

Islamic Perspective Wages in Economic Development

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Abstrak: Religion, as a belief system, is part and core of society's value system. Religion is a system of values and norms that regulate how to behave. Economics is the study of how humans use uncommon resources to create goods and services that humans need. The relationship between religious development and improving economic status is very important and influences each other. Wage problems are the way employers and the government see workers only as a tool to make money, efficiency and production.

For entrepreneurs, wages are part of production costs, so they must be calculated and optimized to increase productivity and work ethic. However, wages are compensation that is very helpful for workers to meet their needs.

This is based on Marshall's theory that setting a minimum wage allows the workforce to be healthier, which in turn will result in increased productivity in the long term. However, workers' wages in Islam are determined based on the merits, usefulness and profits of one's work.

Keywords: economic development, religious position, wage determination system

Introduction

The components of the Islamic economic system consist of philosophy, basic values and instrumental economic values. The Islamic economic system guarantees human safety in the world and longs for an economic system that has the values of truth (logic), goodness (ethics) and beauty. an economic system that can correct inhumane economic actions and avoid oppression, pressure, poverty and destitution. The Islamic economic system originates from religious thought and has unique characteristics that other economic systems do not have. This is due to the fact that the concept of muamalah is explained thoroughly in the rules (Afif, 2003)

The main goal of Islamic economics is for human benefit, to achieve worldly and hereafter happiness. Islamic economics is built on Islamic moral principles, which consist of principles such as justice, divinity, humanity, and cooperation. These basic values will bring progress and distributional justice. They can also maintain individual freedoms without sacrificing economic policy. Kurd (2003)

Results And Discussion

Wage Discourse According to a Religious Perspective in Economic Development **Definition of wages according to Labor Law No.13 of 2000, Chapter I, chapter 1, Verse 30):**

"Wages are the rights of workers/laborers which are received and expressed in the form of money as compensation from entrepreneurs/employers to workers/laborers which are determined and paid according to a work agreement, agreement or statutory regulations including allowances for workers/laborers and their families for work. and/or services that have been or will be performed."

Wages are a term that refers to labor income. A common theory of wages is marginal product theory, which holds that wages are determined by the balance between the forces of demand and supply. Islam prohibits exploitation of workers by employers. In this regard, the Prophet Muhammad SAW made the following statement (Mannan, 1992):

"Man has no right to a share that God has not given him. Lord give everyone their rights, therefore don't interfere with anything owned by someone else." The Prophet SAW also said "The wages of a worker must be paid to him before the sweat on his body dries."

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This suggests that he should immediately give wages to workers after they have finished work, even if they have not sweated or sweated but are dry. Because the wage is the price of the work, not the price of the merchandise, workers who have completed their tasks have the right and deserve to receive their wages immediately (Qardhawi, 2001).

Wages tend to reach levels that are just enough to meet the minimum needs of employees and their families, according to subsistence theory. The debt fund theory says that wages depend on the demand and availability of labor. The residual claimant theory says that wages are partial if all rewards have been given to other components of production. Marginal productivity theory states that under conditions of perfect competition, every job in a category with the same ability and efficiency will be paid a wage proportional to the VMP. relevant types of work (marginal product value). In other words, economists cannot reach agreement on how wages are set (Chaudry, 2012).

The wage system that has been widely implemented in a number of countries is the minimum wage policy, which basically has two sides. First, the minimum wage functions as protection for workers to ensure that the wages they receive remain sufficient to meet their daily needs. Second, as a way to companies to protect worker productivity.

According to Marshall's theory, setting a minimum wage allows the workforce to become healthier, which means that in the long run it will result in an increase in wages productivity level. Additionally, higher wages allow the workforce to receive better education and better nutrition These two things will have a big impact on increasing productivity and welfare in the long term (Sulistiawati, 2012)..

Wage System in Islam.

Wages are the amount of money that is considered appropriate for an employee or employee to meet their monthly needs. The amount of family allowance and basic pension is determined based on this figure. Rank level and years of service will influence the amount of wages (Winarni & Sugiyarso, 2006). Wages, or *ujrah*, in the Islamic view are compensation for services provided by employers to workers (Syafeii, 2004).

