in Islamic economics link wage levels with the labor market and use the term equivalent wages.

e. Under normal conditions (perfectly competitive markets), wages must be equal and fair based on demand and supply as well as the current agreement, namely the bargaining of employers and their subordinates.

3. Factors Affecting the Determination of Wages in Islamic Economics

To set wages for a worker is not an easy job. The problem lies in the size of what will be used to transform the concept of fair wages in the world of work. The following are the opinions of several scholars regarding the factors for determining wages for workers, 43 namely:

a) Mawardi in “al-Ahkam al-Sultaniah” argues that the basis for setting wages for workers is sufficient standards, meaning that they can cover minimum needs.

b) Al-Nabhani bases worker wages on services or benefits provided by workers with expert estimates of these services in the community. Determination of wages should not be based on estimates of the lowest standard of living, or high rates.

c) According to al-Maliki, there is only one way to determine the

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wages of workers, namely to base the wage on services or benefits produced by workers. He stressed, "the sale and purchase transaction took place with the willingness of two people to transact. Likewise, the use of labor takes place with a willingness between mu'ajjir and musta’jir.

d) According to Yusuf Qardhawi, the reference to determining wages is an agreement between the two parties. But it is not fitting for a strong party in the contract (contract) to exploit the needs of the weak and give him a wage below the standard.

The Relevance of The Wages Concept According to Islamic Economy with the Wage System in Indonesia

Wage Policy

The wage system in Indonesia is based on Government Regulation Number 78 of 2015 concerning wages. In this Government Regulation, it is stated that wage policies are directed at achieving an income that meets decent livelihoods for workers/laborers.

Previously, Regulations in Indonesia that discussed labor and remuneration were the Manpower Act No. 7 of 2013. The regulation on wages is intended to protect the wages of workers with a minimum wage level based on the province and regency/municipal areas directed at achieving decent living needs. This form of protection was concluded by Evy Savitry to 4 types, namely: (1) Determination of minimum wages, (2) regulation of working time, (3) regulation of fines/deductions from wages and compensation, (4) severance pay and income tax.

In addition to the need for decent living conditions, macro productivity factors, namely the comparison between the number of gross

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44 Such a provision according to Yetniwati has several weaknesses, See Yetniwati, “Pengaturan Upah Berdasarkan atas Prinsip Keadilan,” Mimbar Hukum 29, no. 1, (Februari 2017): p. 85–86.

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regional domestic products (GRDP) and the number of workers in the same period, affect the amount of the minimum wage. This is positive because it can help expand employment opportunities for workers.

Another factor that influences the level of wages is the field factor of workers. This factor is formulated in the conditions of the labor market, namely finding a balance between job seekers and employers. The employment factor is very important for the trade unions because trade unions prioritize the welfare of workers so that it will reduce high unemployment in the community.

Wage regulations in Indonesia actually cover the living needs of workers, but some existing companies can only set or provide wages in a matter of one month of work and are intended for single workers. This concept as offered by Islamic economics through the thought of Afzalur Rahman states, that employers should provide wages based on how much the burden or cost of living is borne.46

The cost components calculated in wage regulations are not much different from those found in Islamic economics. For this reason, employment and wage policies must pay attention to the overall cost components, including moral and legal aspects.

The minimum wage policy in Indonesia should be based on an agreement between the two parties, namely the company and workers, as a wage system in Islamic economics that divides the wage policy into three parts and is determined by agreement between workers and employers or employers. The role of the government in terms of wages is as a mediator in the event of a dispute and cannot also decide on wage policies unilaterally, because not necessarily between the workers and the company may agree.

Government wage policies often reap the pros and cons, so that almost every year this problem has not been resolved properly.47 Therefore,


47 Read the comments on the necessary reformulation of the articles no. 88 – 91 UUK in Zulkarnain Ibrahim, “Eksistensi Hukum Pengupahan yang Layak Berdasarkan Keadilan
every policy, especially regarding remuneration issues and updated wage standards, mainly adjusts the labor market and economic inflation. The government, in stipulating wage policies, must be based on the principle of honesty and fairness because only those two things can reduce the turmoil of wage problems that have long existed.

Of the problems existing wage Thus there are several Islamic Economic bids are as follows:48:

1. Some of these wage demands, it should be remembered that all must be based on fairness values such as the concept given by Afzalur Rahman. Do not let the demands that exist beyond the limits of reasonableness are considered inadequate by employers, because if that happens means there is a behavior of persecution to one of the parties, and Islam strongly prohibits such behavior.

2. Ibn Taymiyyah also does not allow wage is determined beyond the limits of one of the parties. As wage labor issues who want to soar, resulting in the company is not able to fulfill it. The concept of wages initiated by Ibn Taimiyah and Afzalur Rahman, both highly respect the workers, stemming from the principles taught by the Prophet Muhammad to his followers about harmony between employers and subordinates, not allowed workers to feel exploited by the company and not create harmonious relations.

