

Wage System Analysis From The Perspective Of The Islamic Economy (Case Study of Wet Sago Home Industry, Peace Village, Binjai District, Langkat Regency)

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ABSTRACT

This study aims to determine the wage system at Sago Wet Home Industries in the Peace Village, Binjai District, Langkat Regency and determine the wage system in Home Industry Sago Wet Peace Village, Binjai District, Langkat Regency in the perspective of Islamic economics. The method used in this research is the descriptive qualitative method. Where from the research results it is known that the wage system used in the Home Industry of Wet Sago Sago Peace Village, Binjai District, Langkat Regency is a wholesale wage system. In addition, the wage system used is in line with the principles of Islamic economics. Based on the concept of fair wages in Islam, the wage system in the Wet Sago Home Industry, Peace Village, Binjai District, and Langkat Regency can also be categorized as having this concept. As evidenced by the wages paid to workers, the amount varies according to the responsibilities and type of work carried out.

Keywords: Wages System, Wages, Fair Wages, Islamic Economics

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are one of the drivers of development and economic growth in improving the real sector economy. Where MSMEs are able to absorb a lot of labor and reduce unemployment. The impact of the absorption of labor and reduced unemployment is the creation of new jobs and income for the community, which can improve people's welfare. The income or wages received by MSME workers depend on the turnover they make daily. This has an impact on the welfare of its workers. According to Government Regulation Number 36 of 2021, wages are defined as the rights of workers/laborers who are 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 laws and regulations, including allowances for workers/laborers and their families for work and/or services that have been or will be performed. In Law No. 13 of 2003, it is explained that the welfare of workers is a form of fulfilling physical and spiritual needs both in work relations and outside work, where this can affect work productivity in a safe and healthy work environment. The classical view of labor assumes that wage rates adjust to equate the quantity of labor demanded with the quantity of labor supplied, thus implying that unemployment never exists (Case and Fair, 2006).

In Islam, wages are commonly referred to as *ijarah* which means wages. Presumably, it can be understood that *ijarah* is exchanging something for a fee, translated into Indonesian which means rent and wages (Suhendi, 2013). The suggestion to pay wages immediately is contained in the hadith of Rasulullah SAW which recommends paying workers' wages before their sweat dries, which is intended to pay workers' wages on time.

According to the results of research from Ridwan (2019) regarding the Wage Standards for workers according to the Islamic Economic System, it shows that in Islam the law of supply and demand for labor as a determinant of wages does not apply. Wages received by workers must be based on workability besides that, the wages given must also be able to meet the living needs of workers. In other studies, it was also stated that the principles in the sharia-based wage system would be felt to provide a sense of fairness between employers and workers or laborers. The concept of sharia-based wages above can be used as an alternative to the regulation of the wage system in national law (Ferric, 2017).

Wages always adjust to achieve labor equilibrium. If the demand for labor increases, the wage rate will also increase, and more labor will be attracted to the labor force. The wage rate is an indicator that reflects the economic well-being of the community, therefore regional and district/city wage rates need to be considered by the government. With regard to wage levels, each province has provincial minimum wage values and district/city minimum wages for each district/city. The minimum wage is the lowest (minimum) reward for a job that has been and is being carried out and is expressed in the form of money received by workers each month. As stated in PP no. 36 of 2021, minimum wages can be set regionally, sectorally regionally, or sub-sectorally. There are several indicators for setting district/municipal minimum wages, which among others are influenced by economic growth, inflation, and the Worth Living Component (KHL). The existence of UMK is intended to meet the basic needs of workers. Often wage problems arise due to the lack of fulfillment of workers' rights such as social security rights, health security rights and, decent wage rights by the employer or the employer.

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The wet sago industry is one of the superior products of Langkat Regency. Langkat Regency is currently implementing the Regulation of the Minister of Industry Number 78/M.IND/PER/9/2007 concerning Increasing the effectiveness of the Development of Small and Medium Industries (IKM) through the One Village One Product (OVOP) approach. With the aim of its development is to increase the role of the real sector, small businesses, medium industries in the economy, social welfare and unemployment. Small and medium enterprises are able to improve people's welfare through the absorption of their workforce. The one village one product program carried out by the Langkat Regency government was able to increase employment in small home industries. Based on data from BPS 2019, from year to year, small industries continue to increase in Langkat Regency and the absorption of the workforce is also considered quite good. Meanwhile, in 2020, there were 215 superior products in Langkat Regency, which were dominated by small industries. 203 units with a turnover of Rp.19.325.123.700.000,- and employment of 1.043.029 people.

