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The Effect of Wage Levels on Labor Performance in the Islamic Economy Perspective (Case Study on CV. Tedmond Fiber Glass Ahmad Yani Street, Air Batu Banyuasin Regency Km.20)

Nova Yuliana^{1*}

¹ Faculty of Tarbiyah, Universitas Islam Negeri Raden Fatah, Palembang, Indonesia

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Corresponding author:

Nova Yuliana

E-mail address:

novayuliana@gmail.com

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ABSTRACT

Wages are the most crucial thing in employment because working people are to get payments that will be used to fulfill their daily needs. If the value of the wages offered by a company is considered insufficient to meet the worker's living needs, then the worker will refuse the job offered. The provision of wages is useful for increasing output and efficiency, and we must be aware of the various difficulties that arise from the incentive pay system. Various problems such as unemployment that is still and continue to grow, the lack of jobs, wages, and welfare of workers who are suffocating, the exploitation of women and child labor are inseparable from these underlying problems. Therefore, the problem is domain and the main responsibility of the state (governments) as a regulator of all aspects of living in a society and society.

1. Introduction

Wages are the most crucial thing in employment because working people are to get payments that will be used to fulfill their daily needs. If the value of the wages offered by a company is considered insufficient to meet the worker's living needs, then the worker will refuse the job offered. One reason that is commonly used and makes the image of workers worse is low labor productivity. If we look at the official data of the Central Statistics Agency (BPS), the richness of Indonesian workers during 2001-2010 tends to increase. (Dhermawan et al, 2012). Looking at how mediated the government, it seems that the problem of labor in Indonesia will never finish. National employment always disputes the feasibility of the minimum wage that has never been agreed between the workers and employers.

Providing fair and equitable fees will trigger high work motivation so that the performance of the workers/labor will be better, and of course, the effect on company income. The provision of wages is useful for increasing output and efficiency, and we must be aware of the various difficulties that arise from the incentive pay system.¹ When labor productivity increases, real wages value of wages compared to prices of goods,) tend to stagnate. We can also see from BPS data on wages of industrial workers under the foreman (supervisor). At the end of 2010, there was a spike, but the peak was only a short-term fluctuation. Trends in industrial workers' real wages during 2013-2014 detailed data can be seen in the following table.

Low labor costs in Indonesia are indeed a



problem. The TURC study stated that in 1997 the minimum wage for workers was able to buy 350 kg of rice (at the price of Rp700 per kilogram in that year). while the 2008 minimum wage for workers was only able to buy 160 kilograms of rice (with the amount of Rp.5.000 per kg in 2008). (Behn, 1995). This fact means that the real wages of workers are reduced by almost 50%. The INDOC study also states that Indonesian laborers' wages are now meager, only around 5% to 6% of production costs. Data obtained from the Ministry of Manpower and Transmigration states that labor costs only account for 25% of the company's total expenditure component. 60% is the cost of production, another 15% stealth money continuously carried out by government officials. The Manpower Act, Law No. 13/2003, explicitly regulates wages by protecting labor wages, which are the minimum wages based on the Province or Regency/City, which are directed towards the achievement of decent living needs. Various problems such as unemployment that is still and continue to grow, the lack of jobs, wages, and welfare of workers who are suffocating, the exploitation of women and child labor are inseparable from these underlying problems. Therefore, the problem is domain and the main responsibility of the state (governments) as a regulator of all aspects of living in a society and society. (Biddle et al, 1999).

The effect that arises from erroneous political and economic policies is untruth in all aspects, including labor issues. The political element is closely related to the strategic plan and regulation-making by the government to organize the state system. At the same time, the economic aspect is related to the provision of funds and their management. (Bonner, 2003) The basis for political, economic policymaking in this country rests on a system of liberal capitalism. This system has the principle of expanding its ideology of minimizing the role of the state in the economy, reducing subsidies to the public community, privatizing state assets,

and making taxes and debt the primary sources of state funding, despite having abundant natural resources.³. One of the wage policies that the government provides is the establishment of minimum wages. The government sets minimum payments based on the necessities of a decent life and pays attention to productivity and economic growth. The minimum wage can be in the form of Minimum wage based on provincial or district/city area, Minimum salary based on the sector in the province or district/city area.

The minimum wage, as referred to above, were directed towards the achievement of a decent life. (Brown, 2003) Employers are prohibited from paying fees lower than the minimum. Wage arrangements determined by agreement between employers and workers/labor or trade unions. Labor unions must not be lower than the stipulation of wages stipulated in the applicable laws and regulations. (Buelens, 2007) The problems faced by workers/laborers lately, namely, there are still many companies that always provide fees below the UMK set by the regency/city government, so that it can be said to be a disobedient company of UMK. Meanwhile, in reality, the minimum wage is still far from the basic needs of workers, so it has not succeeded in creating industrial relations as expected.

