

GOLD'S ZAKAT NISHAB AS AN ALTERNATIVE TO THE MINIMUM WAGE STANDARD IN INDONESIA

Dedi Gumilar^{1*}

¹*Universitas Indonesia Membangun, Indonesia*

*Corresponding author: dedi.gumilar@inaba.ac.id

ABSTRACT

This article discusses the minimum wage setting standard based on the amount of gold zakat nishab compared to the determination of the minimum wage in Bandung City from 2016 to 2020. The emergence of protests and labor demonstrations at the time the minimum wage was set, indicates that the minimum wage has not provided a sense of justice for the workers. This research was conducted to find a better alternative formulation for determining the minimum wage each year. The method used is a literature study and a comparative study between the minimum wage set by the government and the calculation of the proposed minimum wage. As a research sample, using data of Bandung City minimum wage from 2016 to 2020. Meanwhile, the gold price data used is Antam's spot gold price at the close of October from 2015 to 2019. The proposed minimum wage is the gold price per gram the year before, multiplied by the gold zakat nishab (85 grams), and the result is divided by 12 months. The calculation result shows that the proposed minimum wage compares to the minimum wage set annually is 47% higher on average. This research concludes that the gold zakat nishab can be used as the basis for determining the UMK because the price of gold during the research period was not affected by inflation.

Keywords: *gold; nishab; wages*

Received: November 21st 2023 Revision: January 20th 2024 Accepted for Publication: February 01st 2024

INTRODUCTION

Workers in West Java will hold a large-scale demonstration to urge the West Java governor to issue a decree (SK) on the Implementation of Regency / City Minimum Wages in West Java in 2020 (Suhendra, 2019). The injustice felt by workers in the Determination of Provincial Minimum Wages (UMP) and Regency / City Minimum Wages (UMK) has always been a classic labor problem that every year creates turmoil in industrialized cities. Demonstrations and mobilization of workers to demonstrate demanding a minimum wage according to labor calculations (Santoso, 2012).

Then, should Indonesia's minimum wage increase so that society is more prosperous? There are pros and cons responses to minimum wage increases. Those who support them, assume that an increase in wages can increase the welfare of workers and that an increase in inflation due to an increase in the cost of production will not exceed the benefits obtained from an increase in wages. Meanwhile, those who are contra, think that an increase in wages will only increase inflation due to an increase in demand for goods and services and an increase in the cost of production. Besides, it can cause layoffs or delay in the recruitment

of workers (Meliana, 2019). The basis for setting wages currently in effect is following the Regulation of the Minister of Manpower of the Republic of Indonesia No. 21 of 2016 CHAPTER II Article 2 Paragraph 1, "The determination of the minimum wage by the Governor carries out annually based on the KHL and with due regard to productivity and economic growth." Meanwhile, the calculation formula is stipulated in the same regulation, paragraph 3, namely, "The current year's minimum wage is added by the multiplication result between the current year's minimum wage and the sum of the current year's national inflation rate and the current year's gross domestic product growth rate." This calculation basis is the source of workers' dissatisfaction, so it is necessary to find an alternative calculation basis for determining the minimum wage that can be agreed upon and accepted by both workers and employers.

The founder of the site www.berkebunemas.com, Rulli Kusnandar, stated that gold has asset value protection because of the consistency of its purchasing power. When the price of gold fell, the price of other commodities, such as oil, also fell. So if the price of gold goes down, our wealth will not go down because we can still buy as many goods as when the price of gold goes down. In other words, gold is zero inflation. In the records of *Wakala Nusantara*, the exchange rate of gold dinars (4.2 grams of gold grade 91.7 percent or 22 carats) in 2000 was around Rp. 400,000, and the price of one bag of cement at that time was around Rp. 20,000. So that at that time, 1 gold dinar could buy 20 bags of cement. In January 2011, the exchange rate for one gold dinar was Rp. 1,690,000, while the price of cement was Rp. 50,000 per bag, so that one dinar could buy 32 bags of cement. In other words, the price of cement in the 2000-2010 period in rupiah rose 150 percent, but in gold dinars, it actually decreased by 40 percent (Djumena, 2011).