Binjai is one of the sub-districts in Langkat Regency. Binjai District is one of the Districts in Langkat Regency which is located to the north of the Capital City of Langkat Stabat District, Binjai District is located at an altitude of ± 28 M above sea level with an average recorded rainfall of 2,023 mm 3 with a distance from the capital city of North Sumatra Province ± 30 km and the capital city of Langkat Stabat Regency ± 10 km. 41 The Binjai District has an area of ± 49.55 Km 2 consisting of 6 Villages 1 one Village Kwala Begumit Village is the capital of the Binjai District

The wet sago industry is an illustration of the Langkat Regency government's program, namely one village, one product. This industry is located in the Peace Village where most of the people are sago producers. One of the superior products of Langkat Regency which has existed since 1992 is the Wet Sago industry which is located in the Peace Village District of Binjai. This home industry still has many problems in the field of wages, where the wages given by industrial entrepreneurs are still below the minimum wage. In addition, workers' rights have not been fulfilled, such as health insurance and social security rights. Several groups of Wet Sago Home Industries also apply a piece rate system which causes the wages received by workers to be erratic. Wages received are often delayed based on the income that has been earned by the entrepreneur.

Based on the description above, the researcher is interested in discussing the level of wages for workers of the Wet Sago Home Industry, Pardaiaman Village, Binjai District. By taking the title "**Analysis of the Wage System in the Perspective of Islamic Economics (Case Study in Sago Basah Home Industry, Peace Village, Binjai-Langkat District)**"

LITERATURE REVIEW

Wages as Compensation for Services

Determination of wages in the labor market occurs because there is a balance between supply and demand for labor and a wage level that is equal to the value of the marginal product of labor. Wages and labor will adjust the level of supply and demand balance. The market will be at its equilibrium point if the company already has a large workforce and it is still possible to provide an advantage on the wage balance. Where the company will maximize its profits by equalizing the value of its marginal product with the level of wages paid to workers. Wages are defined as payments for physical and mental services provided by workers to employers. In some literature, it is stated that wages are the price of labor production factors.

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

According to Law of the Republic of Indonesia No. 13 of 2003 concerning Manpower, wages are rights of workers/laborers who are received and expressed in the form of money as a reward from employers or employers to workers/laborers which are determined and paid according to a work agreement, agreement, or laws and regulations, including allowances for workers/laborers and their families for work and/or services that have been or will be performed. In Indonesia, wage policy is directed at achieving income that can meet the needs of a decent life. This has been regulated in government regulations where the policy concerns minimum wage policies, overtime wages, non-work wages, and others.

Based on Article 14 of Government Regulation No. 36 of 2021 concerning Wages, it is explained that the determination of wages in Indonesia is based on the unit of time and unit of output.

- a. Wages are based on time units, wages are set per hour, daily, or monthly, provided that the provisions must be guided by the structure and scale of wages described in ministerial regulations.
- b. Meanwhile, wages based on output units are wages that are determined based on the results of work that have been agreed upon, whereby the determination of monthly wages based on results to fulfill the implementation of statutory provisions is determined based on the average wage of the last three months received by workers.

In the context of efforts to improve the welfare of workers and to encourage productivity and participation of workers in the implementation of production, the regional government has determined the Regency/City Minimum Wage. Determination of the intended minimum wage will act as a safety net on the where wages consist of wages without allowances and basic wages. The government has stipulated Government Regulation No. 36 Year 2021 concerning remuneration. The government regulation reiterates that the stipulation of the minimum wage is intended as a safety net, namely so that wages are not paid lower than the minimum wage set by the government and also so that wages do not decline to a level that endangers the nutrition of workers/laborers so that it does not interfere with their ability to work.

