

INTEGRATING ISLAMIC BUSINESS ETHICS IN LABOR PROTECTION AND MINIMUM WAGE DETERMINATION IN INDONESIA

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Abstract

Policies related to the minimum wage are a contentious issue in employment across both developed and developing countries, aiming to meet community needs and benefit families. However, a research gap exists in applying justice and moral principles to wage determination from the perspective of Sharia economic law in Indonesia. This study aims to analyze fair wage components according to Islam and the role of business ethics in protecting workers and determining wages. Employing a literature review method, data were gathered from various sources such as books, journals, and previous research findings, which were reviewed and analyzed using descriptive analysis techniques. The study emphasizes the importance of justice and moral components in Islamic wage determination, rooted in the absolute essence granted by God, essential for morality. Business ethics in work protection and wage determination are crucial to ensure fair treatment and prevent exploitation. Recommended steps include optimal labor protection and wage determination, timely payment of agreed wages, recognition and guarantee of labor, fair wage determination without harm, and providing worker freedom. The study's novelty lies in integrating Islamic principles of justice and morality into minimum wage policies and developing practical business ethics guidelines for labor protection and wage determination under Sharia economic law in Indonesia.

Keywords: Islamic Business Ethics; Labor Welfare; Determination of Labor UMR

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Introduction

Policies related to the minimum wage have been a contentious issue in labor rights across numerous countries, including both developed and developing nations¹. The primary objective of these policies is to meet the basic needs of communities and support family livelihoods. In Indonesia, minimum wage regulations are crucial in ensuring fair compensation for workers. However, despite efforts to establish these regulations, challenges persist in their implementation and enforcement

West Java, one of Indonesia's most populous provinces, sets its provincial minimum wage through tripartite agreements involving government, business representatives, and labor unions. As of the latest revision, the minimum wage in West Java is set at Rp. 1,986,670 per month, positioning it as one of the lower minimum wages compared to other provinces in Indonesia. The determination of minimum wages involves considerations of regional economic conditions, inflation rates, and the needs of workers to maintain a decent standard of living.

However, if you look at the fact that there are still a lot of workers who get wages under the provisions of the UMR, in this case there are many phenomena that still exist in various regions. As in West Java, there are still frequent protests from workers who until now are still demanding their rights in accordance with UMR provisions², such as online news mentioning Factory Employees in Cianjur Complain of Low Wages, reported by the Great Indonesian labor association highlighting that the Company still pays employees under UMK, this happens because many local workers make complaints because they still get low wages.

When referring to article 185 of the Job Creation Law, employers must pay workers wages below the minimum wage will be subject to criminal sanctions, which are a minimum of 1 year and a maximum of 4 years³. If we interpret the rule, it is clear that in this case the law prohibits employers from providing salaries to workers below the minimum wage of the area. This is a problem because often entrepreneurs have various

¹ Lalu Husni, *Introduction to Labor Law* (Jakarta: Rajawali Press, 2014).

² Harin Nadindra Kirti, "PAID BELOW THE REGIONAL MINIMUM WAGE (UMR)," *NOTARY* 11, NO. 1 (May 11, 2018): 68, <https://doi.org/10.14710/nts.v11i1.23126>.

³ Zaeni Asyhadi, *Work Law: Manpower Law in the Field of Labor Relations* (Jakarta: RajaGrafindo Persada, 2007).

ways that can be implemented to keep not following the rules that have been set. Therefore, researchers are interested in discussing related to labor protection and welfare based on the determination of UMR.

Method

The type of research used is the type of literature research⁴ that takes data through information by obtaining library materials in the form of problems to be solved⁵. The author's research takes a qualitative research approach⁶, which describes in general about a study Research methods carried out as a form of description of the object under study using data on existing phenomena The data collection technique that the author makes is using documentation⁷ where the data has been obtained by reviewing and analyzing, Both in the form of books, journals, research results. As well as using descriptive analysis techniques⁸.

Labor Protection Concept

Labor is all people who can carry out work to produce goods and services in order to meet the needs of themselves and those in society. While workers are everyone who carries out work by getting rewards in the form of money. Employers are individuals, employers, legal entities that provide work by providing wages⁹.

Abdul Hakim in Yusuf Subkhi said that this labor protection aims to ensure the continuity of the system in working harmoniously without any pressure that has strength on weak parties. In the sense that protection of labor is a mandatory guarantee for every worker in order to protect the safety and welfare of life during work time¹⁰.