Indonesian gold price movements have an increasing trend in the last 10 years, as in the following figure:



Figure 1. Graph of the last 10 years of gold prices in Rupiah per gram
 Source: *goldprice.org*

Meanwhile, Antam's spot gold price for the last years is shown in the following table:

Table 1. Antam's spot gold price, 2015-2023 (closing October)

| Years | Price/gram IDR |
|--------------|-----------------------|
| 2015 | 550,000 |
| 2016 | 606,000 |
| 2017 | 622,553 |
| 2018 | 685,000 |
| 2019 | 762,000 |
| 2020 | 969,000 |
| 2021 | 939,000 |
| 2022 | 931,180 |
| 2023 | 1,125,000 |

Source: harga-emas.org

Bandung City's minimum wage data from 2016 to 2023 determined by the Governor of West Java Province can be seen in the following table:

Table 2. Determination of the Bandung City's minimum wage in 2016-2023

| Years | Minimum wage (Rp) |
|--------------|--------------------------|
| 2016 | 2,626,940.00 |
| 2017 | 2,843,662.55 |
| 2018 | 3,091,345.56 |
| 2019 | 3,339,580.61 |
| 2020 | 3,623,778.91 |
| 2021 | 3,742,276.00 |
| 2022 | 3,774,860.00 |
| 2023 | 4,048,462.00 |

Source: bappeda-jabarprov.go.id

Gold is a stable medium of exchange and has not experienced inflation since the time of the Prophet Muhammad until now. Research has been conducting by Professor Roy Jatram from Berkeley University by writing a book about the golden constant. He conducted research on the price of gold for several commodities for a period of 400 years until 1976. The result of his research is that the price of gold is constant and stable. Even though during that time there have been crises, wars, and natural disasters (Huda, et al., 2018).

One of the mental attitudes that can affect the success of industrial relations is that employers are always willing responsive to social conditions, wages, productivity, and worker welfare (Marnisah, 2019).

Based on the data above of the price of gold, and determining Bandung City's minimum wage for the city of Bandung, the authors are interested in making proposals for a fair minimum wage fixing solution based on the gold price. The author

collects literature studies as a pre-analysis to support the results or findings and discussion in this article.

LITERATURE REVIEW

The determination of the minimum wage every year always creates dissatisfaction, especially among workers, they feel that the stipulated wages are not in favor of workers.

Wage Concept

In a situation where the labor market is unbalanced, there will be two possibilities. First, the number of job seekers is more than the number of vacancies available. Both the number of vacancies available is more than the number of job seekers. In the second case, the worker cannot increase his wages because after all, he cannot bear the workload of more than one person. Employers have to look for sources of labor elsewhere to fill the void. In the first case, the wages of labor will actually decrease because there is competition for jobs. Employers will use economic motives to select workers who are willing to work for the lowest wages. In a situation like this, there will always be workers who are willing to work for reasons rather than having no income at all. Therefore, so that workers are not disadvantaged in terms of wages, the third party in power must intervene by providing a minimum allowable wage. It is also for this reason that in Indonesia the government issued a regulation through *Permenakertrans* No. 7 of 2013, in the section considering the reasons for setting the minimum wage, namely "to protect the wages of workers, laborers from falling to the lowest level due to labor market imbalances"(Idris, 2018).

The government strives to realize harmonious, dynamic, and just industrial relations. One of the efforts is to regulate protection for workers/laborers through minimum wages. Law No. 6 of 2023 concerning the Establishment of Government Regulations in Lieu of Law (Perppu) No. 2 of 2022 concerning Job Creation also regulates the issue of minimum wages.