Wages in Islam

Wages in Islam are commonly referred to as *ijarah*. According to *fiqh terms*, *ijarah* means the granting of utilization rights on condition that there is a reward. Meanwhile, according to the term is a contract to get benefits with payment. The word *ijarah* comes from the word *al-ajru* which in the language is called *al-Riyadh* which in Indonesian means compensation and wages. From the definitions of some scholars, *ijarah* can be understood as exchanging something for a fee, which is translated into Indonesian as leasing and wages. Where to rent (*baiu' manafi'*) which means selling benefits and wages (*baiu'khuwwaati*) which means selling power or strength. In Nurul Huda et al (2015) wages can be classified in two forms, namely:

- a. *Ajrun Musammá*, namely wages that have been stated in the agreement and are required, when it is stated that there is willingness from both parties with a predetermined wage and there is no element of coercion.
- b. *Ajrun Mitsli*, namely wages that are commensurate with his work and commensurate with the conditions of his work, both commensurate with work services and commensurate with his work alone. The legal basis for *ijarah* is derived from *the Al-Quran, As-sunah and ijma'* of the scholars. In the Qur'an it is explained about *ijarah* in

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

surah At-Thalaq verse 6 and in surah Al-Qashash verse 26. There are also pillars and conditions that must be met. Are as follows:

1. *Mu'jir and Musta'jir* (people who enter into rental contracts and wages).
2. *Shigot* is the existence of consent and qabul between *Mu'jir* and *Musta'jir*.
3. The existence of the required *ujrah* must be known by both parties.
4. There are benefits where if the goods that become a contract in this case must be known for its use.

The concept of fair wages is intended as a wage level that must be given to workers so that workers can live properly in the midst of society (Karim, 2014). According to Ibn Taimiyah's thinking, the wage level of workers refers to the prevailing price level in the labor market (*tas'ir fil a'mal*) and uses the term equivalent wages (*ujra al-mitsl*).

Equal wages according to Ibn Taimiyah use the same rules with equal prices. This equivalent wage is the same as the minimum wage set by the current government. Where in equivalent wages the level of wages is determined by bargaining between workers and employers. Workers must comply with the laws of supply and demand.

"Equal wages will be determined by known wages (*musamma*) if any, which can be used as a reference for both parties. As in selling or renting, a known price (*tsaman mamma*) will be treated as an equivalent price" (Karim, 2014). This principle put forward by Ibn Taimiyah applies to both the government and individuals. If the government wants to set wages or the workers and employers do not have a reference regarding the wage rate, then it must determine the normal wage rate in appropriate conditions to be received as wages for certain types of work. The wages paid must match the wages of other workers of the same type of work.