3. In economic transactions, Ibn Taymiyyah’s attention is also focused on justice which can only be realized if all contracts are based on agreements from all parties, both contracts, contracts, wages, prices, and others.

4. The concept that comes from both Islamic Economic thinkers especially Islamic Economics provides a change in welfare for its people because they have contributed far better ideas to Indonesia so that the state is free from the frauds committed by the authorities.


Labor issues

The demonstration of workers is nothing but triggered by the low wages of laborers so that they demand a wage increase that has been felt to be very low (insufficient standard living necessities), the existence of work contracts that only prioritize the company and do not side with the workers. The dispute should be resolved by talks from several parties such as governments, workers and employers. However, the company has not fully existed in Indonesia acted in accordance with prescribed rules. As a result, the workers are back again performing street actions.

This labor problem that occurred in Indonesia during the SBY-Budiono administration could lead to income inequality which had an impact on the lack of welfare of workers if the bargaining value of these workers was lacking in terms of work productivity. Based on the explanation of employment in Indonesia, there are several links to concepts in Islamic economics, namely:

a. Employers who employ workers have moral and social responsibilities, thus an institution that employs workers or workers is not permitted to pay their salaries unnaturally and is very sinful if an institution or industry intentionally does not pay the wages of its workers with standard needs.

b. According to Islamic Economics, clear interactions between companies and workers in the labor market must be clear in terms of employment contracts, so that harmony can be created. If the labor market is in perfect competitive condition, workers must also pay attention to labor demand and supply, Ibnu Taimiyah assesses that fair wages are based on the quantity and quality of workers.

c. Conflicts often occur in because there are two opposing interests and different interests.


d. Islamic economics considers that the government must always pay attention to changes in living costs felt by workers, and between employers and employers must always act honestly in all matters. Indeed, Islam wants a balanced growth of people or workers, so a compromise between workers and employers is highly prioritized so that strikes or closure of workplaces do not occur.

e. Seeing the problems that occur in employment in Indonesia, it should be resolved by means of deliberation between workers and employers so that workers do not act anarchically. Besides that, in the conception of Islamic Economics the source of Insani is very emphasized to have quality, therefore workers must also be able to see how much quantity and quality is given to the company. Besides that, laborers must be able to improve quality so that they are able to be competitive and in the labor market both nationally and internationally.

Basically, the wage system helps in facilitating the organization in achieving its objectives. This can be done by fulfilling the applicable wage provisions to achieve justice and equality. Therefore, every company must have provisions and supervision that are in accordance with the wage procedures. The company must know how the procedures and procedures that apply in the provision of wages in accordance with justice in accordance with its contribution to the company.

The steps that can be taken to develop a fair wage system is to establish a consistent and systematic relationship between the basic wage level for all workers in the organization. as a systematic procedure for determining the relative value of jobs. This process is used to design a payment structure, not for the performance evaluation of employees who carry out work. In job evaluation, management seeks to consider and measure the input of employees needed such as skills, effort, responsibility, etc. for minimum work performance. With the evaluation of the position, it is expected to give satisfaction to both companies and employees in wages. In measuring the value of work, there are a number of requirements that need to be considered. First, the company must have a clear and accurate description and specification of each job (position) to provide data about the factors measured. Second, a decision must be taken by
taking into account the group of employees and the work carried out. The final requirement is the need for job evaluation ideas to be known by all employees. This is intended to make employees understand the importance of job evaluation.

**Conclusion**

Based on the explanation in the previous chapter, it can be concluded that the concept of wages according to Islamic economics is as follows: wages or salaries are payments made by the employer to workers for their efforts involved in the production process and a return for services rendered in return for the benefits of a job. The relevance of the wage concept in the Islamic economy with wages in Indonesia, namely: a. Wage regulations in Indonesia cover the life needs of workers. However, if viewed in the Islamic concept, the employer should provide workers’ wages based on how much the burden or cost of living they bear; b. Labor and wage policies must also pay attention to the overall cost component, and do not let wage policies not look at workers’ conditions based on morals and law; c. Minimum wage policies are set based on agreements between workers and employers. Besides that, the role of the government in terms of wages is very much needed as a mediator; d. Every policy, especially with regard to wage issues and updated wage standards, mainly adjusts the labor market and economic inflation.

Based on the points of conclusion above, the authors provide suggestions as follows. *First,* for researchers, there are still many interesting problems regarding wages and conflicts of interest in wage systems that can be researched and developed. *Second,* for the community, especially workers or laborers, take advantage of the existence of legislation concerning the stipulation of minimum wages so that their rights can be protected in obtaining a decent livelihood.

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