Wages in a centrally planned economic system are determined by the government structure of the country. The salary received in a capitalist economic system can be more than or less than the minimum value. Because Muslims are bound by agreements, a worker is only entitled to his wages if he has performed his duties well and in accordance with the agreement. conditions between them, except conditions that forbid or permit what is halal or haram. According to Islam, everyone who has rights must receive their rights in a fair way, neither more nor less. Providing workers with something other than their wages as a gift or bonus is included in noble morals (Qardhawi, 2001).

In competition in an open market, prices and wages must be determined fairly so that no one is disadvantaged; every producer and seller will not hesitate to increase the price of their goods. because they are afraid of their competitors. A decent wage in an Islamic society is a human right that can be enforced by all national governments. It is critical for Islamic countries around the world to uphold the ever-changing ideals of regulating labor laws and accept globally recognized principles of labor rights such as the right to strike, social security, benefits, and decent wages. In fact, Islam desires the growth of a just society (Mannan, 1992).

Differences in non-pecuniary benefits, such as differences in training costs, can cause wage differences. salaries, salary differences are also due to ignorance or inaction. Islam recognizes that there are differences between various levels of workers, due to the differences in abilities and talents recognized in the Qur'an which lead to differences in income and material results. When it comes

to the distribution of wealth, Islam rejects permanent equality. for any social progress, in its true sense, requires ample opportunities for talent to develop, which in turn demands equality of wages. In the Qur'an, the conditions regarding wages are that employers must pay their workers for doing their work fully, and workers must do their work in the best way.

The level of wages that must be given to workers so that they can live decently in society is known as fair wages. community. According to Ibn Taymiyah, this refers to the price level prevailing in the labor market (ta'sir fil a'mal) and uses the term "ujrah al-mitsl" for equal wages.

The basic principles that are the object of observation in determining quality and quantity. Prices and wages, the ethics of both are uncertain, undetermined, or unspecified, and the type is unknown, it is vague and full of speculation. The rules used to establish equal wages

the same at the same cost. Wage levels are determined by bargaining between workers and employers. In imperfect markets, equivalent prices are used to determine equal wages. "Equal wages will be determined by known wages (musamma) if any, which can be a reference for both parties," said Ibnu Taimiyah, quoted in Adiwarman Karim's book. as in the known price (tsaman musamma) for buying and selling or renting will be treated as an equivalent price (Karim, 2004).

This principle applies to both governments and individuals. As a result, the government wants to set wages, or, if both parties have no reference for wage levels, they must agree or determine wage levels that are usually known and accepted as wages for a particular type of work. A person is permitted in the Islamic religion to employ others to work for them. Ijarah is utilizing the services of something contracted; If the transaction is related to an ajir, what is used is his energy. A person is permitted in the Islamic religion to contract labor, so that they work for that individual. Ijarah is using contracted services. If the transaction is related to an ajir, his energy is utilized. The energy of an expert is

used in this transaction. So God also determines work, its type, time period, wages, and energy. However, according to An Nabhani (2002), the wages received by a teacher are an individual's property as a consequence of the energy he or she devotes.

contracting a number of workers to take part of their wages or setting such wages as part of their wages, This type is not because the person concerned has stolen part of the demand that has been set for them.

Salary and wages are two different terms for payment to labor. The daily salary is intended for payments to permanent workers and professional workers such as government employees, teachers, managers and accountants. Wages are usually given once a month and are intended to pay manual workers who work in various places. such as agricultural workers, carpenters, manual laborers, etc. Wages are defined in economic theory as payment for the physical and mental services provided by workers to employers. Therefore, payments for non-permanent and permanent employees are not differentiated in economic theory.

Theoretically, wages given by employers are considered as the value of the labor provided by workers for production purposes.