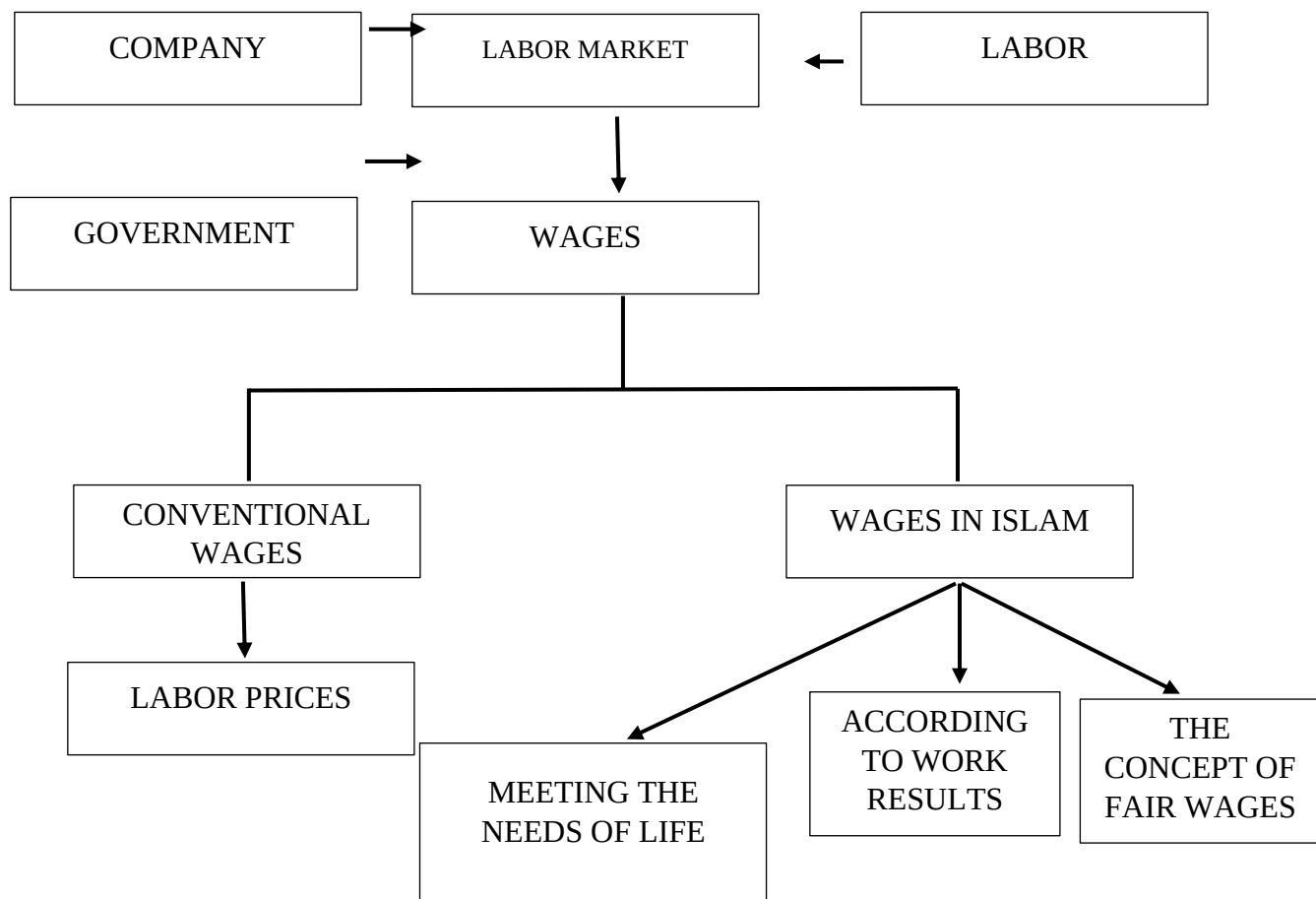


Figure 1. frame of mind

METHOD

This study uses a descriptive qualitative approach. Using the case study research method where the case study was conducted at the Wet Sago Home Industry, Peace Village - Langkat . The unit of analysis in this study is the wage system in the home industry with three informants , namely home industry owners, workers and also scholars around the home industry. Methods of data collection in this study through three ways, namely interviews, observation, and documentation. Data interpretation was carried out in this study through data reduction, data presentation, inference and data verification and drawing conclusions. The data validation method used in the research is through data triangulation, member checks and reference materials.

RESULT AND DISCUSSION

1. Wages System

Wholesale or Unit-Based Pay System

The wages used are closely related to meeting the needs of workers. In order to fulfill a decent life, workers' income must be able to meet physical, non-physical and social needs, which include food, drink, clothing, housing, education, health, old age security, and recreation. For this reason, wage policies must also be able to encourage economic growth

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

and expand employment opportunities as well as improve the welfare of workers and their families.

Based on Government Regulation No. 36 of 20 21 concerning Wages in Article 1 4 it is explained regarding the determination of wages in Indonesia which is based on time units and output units. The piece rate wage system is a form of unit-based wage system. Where workers will get wages according to the results of their work. According to Hasibuan, the wage system according to output (output) is the amount of compensation/wages determined for the unit of unit produced by workers, such as per piece, meters, liters and kilograms. Wages paid are always based on the amount of work done not on the length of time to do it.

While the piece rate system is the remuneration paid for a job that is contracted out. This method of calculating wages is often used for a job completed by a group of workers, for all work a remuneration is determined which is then divided between executions (Sutedi, 2009). The method of calculating the piece rate system and unit results have in common that the results obtained by workers will be multiplied by the set wage level.

Wet Sago Home Industry in the Peace Village is a piece rate system. This piece rate wage system is based on the calculation of the amount of output earned by workers each day. Wages are paid once a week. The wage system based on output units is mostly unrelated to time or length of work. So, there is a Wet Sago industry that does not determine working hours for workers. In addition, the wages earned by workers using the piece rate system each week vary according to the results of the work that has been done. The wage system based on output units is mostly unrelated to time or length of work. So, there is a wet sago home industry that does not determine working hours for workers. In addition, the wages earned by workers using the piece rate system each week vary according to the results of the work that has been done.