Article 88, paragraph (2) of Law No 6/2023, regulates that the central government determines wage policies to realize the rights of workers/laborers to a decent living for humanity. This policy includes setting a minimum wage every year.

The governor is obliged to determine the provincial minimum wage (UMP) and can evaluate the district/city minimum wage (UMK). The governor can determine the UMK if the UMK calculation result is higher than the UMP. Minimum wages are determined based on economic and employment conditions using data from the Central Statistics Agency (BPS). The minimum wage calculation formula takes into account variables, economic growth, inflation and certain indices.

In its simplest terms, the minimum wage is legally mandated as the floor for wages, but the term "legally mandated" is not clear. In simple cases, such as in Brazil or Bolivia, the federal government sets a wage level and all employers in the country must pay at that level or above. In the United States, the federal minimum wage can be increased by the state-

specific minimum wage. Other countries, such as Italy, however, have a variety of wages negotiated by unions, thus blurring the distinction between minimum wages and contract wages (Cole, 1979):

1. Wages are designed to reward the development of workers' abilities to carry out their job duties at a higher level.
2. Wages reflect the content of work performed by workers and their ability to carry out the work.
3. Wages are designed to improve the stability of workers' livelihoods.

In Islam, entrepreneurs must pay wages that at least support a minimum lifestyle (Askari et al., 2015). Islam has provided safeguards to protect the rights of employers and workers. Falling wages below the minimum wage level or increasing wages above the maximum wage levels should not occur. Real wages will change accordingly based on the law of supply and demand for labor, which is of course influenced by the standard of living of workers, the effective strength of workers' organizations, and the attitudes of employers who reflect their faith in Allah's reward. According to Fahim Khan, the solution to the labor surplus economic problem can indeed be handled through a strategy of creating fixed-wage employment opportunities (Murtadho, 2017). Rasulullah gave an example that must be carried out by Muslims, namely, determining the wages of employees before they start carrying out their work. By providing information on the salary that will be received, it is hoped that it will encourage workers to start work and provide a sense of calm. They will carry out work duties in accordance with the work contract agreement with the employer (Sinn, 2006). The determination of wages in Islam can be said to have a difference with the conventional economic view wherein the conventional economy the wage level is determined based on the balance of labor demand and supply conditions in the labor market and takes into account the marginal product of labor (an increase in the amount of output from additional units of labor), whereas in an Islamic economy, it does not depend on the supply and demand of labor but depends on the needs of workers which are based on justice and honesty and protect the interests of both employers and workers, this is what shows a different side to the conventional economy and can be a solution to the concept of wage-fixing. according to Islamic sharia. (Hijriah & Adiba, 2019).

The Concept of Economic Justice

The concept of social justice is based on the principles of human rights and egalitarianism. This concept concerns a greater degree of egalitarianism in the economy, for example, through progressive tax policies, redistribution of income, or even redistribution of wealth. Therefore, the concept of social justice is often discussed concerning economic justice. In the principle of economic justice, the monopoly must reject, because it contains special rights and other exclusive obstacles. Meanwhile, the distribution principle deals with the results, outputs obtained from the economic system for everyone (worker), and each

capital (owner) (Sardini, 2016). In Surah Al-Hadid verse 25, it is stated that all economic activities, production, consumption, and distribution are based on the values of justice. The enforcement of justice is so important that the purpose of the presence of the apostles is to uphold justice. For economic matters, the state must guarantee and ensure that every citizen has the same opportunity to access and utilize economic resources. As a result, every member of society will be able to live with a minimum standard of needs, such as food, shelter, health, clothing, worship, and education. Thus, the state should regulate the use of these economic resources so that they distribute evenly and fairly. So that none of the members of society are wronged by their rights either by the state or by fellow community members to obtain access rights to these economic resources (Huda, 2015).