⁴ Milya Sari and Asmendri Asmendri, "Library Research in Science Education Research," *Natural Science* 6, no. 1 (June 10, 2020): 41–53, <https://doi.org/10.15548/nsc.v6i1.1555>.

⁵ Yusuf Muri, *Research Methods, Quantitative, Qualitative, and Combined Methods* (Jakarta: Kencana, 2017).

⁶ Sugiyono, *Quantitative Qualitative Research Methods and R&D* (Bandung: Alfabeta, 2013).

⁷ Muhammad Ramdhan, *Research Methods*. (Surabaya: Cipta Media Surabaya, 2021).

⁸ Mamik, *Metodologi Kualitatif* (Sidoarjo: Zifatama Publisher, 2014).

⁹ Ashhadie, *Employment Law: Employment Law in the Field of Labor Relations*.

¹⁰ Yusuf Subkhi, *Protection of Outsourced Workers from the perspective of Law No. 13 of 2003 on Manpower and Islamic Law* (Malang: UIN Maliki Press, 2012).

In practice, workers are often forgotten about the protection of workers, so that the protection of this labor aims to protect the basic rights of workers and ensure equality in opportunities by getting equal treatment in order to realize worker welfare.

Soepomo quoted from Agusmidah dissected work protection into 3 parts, namely¹¹:

1. Economic protection, which is a type of protection related to businesses that provide workers with sufficient income in meeting daily needs including family;
2. Social protection, namely protection related to community enterprise, the purpose is that the worker gets a life as a human being in general, both in the improvement and development of his life;
3. Technical protection, which is a type of protection related to efforts to keep workers from work accidents, which can harm workers when at work time which we often know as work safety.

The concept of wage determination

Wages are based on Law Number 13 of 2003 concerning employment, namely wages are the rights of workers received and expressed in the form of money where rewards from employers and employers are determined and paid in accordance with work agreements, agreements and according to applicable rules. The national wage research council describes if the wage is a reward to workers in carrying out the work whether it is a service that has been done, the purpose is as a guarantee of decent survival for humanity¹².

The legal guarantee of wages is actually contained in the 1945 Constitution in article 28D and article 27 paragraph 2 illustrates that everyone has the right to obtain wages and livelihood humanely. In Law Number 13 of 2003 concerning manpower where article 88 explains that every worker has the right to get a decent income for humanity

¹¹ Agusmidah, *Indonesian Labor Law*. (Bogor: Ghalia Indonesia Publishers (Bogor: Ghaila Indonesia, 2010).

¹² PB Triton, *Human Resource Management: Partnership and Collectivity Perspective* (Yogyakarta: Tugu Publisher, 2007).

and to realize it in this case the government takes wage policies that protect workers, one of which is the minimum wage adjusted to the needs of a decent life¹³.

The wage system when based on its parts has four types as follows¹⁴:

1. Wage System According to Production, wages based on production are carried out to encourage workers to work more, this wage is different from the abilities possessed by each, this system is an advantage for those who have intelligence or advantages, this system can be less fair when reflecting on abilities that are not good such as increasing age, strength is decreasing;
2. The Wage System is according to the length of service, this wage encourages loyalty to the company, this system is an advantage for young people to stay in the company, so that when they are old age there is a sense of security because they already have experience in the company;
3. Wage System According to Length of Work, this system actually fails in regulating between individuals and the abilities of humans, as well as wages obtained from time hours, weekly, monthly wages. This causes labor to produce the same amount of time, which results in people being superior or reluctant to produce more than average;
4. Wage System according to Need, this wage gives greater to those who are married, because all needs are met, they will get the same standard of living.

Islamic Perspectives on Job Protection and Wage Determination

Work protection in order to ensure a harmonious work system without pressure, strength from other parties, besides that it can also ensure safety and security during the work period, the Company in this case provides work protection, one of which is with K3, namely occupational health, safety, in this case the company must ensure prevention in order to avoid ugliness by carrying out good work standards, To keep workers from work accidents. In accordance with the rules of Usul Fiqh, namely Rejecting Mafsadat

¹³ Sefryndo Krisna E.H, “PERLINDUNGAN HUKUM ATAS HAK UPAH PEKERJA PADA HOME INDUSTRI,” *Bureaucracy Journal : Indonesia Journal of Law and Social-Political Governance* 2, no. 3 (December 7, 2022): 835–46, <https://doi.org/10.53363/bureau.v2i3.66>.