Thus, workers' salaries can be divided into two categories, namely:

1. Nominal Wages, namely the total salary given to workers in the form of money;
2. Real Wages are the nominal wages received by workers when compared to goods and services. which is measured by considering the amount of goods and services that can be obtained from the exchange.
3. Because many rich people have a lot of money to spend and have many needs, they need the help of others. which leads to competition for services making them willing to pay more for their work

Halal and Haram Wages

Wages are halal if the work is halal, but if the work is haram, then the wages are also haram. According to the jurists, washing, burying and digging graves

can be paid with wages. leading tarawih prayers and guiding Hajj pilgrims by professionals in their field. Chaudry (2012) states that payments for participating in jihad or preaching Islam can only be made if the individual concerned is a professional soldier or preacher.

One of the conditions for an ijarah transaction to be valid or invalid is that the services contracted must be permissible. Contracting an expert to provide prohibited services is illegal. Ijarah is a transaction to obtain certain services in return. Eligibility of the person carrying out the ijarah transaction is a condition for achieving the ijarah transaction. Apart from that, the conditions for whether a transaction is valid or not are the pleasure of both parties carrying it out, and the remuneration must be clearly defined.

Labor Rights

Due to the weaker position of labor compared to capital, Islam recognizes the fact that labor and capital contribute to the formation of wealth. To protect their rights, the Islamic religion has established several rules that cover workers' rights such as:

1. Humans, not beasts of burden.
2. Glory and honor must always be attached to them.
3. They must receive adequate wages and be paid promptly.

All of this refers to labor more than fourteen centuries ago when there were no labor unions, awards charters, labor rights, labor movements, and the concept of collective bargaining.

The Islamic view of labor rights is (Chaudry, 2012):

1. According to the Islamic perspective, all people are equal. Islam has required brotherhood and equality among Muslims and eliminated all differences due to race, color, wealth, language, nationality, or riches.

2. Before the Prophet Muhammad, slaves were the main source of labor. They worked in commerce, agriculture, and households, and employers received most of the profits from their work.

3. Islam requires certainty and freshness in payments, in addition to guaranteeing humane treatment and respect for workers.

4. Pay workers' wages immediately.

5. The Muslim Prophet also asked his followers not to force his workers to carry out tasks that were heavier than their abilities.

6. The Prophet SAW was so kind to his servants that he visited him when one of them was sick and asked about his health.

When states employ, they should set an example to others by paying their employees well. The state is responsible for meeting all the needs of everyone living under its protection, both Muslims and non-Muslims. This includes providing regular wages and benefits for workers. After meeting the needs of state workers, the state has the opportunity (right) to differentiate productive and diligent workers from lazy and lay workers (Qardhawi, 2001).

Labor Obligations

The rights of the employer are the obligations of the employee. Fulfilling all obligations stated in the employment agreement is a basic obligation of employees. If workers are given training to improve their abilities and qualifications, they must devote their attention and commitment to their work. Morally, he is bound to always be loyal and sincere to his master, and no amount of temptation or bribery can induce him to work contrary to his master's aims. Physical fitness is very important for work efficiency. Workers who are healthy and strong will be more productive and productive than those who are weak and sick (Chaudry, 2012).

Determination of Wages

Wages have broad and narrow definitions. In a broad sense, it means payment given as compensation for services provided by workers to customers. Narrow wages can be defined as the total money paid.

by the company to its employees for the services provided. Wages in economic terms mean the share of the national dividend received by wages for those who work with their hands or with their brains, either independently or

for a company. Islam is a solution based on justice and honesty that protects everyone's interests in accordance with its teachings.

The minimum wage level in an Islamic society is determined by taking into account basic human needs including food, clothing and housing.

Muslim communities must always remember the minimum wage standards set by the Prophet in an Islamic country.

The combination of labor and capital can be modified to produce maximum output. Capital is a significant factor in increasing production output even though marginal costs will increase. The Islamic mechanism for regulating the accumulation and distribution of capital to the community is carried out through halal (non-usurious) and mutually beneficial transaction mechanisms (Sukarno, 2011).

The government's role is very important in determining wage levels because its function is as an intermediary who is expected to take into account the interests of various parties. According to Basyir (1994), Islam allows the government to intervene in determining wage levels to protect workers' rights, without denying the ability of entrepreneurs, by issuing laws. -laws on fair employment (Basyir, 1994). The legal basis for this intervention does not tend to favor one party because of the problem of murlah (Basyir, 1994). However, in this case, the basis used by experts to determine the estimated wages is services, or work services. because wages are not calculated based on the salary of an ajir or the lowest standard of living in the city. In the wage estimate, a stake's production and standard of living will not be affected. In this case, when they determine the salary of a guard and worker, they will consider the value of their services to society.