Basically, at the macro level, the role of Islamic economics in creating economic justice in Indonesia can expect through the application of economic policies in Islamic economics and optimizing the role of distribution institutions such as government and society, to generate awareness of both the government and society in creating economic justice by applying policies that have been implemented, determined and side with the community, not a handful of people or groups who have an interest, so that this nation is further away from prosperity (Noor, 2012).

The concept of Welfare

The definition of welfare in the concept of the modern world is a condition in which a person can meet basic needs, be it the need for food, clothing, shelter, clean drinking water, and the opportunity to continue education and have adequate work, that can support his quality of life so that he has a social status. which leads to the same social status for other fellow citizens. If according to human rights, the definition of welfare more or less says that every man or woman, youth, and child has the right to live properly in terms of health, food, drink, housing, and social services, otherwise this violates human rights (Basri, 2005).

The concept of welfare in Islam, that human welfare can only realize through the fulfillment of human material and spiritual needs in such a way that one of these two aspects is not ignored. There is no separation between material and spiritual life in Islam. All human endeavors, whether in the economic, social, educational, or scientific fields, have spiritual nuances as long as they are following the Islamic value system (Chapra, 2000).

The concept of *zakat* that develops in the Islamic world since the early period is compatible with state theory, not only the classical theory developed by al Mawardi, but also with modern state theory in the context of a nation-state. Islamic economists in this century have discussed the dimensions of *zakat* not only in the form of ritual worship but also include social, economic, justice, and welfare dimensions (Nasar, 2018).

The concept of welfare in conventional economics is questionable. This is because the welfare indicators are only aimed at the financial (monetary) approach and ignore other approaches, such as the capability and non-financial approaches. This is not following the

concept of *Maqashid al-shari'ah* in Islam, where basically, *Maqashid* is the goal of sharia as a whole, and religion is the most basic need (Pusparini, 2015).

Nishab Zakat as a measure of welfare

The concept of zakat indicates the existence of a rich concept, which shows the level of ownership and income (profit) of a person at the nishab level. This rich concept is the basis for measuring the welfare of society. In the zakat mechanism, the obligation to pay zakat is taught since not yet rich in the material sense, namely to carry out zakat fitrah during Eid al-Fitr per head, as long as on that day there is an excess of our family's staple food, as a manifestation of hands-on nobler from the hands below as a reflection of rich meaning inwardly. The head of a rich household is the level of a person's economy, where the amount of current wealth at the end of the year is equal to gold *zakat's nishab* (Muhammad, 2012). In the opinion of most scholars, it is obligatory to pay zakat on the assets one owns after reaching the *nishab*, which is the minimum amount that causes assets to be subject to zakat obligations; for example, the *nishab* for gold zakat is 85 grams (Hafidhuddin, 2002:24). The amount of gold zakat issued is 2.5% (Hoetoro, 2018:297). One of the principles of calculating the amount of salary according to sharia, namely, company management needs to calculate the maximization of a salary, that is proportional to the amount of *zakat nishab* (Muhyidin, et al., 2020).

METHOD

The method used in this research is to conduct a literature study and comparative study (comparison) between the calculation of the UMK results from government decisions and the calculation of the UMK proposed by the author, then compare the results of the two during the period 2016 to 2020. The data used is the Decree of the Governor of West Java regarding the determination of UMK for districts/cities throughout West Java from 2006 to 2020. The sample taken was the determination of the UMK for the City of Bandung. Whereas the basis for the proposed MSE calculation is the *nishab* of gold zakat weighing 85 grams, assuming the type of gold and the closing price of the precious metal in October each year before.

RESULTS

To compare the determination of the minimum wage between that set by the government and the proposed determination, the formula for calculating the UMK set by the government and the calculation formula proposed by the authors are used.