¹⁴ Veithzal Rivai, *Human Resource Management for Companies: From Theory to Practice* (Jakarta: RajaGrafindo Persada, 2005).

takes precedence over Taking Benefits¹⁵. Prevention is the main thing because how to want to work safely, calmly, focus if during work there is a sense of anxiety.

Related to wages based on Islam that must have components, namely justice and morals. Justice is based on the absolute essence given by God and man must exercise that value, because justice is inseparable from morality. In Islam there are several indicators that must be met as a basis for determining labor wages such as¹⁶:

1. Agreement and willingness between the parties. This agreement is the beginning in determining the wage, if the contract given only contains beneficial content for the company, then the worker must demand his right to be included in the contract. Therefore, the contract must be agreed by the parties so that there is no loss to both the company and workers;
2. Sufficient basic needs. This requirement must be met by the company to employees properly, if basic needs are met the work done will be more focused and workers will be calm because economic problems are met, but if basic needs are not fulfilled the focus of work may be divided because they are looking for additional work to support the family;
3. Proportionate and transparent, workers' performance looks to have an impact on work as well as compensation results from their income. Therefore, the criterion for calculating wages must be proportions according to employment;
4. Partnership relationship in Islam, companies and workers have a relationship between superiors and subordinates, in Islam this rule must be partners because the parties complement each other;
5. Not delaying the rights of workers, the rights that have been established by the company should not be delayed for any reason based on justice, because according to Surat At-Tholaaq it is intended that the wages must be paid before the sweat of the worker is dry. So it is wise for companies not to delay workers' rights for various reasons;
6. Not exploiting labor, humanizing workers is something that must be applied by companies because humans have a time limit, thinking is different from robots that

¹⁵ Rizqa Amelia et al., "Labor Wages in Islamic Perspective," *Journal of Economics, Business and Management* 2, no. 2 (n.d.).

¹⁶ Novi Yanti Sandra Dewi, "WAGES AND WELFARE IN ISLAMIC PERSPECTIVE" 1 (2019).

have great work power and can continue to operate.

We need to emphasize that wages to workers are their right and employers need their labor in accordance with their agreements and work, so there must be no reason that can harm workers in order to benefit the Company. In accordance with the Hadith narrated by Al Bukhari that delaying the payment of obligations in this case the wages of workers is tyranny.

Professional Ethics, Job Protection and Wage Determination

Business ethics related to work protection and wage determination are very important to ensure that workers are treated fairly and not exploited. Here are the steps that can be done, namely:

1. Protection of labor and determination of wages must be implemented optimally;
2. Stipulated wages must be paid on time in accordance with the agreed policy;
3. Labor appreciation and guarantee are one of the principles in business fairness;
4. Wages shall be determined in a decent, correct manner without harming either party;
5. Business ethics in giving freedom to adherents to the workforce, by giving time, place to the workforce.

Researchers concluded that ethics are related to job protection and wage determination by taking into account the rights of workers by providing equality, and opportunities by not discriminating.

Conclusion

Policies related to the minimum wage have become a hotly discussed issue in employment issues in several countries, both developed and developing countries, the target of this policy is to meet the needs needed by the community that will be given to their families. Abdul Hakim in Yusuf Subkhi said that this labor protection aims to ensure the continuity of the system in working harmoniously without any pressure that has strength on weak parties. Soepomo quoted from agusmidah dissected work protection into 3 parts, namely: Economic protection, Social protection, Technical protection. Wages are based on Law Number 13 of 2003 concerning employment, namely wages are the rights of workers received and expressed in the form of money where rewards from

employers and employees are determined and paid in accordance with work agreements, agreements and according to applicable rules. Related to wages based on Islam that must have components, namely justice and morals. Justice is based on the absolute essence given by God and man must exercise that value, because justice is inseparable from morality. Business ethics related to work protection and wage determination are very important to ensure that workers are treated fairly and not exploited. The following steps can be done, namely: Protection of labor and determination of wages must be carried out optimally, Wages that have been determined must be paid on time in accordance with agreed policies, Appreciation and guarantee of labor become one of the principles in business fairness, Wages must be determined in a decent, correct way without harming either party, Business ethics in providing freedom to adherents for labor, by giving time, space to labor.

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