He is prevented from enjoying a decent life if his salary is tied to what he earns or what he needs.

Wages are calculated based on the level of services provided by the employee. This means, even though the service comes from the energy someone puts in, the measurement or estimate is only based on the service, not the energy.

However, estimates of costs and services are determined by professionals based on the profits from their services. There is no extreme difference between capitalists and socialists in the way they determine workers' wages. unable to obtain wages in accordance with production levels unable to obtain wages in accordance with production levels. Capitalists pay workers at a reasonable wage, which is what a worker needs, namely the minimum cost of living. However, the high standard of living in Europe and America makes the minimum wages they earn look decent, even though the people cannot get wages commensurate with the level of production they produce (An Nabhani, 2002).

Whatever standards are used to determine workers' wages based on certain conditions are wrong and contrary to reality. So, the wage service is simply in the form of clear money without limitations. Differences in calculating workers' wages can actually be related to differences in the understanding of the value of goods, which means that value is the same as the costs required to produce goods, namely time, energy and basic materials. Therefore, there is no relationship between the wages of an *ajir* and the value of goods, including production costs, or between the wages of an *ajir* and his standard of living. Because wages are the amount that a *musta'jir* is entitled to for a use or service obtained from that use. The low level of a person's wages in a job is solely due to the level of perfection of the service or usefulness of the energy they provide.

Notifications to employees who work in the production process are basically rewards or remuneration given by producers to employees for their performance during the production process. The wages given depend on:

1. Minimum living expenses for employees and their families
2. Binding laws that regulate minimum wages for workers;

3. Marginal productivity of labor.
4. Pressure that can be exerted by employers' unions and labor unions.
5. Differences in types of work.

Determining wages or salaries in Islam is based on work services or the usefulness or benefits of a person's energy. A worker's wages are determined based on his burden of living without considering the services provided. In any situation, if the estimates refer to the most basic means of living that workers need, their ownership will be limited according to the most basic standards (Al Maliki, 2001). However, these estimates follow the most basic costs required for workers.

The fees given to a worker must not only be commensurate with their work, but must also be adequate to meet their living needs fairly. In this case, this is due to differences in individual ability levels and needs, as well as environmental factors, among others. Wages are determined in Islamic law in the most appropriate manner without undue pressure. In an effort to avoid losses for the other party in the transaction, both parties enter into a contractual agreement, also known as a fee. In this case, the Qur'an says that employers must pay workers according to the results of their work and protect their own interests.

In determining wages, several things must be taken into account, namely (Qardhawi, 2001):

1. Value work itself, because it is impossible to compare smart people with stupid people.
2. Workers' needs, because basic human needs must be met in the form of food, drink, clothing, shelter

2.7 Differences in Wage Levels

Thus, Islam recognizes that there are differences in wage levels, which are the components that cause them (Sukirno, 1985);

1. Differences in types of work. Jobs that are light and easy to do have jobs that require a lot of physical effort and an unpleasant environment. 2. Differences between education, expertise and abilities. All workers have different abilities, expertise and skills. Some workers have better physical and mental abilities than others, and they are also more intelligent and conscientious, which results in higher productivity.

3. Choose a job by considering non-financial factors. Non-financial factors are very important when choosing a job. If some non-financial factors suit a worker, a person is often willing to accept a lower wage, but if many non-financial factors do not suit a worker, he or she will demand a higher wage before accepting a job.

4. Imperfections in the workforce's ability to migrate. The imperfection of employee mobility is one of the reasons why job salaries are not always the same in various places and even within one place.

For the services of the energy he devoted, the ijarah transaction was carried out on the stake. Meanwhile, regardless of the labor itself, the wages are calculated based on the service

not a salary standard, not a service standard. Otherwise, the salary of a stone crusher will be greater than that of an engineer because more work is done.