1. The formula for determining the UMK according to Government Regulation (PP) No. 78/2015 concerning Wages:

$$\mathbf{UMn} = \mathbf{UMt} + \{\mathbf{UMt}(\%inflasi + \% \Delta PDBt)\}$$

UMn: Minimum wage for the year to be set

UMt: Current years minimum wage

ΔPDBt: the growth of constant price gross domestic product which is calculated from the growth of gross domestic product covering the third and fourth quarters of the previous year and the first and second quarters of the current year.

2. The formula for calculating wages is proposed by the author

$$UMn = \frac{NZe \times HEt}{12}$$

UMn: Minimum wage for the year to be set

NZe: Gold's Nishab

HEt: Gold's price (current)

The results of calculating the minimum wage based on the gold zakat *nishab* are as follows:

Table 3. Suggested Minimum Wage for Bandung City 2016-2023

| Years | Minimum Wage (IDR) |
|-------|--------------------|
| 2016 | 3,895,833 |
| 2017 | 4,292,500 |
| 2018 | 4,409,750 |
| 2019 | 4,852,083 |
| 2020 | 5,397,500 |
| 2021 | 6,863,750 |
| 2022 | 6,651,250 |
| 2023 | 6,595,858 |

Source: author 2023

When compared with the amount of Bandung City's minimum wage set by the Governor of West Java, there are differences as in the following table:

Table 4. Comparison of Bandung City's Minimum Wage (Statutes and Proposal) in 2016-2023

| Years | Minimum wage (IDR) | | Varian |
|-------|--------------------|-----------|--------|
| | Statutes | Proposal | |
| 2016 | 2,626,940 | 3,895,833 | 48% |
| 2017 | 2,843,663 | 4,292,500 | 51% |
| 2018 | 3,091,346 | 4,409,750 | 43% |
| 2019 | 3,339,581 | 4,852,083 | 45% |
| 2020 | 3,623,779 | 5,397,500 | 49% |
| 2021 | 3,742,276 | 6,863,750 | 83% |
| 2022 | 3,774,860 | 6,651,250 | 76% |
| 2023 | 4,048,462 | 6,595,858 | 63% |

Source: author 2023

DISCUSSION

The policy of determining the amount of the minimum wage is often a dilemma, conditions like this can be interpreted that the provision of higher wages from the employer's side in the short term will be detrimental, but when viewed from a long-term perspective, the provision of higher wages is not necessarily detrimental, what happens it could be the other way around. The reluctance of employers to comply with the minimum wage requirements is understandable because the basis of labor productivity in Indonesia is generally still low. (Kuncoro & Artiani, 1998)

When viewed from the table above, the wage value proposal is greater than the stipulated minimum wage, with an average difference of 47%. With the difference ratio that is almost the same between the amount of the minimum wage set by the minimum wage that is followed, it means that changes in the price of gold always follow the inflation rate and changes in gross domestic income. In other words, the basis for using the gold's *nishab zakat* can and should be used as an alternative in determining the minimum wage. Companies or employers can determine competency standards for prospective employees, so that the burden of employee wages becomes effective, and in the end the supply of labor will adjust to market needs.

CONCLUSION

Wages are not only seen as compensation given for work, but also as respect for human independence, human dignity, justice, and anti-discrimination. Gold has proven not to be affected by inflation, so it can be used to determine the minimum wage. To achieve justice between employers and workers, minimum competency standards must be established that are mutually agreed upon by employers, trade unions and the government.

REFERENCES

- Askari, Hossein, Iqbal, Z, & Mirakhor, A. (2015). *Introduction to Islamic Economics*. John Wiley & Sons Singapore Pte.Ltd.
- Basri, Ikhwan Abidin. (2005). *Islam dan Pembangunan Ekonomi*. Gema Insani Press.
- Chapra, M. U. (2000). *Sistem Moneter Islam*. Gema Insani.
- Cole, R. E. (1979). *Work, Mobility, and Participation: A Comparative Study of American and Japanese Industry*. University of California Press.
- Djumena, Erlangga. (2011). *Emas, Si Kemilau Tak Kenal Inflasi*. KOMPAS.com. <https://money.kompas.com/read/2011/02/28/14364355/emas.si.kemilau.tak.kenal.inflasi>
- Hafidhuddin, D. (2002). *Zakat dalam perekonomian modern*. Gema Insani.