In the production of wet sago there are six parts, namely the process of splitting, grating, screening and settling, disassembling, packaging, and transportation. The Splitting and Shredding Section receives a wage of IDR 2,500 per meter of sago stem with an average of 150 meters per day . While Filtering and Sedimentation receive wages of IDR 10,000 . The most employees are in the disassembly and transportation section with 24 workers and a wage of Rp . 2,000,-. The results of the work will be multiplied by a predetermined price and the result of the multiplication is the wages received by the workers. Of course, with different wages that each section has and each worker.

2. Wages in Islam

The wage system in the Islamic economy originates from the Al-Quran and Hadith where in the Al-Quran in Surah At-Taubah verse 5 it is explained regarding direct orders to work to obtain many benefits where one of them is the benefits of wages received from work.

There are pillars and conditions that must be met in the wage system used. The existence of pillars and conditions aims to provide clarity in hiring someone in a business, this has become an obligation that must be applied to various forms of business. The existence of a contract is very necessary in Islamic economics to determine the direction and course of the wage mechanism that will be carried out by both parties who establish a working relationship, both employers and workers . and *musta'jir* . *Mu'jir* and *musta'jir* where in this case *mu'jir* are people who provide wages or are commonly referred to as employers, while *musta'jir* are people who work or earn wages. *Mu'jir* in this home industry means entrepreneurs or home industry owners and *musta'jir* are workers. *Mu'jir* and *musta'jir* are required to be mature , intelligent, capable of *tasharruf* (controlling wealth) and please each other. Apart from that, there must also be an *ujrah* which requires that the

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

ujrah must be known by both parties. Ujarah which is a reward for what has been done must be mutually agreed upon. Ujarah must also be known with certainty ujarah. Wages made in the sandal home industry have fulfilled this pillar as evidenced by the entrepreneurs who have set the price for each score that has been worked on by their workers. There is a shigot, namely the existence of consent and qabul between Mu'jir and Musta'jir. This consent and qabul are carried out at the beginning of the work of the workers where the shigot can also be used as a work contract between the two parties. In order to fulfill the pillars and conditions of ijarah between mu'jir and musta'jir, the ijarah contract becomes valid, namely when both parties carry out cooperative transactions, both mu'jir and musta'jir. This is evidenced by the explanation explained by Brother Khusni that there is no written work contract but the workers enter into a work contract or consent-qabul orally only. The last pillar in ijarah is that there are clear benefits in the object being used as wages. where the goods that are rented or something that is done in wages, hinted at the goods in the goods that are rented out with several conditions including that the object of the contract in wages can be utilized, the object that is used as an object must also be handed over to the worker along with its use. This means that the wages earned by workers must be used to meet the needs of the workers' lives.

Wages can be classified into two, namely wages that have been mentioned (ajrun musamma). The conditions for wages that have been mentioned must be accompanied by the agreement between the two parties to the transaction. And commensurate wages (ajrul misti). This commensurate wage means wages commensurate with the profession if the ijarah contract has stated the services (benefits) of his work. (Huda, 2005)

The minimum amount of wages is not fully explained and not specified in detail in the Koran, but Allah SWT explicitly obliges business owners to pay the wages of their workers. Meanwhile, the amount of wages paid in Islam must be determined through an agreement between the two parties. In Islam there are two forms of the wage system, namely ajrun musamma and ajrun mitsli. The wage system used in the sandal home industry is a piece rate system based on work results. Where the wages earned by workers are calculated based on the number of sandals that have been completed and calculated in score units. When viewed from the understanding of mitsli wages, namely wages paid commensurate with the conditions of work, the form of wages based on results or piecework is a form of ajrun mitsli. The wage system is in accordance with the opinion of Ibn Taimiyah where wages must be given according to the work that has been done. Payment of wages in Islam must be paid in stages at the end of work and there is no provision for suspension. Wages earned by workers are paid once a week where the value of the wages has been calculated based on the results of their work.

DISCUSSION**Relevance of the wage system used with the MSE level**

wet sago industry players are still lacking in implementing government recommendations to determine wage levels in accordance with existing regulations. This is evidenced by the calculation of the amount of wages received by workers who are still below the Minimum Minimum Wage. Wages received by workers in the wet sago home industry are given every week depending on the work that has been done. The workers earn wages of around IDR 300,000 to IDR 375,000 for workers.