However, the fact is the opposite. As a result, wages are a reward for a service, not a reward for effort. Wages for each job also vary and vary based on different types of work. According to An Nabhani (2002), the value of services will not affect wages. Conversely, the value of work (power) will influence wages.

If the wages are not clear but the ijarah transaction is carried out, the transaction remains valid. If wages have not been stated when the transaction is carried out or if there is a dispute between an ajir and a musta'jir regarding the wages that have been stated, the wages can be returned to him.

appropriate. Wages that have been mentioned (ajrun musamma) if they have not been mentioned or if there is a dispute about them, then the wages can

be applied at a commensurate wage (ajrun mitsli). In determining wages, those who are able to determine wages are not the country or the habits of the population of a country, but those who are able to handle work wages and workers whose wages will be estimated (An Nabhani, 2002).

Types of Wages

1. Set wages are wages given within a certain period of time, for example an hour, month, week or year.

2. Equitable wages are wages given commensurate with the work and workers, meaning they are paid based on two skill categories, and are paid after the work is completed.

Three different types of wage structures:

1. A time-based wage system pays workers based on the hours they work.

2. Results-based pay systems, also known as reward rates, pay workers based on their results. according to the results.

3. Bonus scheme is a payment scheme that rewards speed.

According to Islam, civil contracts such as the job placement of a capitalist must be written in black and white. In surah al-qashash, the Qur'an tells the story of the Prophet Moses and provides an explanation of the service contract between two messengers of God. The verse also says that both parties will comply with the contents of the agreement and make Allah a witness (Chaudry, 2012). This should help them resolve conflicts if they arise, creating a peaceful and rich life.

In Islam, nobility and honor are integrated with work and labor, while sources of income earned without work and easy gains such as interest and games of chance are looked down upon and prohibited.

Minimum Wage in Indonesia

The highest minimum wage in Indonesia in 2019 was IDR 3,900,000, according to government and academic research that looked at various goods such as food, clothing and shelter. However, this minimum wage is very small compared to developed countries. Some of the reasons why wages are low are

due to production costs, high operational costs, many illegal levies, and logistics costs.

The Islamic economic system aims to provide a just and dignified economic system, one of which is the employment system, which has an employer-employee relationship and a wage system. Islam places employers and workers in an equal position, and both need each other. This is a relationship known as an *ijarah* contract, which includes various terms of employment that apply between the employee, employer and third parties.

According to Eva's dissertation explanation, workers receive wages because the company obtains profits in the form of results consisting of profit sharing, profit sharing, and employee ownership. Islamic wage system

justice can solve the problems of the Indonesian wage system. The mission of establishing the company is for the benefit by creating totality between *shahibul maal*, *mustajir*, and *ajir*. Cheap wages are a wage solution in Indonesia. Because this system will optimize workers' income and increase profits for company management. In addition, employees can receive a wage known as a living basic wage, which consists of a basic salary (UMP) and allowances (Nailufar, 2014).

A decent basic wage consists of two main components: Base Pay (Basic Salary) and Benefits (Allowances). The basic salary is an important part of the compensation system that is paid regularly every month, which is good for both workers and employers. Apart from that, there are additional benefits of happiness that employers provide to their employees because they are considered to contribute well to achieving company goals.

3. CONCLUSIONS AND RECOMMENDATIONS

on economic development and economic aspects are very important. If the community's economy is strong and used to spread religion, economic improvement will benefit economic development. The main goal of Islamic economics is for human benefit, to achieve worldly and hereafter happiness.

Notification to workers working in the production process is basically a reward or remuneration from the producer to the workers for the service given during the production process.

Islam is a solution based on justice and honesty and protects everyone's interests in accordance with its teachings. The minimum wage in Islamic societies is calculated based on basic human needs, such as food, clothing and shelter. The Islamic economic system aims to provide a fair and dignified system, such as an employment system, which has an employer-employee relationship

and wage system. Islam sees employers and workers as equal people because they both need each other.

Cheap wages are a wage system in Indonesia because they allow workers to earn a decent basic wage consisting of a basic salary (UMP) and allowances while optimizing their income so that companies can make more money.

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