- Hanifiyah Yuliatul Hijriah & Elfira Maya Adiba. (2019). The Labor Market: An Overview from an Islamic Perspective. *The International Journal of Applied Business Tijab*, 3, 37.
- Hoetoro, A. (2018). *Ekonomi Mikro Islam: Pendekatan Integratif*. Universitas Brawijaya Press.
- Huda, Nurul. (2015). *Ekonomi Pembangunan Islam*. Prenada Media Group.
- Huda, Nurul, dkk. (2018). *Ekonomi Makro Islam: Pendekatan teoritis*. Prenada Media.
- Idris, F. (2018). *Dinamika Hubungan Industrial*. CV Budi Utama.
- Kuncoro, H., & Artiani, L. E. (1998). Studi Kelayakan Kebijakan Penyesuaian Upah Minimum Regional. *Jurnal Ekonomi Dan Bisnis Indonesia*, 13.
- Marnisah, L. (2019). *Hubungan Industrial Dan Kompensasi (Teori Dan Praktik)*. CV Budi Utama.
- Meliana, Ruth. (2019, May 27). *Benang Merah Problematika Pengupahan*. Pusat Penelitian Kependudukan LIPI. <http://kependudukan.lipi.go.id/en/population-study/employment/656-benang-merah-problematika-pengupahan>
- Muhammad, S. (2012). *Menanggulangi Kemiskinan dan Kebijakan Pertumbuhan Ekonomi Paradigma Zakat*. Universitas Brawijaya Press.
- Muhyidin, Nurlina T., et al. (2020). *Ekonomi Bisnis Menurut Perspektif Islam dan Konvensional*. Penerbit Peneleh.
- Murtadho, Ali. (2017). Strategi Pembangunan Ekonomi Yang Islami Menurut Fahim Khan. *Economica: Jurnal Ekonomi Islam*, 9. <https://doi.org/10.21580/economica.2016.7.2.1153>
- Nasar, M. F. (2018). *Capita Selecta Zakat: Esei-Esei Zakat Aksi Kolektif Melawan Kemiskinan*. Gre Publishing.
- Noor, R. A. G. (2012). *Kebijakan Distribusi Ekonomi Islam Dalam Membangun Keadilan Ekonomi Indonesia*. 6(2), 13.
- Pusparini, Martini Dwi. (2015). Konsep Kesejahteraan Dalam Ekonomi Islam (Perspektif Maqasid Asy-Syari'ah). *Islamic Economics Journal*, 1, 45.
- Santoso, Sugeng (2012, November 22). *Susahnya Menetapkan Upah Minimum oleh: Sugeng Santoso*. <https://www.hukumonline.com/berita/baca/lt50ae4668c8132/susahnya-menetapkan-upah-minimumbr-oleh--sugeng-santoso-pn->
- Sardini, N. H. (2016). *60 TAHUN JIMLY ASSHIDDIQIE SOSOK, KIPRAH, DAN PEMIKIRAN*. Yayasan Pustaka Obor Indonesia.

Sinn, Ahmad Ibrahim Abu. (2006). *Manajemen Syariah Sebuah Kajian Historis Dan Kontemporer*. PT Rajagrafindo Persada.

Suhendra. (2019, Desember). *Belum Puas UMK Rp 4,59 Juta, Buruh Mau Demo Besar-Besaran*. news. <https://www.cnbcindonesia.com/news/20191126133641-4-118062/belum-puas-umk-rp-459-juta-buruh-mau-demo-besar-besaran>

Undang-Undang Republik Indonesia Nomor 6 Tahun 2023 Tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 Tentang Cipta Kerja Menjadi Undang-Undang, (2023).