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

If, every week the wages earned are multiplied by four weeks, then each worker will receive a wage of IDR 1,200,000 to IDR 1.5 00,000 with a piece rate wage system. Of course, this is still far from the Langkat Regency Minimum Wage (UMK) level of IDR 2,711,000 .

In addition, the wages earned must be able to meet the needs of the workers. Where in this case the wage rate must also be adjusted to the value of the Decent Living Component (KHL) in Deliserdang Regency by adjusting it to the Langkat Regency Minimum Wage . Or at least the wages given must be able to meet the basic needs of the workers.

Fair Wages in Islam

The concept of fair wages is intended as a wage level that must be given to workers so that workers can live properly in the midst of society (Karim, 2014). The principles of wages from an Islamic economic perspective are essentially to create economic justice for all people in relation to employers and workers who have a working relationship. The principle of justice in Islam certainly guarantees that the wages received by workers must be appropriate and in accordance with what the workers themselves produce for the company in establishing cooperation. Thus, wages must be paid fairly, not too low so that they cannot meet the basic needs of their workforce and wages must also not be paid too high so that the employer loses a real share of the results of the cooperation. Wages paid to different workers must be based on the responsibilities and type of work carried out. Wages should be given according to the level of needs and welfare of the local community. If the standard of living of the people increases, the level of wages earned must also be increased so that workers can meet their needs. In addition, in Islam, the determination of wages must also be based on the value of the person's own work where each person has different skills and diligence.

Many home industry workers feel that the level of wages they earn is still insufficient to meet their daily needs. the income received is sometimes still insufficient to meet the needs of the workers. In addition, the wages received are also not commensurate with the work performed. In Islam the wages given by the employer must be commensurate with the work that has been done.

The principle of justice in Islam certainly guarantees that the wages received by workers must be appropriate and in accordance with what the workers themselves produce for the company in establishing cooperation. Thus, wages must be paid fairly, not too low so that they cannot meet the basic needs of their workforce and wages must also not be paid too high so that the employer loses a real share of the results of the cooperation.

The concept of wages in Islam must be fair and proper. Where in this study there are two notions of fairness. First, fair means clearly transparent. In this case, what is meant is that the time for payment of wages must be clear. In the sandal home industry in Toyomarto Village, the remuneration is clear where it is given once a week. The second definition of fair means proportional or in accordance with the work being done. In this context, Western economists call equal pay for equal job. This concept of justice has also been fulfilled where employers set wages according to their respective jobs.

The remuneration is in accordance with the work share of each worker. The second concept is that the eligibility of wages received by workers must be seen from three aspects, namely housing, food and clothing. This means that the relationship between the employer and the worker is not only limited to a formal relationship, but the worker is considered as the employer's family. This concept is what distinguishes between the concept of wages according to western economics and the concept of wages according to Islamic economics.

Proceeding Medan International Economics Conference and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

CONCLUSIONS

Based on the field findings and discussion in the previous chapter, several conclusions can be drawn. First, the wage system used in the bandrek home industry in Mekar Sari Village uses a wholesale wage system. This piece rate wage system uses a wage calculation system based on the unit of output obtained by workers. the result obtained by the worker is multiplied by the wage rate that has been agreed upon by the employer and the worker. With each part of work having a different wage rate and every week workers get a different wage rate according to their work. In the bandrek home industry in Mekar Sari Village, employers do not provide benefits to their workers where workers only get a basic wage without any benefits and guarantees either health insurance or other benefits. In addition, the wages earned are also considered to be insufficient to meet the needs of the workers where some workers still receive wages that are far from the UMK level in Deliserdang Regency.

Second, the wage system in the bandrek home industry in Mekar Sari Village, in the perspective of Islamic economics, is in line with the fulfillment of the pillars and conditions of wages which are the provisions of Islamic economics. In addition, the wage system used is also included in the form of ajrun mitsli. When viewed from the notion of mitsli wages, namely wages paid commensurate with the conditions of work, the form of wages based on results or piecework is a form of ajrun mitsli. Based on the concept of fair wages in Islam, the wage system in the bandrek home industry in Mekar Sari Village can also be categorized as having this concept. Evidenced by the wages paid to workers, the amount varies according to the responsibilities and type of work carried out. Wages should be given according to the level of needs and welfare of the local community.

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