One of the Tedmond Fiber Glass Factory at Ahmad Yani Street Air Batu Banyuasin Regency Km.20. Wages made by Tedmond Fiber Glass Factory at Ahmad Yani Street Air Batu Banyuasin Regency Km.20, which is basic salary, incentives, THR, and health benefits, while the resulting performance can be influenced by the provision of wage levels made to laborers. To maintain its existence Teddy Fiber Glass Factory at Ahmad Yani streets Air Batu Banyuasin Regency Km.20 must improve labor performance by providing fair and reasonable wages following the position given by the company.



Table 1. Provincial Minimum Wage Period 2013 – 2014

No	Province	Info		
		2013	2014	Percentage increase (%)
1	Nanggroe Aceh Darusalam	Rp. 1.550.000	Rp. 1.750.000	13
2	North Sumatera	Rp. 1.375.000	Rp. 1.505.850	10
3	West Sumatera	Rp. 1.350.000	Rp. 1.490.000	10
4	Riau	Rp. 1.4 million	Rp. 1.7 million	21
5	Jambi	Rp. 1.3 million	Rp. 1.502.300	16
6	South Sumatera	Rp. 1.350.000	Rp. 1.825.600	35
7	Bangka Belitung	Rp. 1.265.000	Rp. 1.640.000	30
8	Bengkulu	Rp. 1.2 million	Rp. 1.350.000	13
9	Lampung	Rp. 1.150.000	Rp. 1.399.037	22
10	West Java	Rp. 850.000	Rp. 1 million	18
11	Jakarta	Rp. 2.2 million	Rp. 2.441.301	11
12	Banten	Rp. 1.170.000	Rp. 1.325.000	13
13	Central Java	Rp. 830.000	Rp. 910.000	10
14	Yogyakarta	Rp. 947.114	Rp. 988.500	4
15	East Java	Rp. 866.250	Rp. 1 million	15

Source: Statistical Data Center (BPS) 2014

2. Literature Review

Wages are rewards received by workers for services rendered in producing goods or services in a company. (Burgess et al, 2003) In general, salaries are payments secured by a worker while he is doing work or is seen as doing work. Nurimansyah Haribuan said: "Wages are all forms of income (earning), received by workers or employees (labor) in the form of money or goods within a specified period in economic activity. Economic wages are the price that must be paid to workers for their services in the production of wealth, like other factors of production, labor is rewarded for their services. In other words, wages are the price of job paid for services in production. (Cacioppe, 2003).

The other types of wages are Nature Wages. Nature is a wage given in another form, namely real goods (in-kind) that have economic value

for workers. The term wages in kind is not known in Law Number 13 of 2003 concerning Manpower and other laws and regulations governing employment issues. The meaning of nature in the big Indonesian dictionary is the actual item, not money. Economists make the difference between two notions of wages, namely money wages and real wages. Money wages are the amount of money received by workers from employers as payment for workers' mental or physical energy used in the production process. Whereas the real fee is the wages of workers measured from the standpoint of the wage's ability to purchase the goods and services needed to meet the workers' needs. (Campbell, 1998).

In general, Labor Performance is the result of work with quality. It results the following work under employment by the responsibilities given, per H. Hadari Nawawi who requests



action with workers to do work, whether physical or mental or non-physical or non-mental. (Hasibuan, 2003) Performance according to Mangkunegara, Anwar Prabu is the work of quality and quantity achieved by an employee in carrying out his duties following the responsibilities given to him. The relationship between companies and workers is mutually beneficial. On the one hand, the company wants to make a significant profit; on the other hand, workers wish to certain expectations and needs that must be met by the company. The problem faced by the company is an increasingly competitive situation, so that it must be able to maintain the cost of its products by staying oriented to efficiency and effectiveness in its production. (Chenhall, 2003; Crewson, 1997).

3. Methods

The research design is quantitative observational research. The place of research is Tedmond Fiber Glass Factory at Ahmad Yani streets Air Batu Banyuasin Regency Km.20. In this study, 75 workers were used as research samples taken from 300 people as a population. To simplify the preparation, the researchers grouped the independent variables (X) and the dependent variable (Y), as follows: The independent variable (free) in this study is X = Wage Level. Wages are the total amount that is determined as a substitute for services that have been issued by workers covering certain periods or conditions. The wage level theory used is the ethical wage theory and adjusted to the wage system in Indonesia. The dependent variable in this study is Y = labor performance. Performance as a result achieved by a person according to the measurement applicable to the work in question. This variable has three indicators, namely: Quantity consisting of three issues related to initiative, accuracy, and understanding and mastering its tasks; Quality composed of five

questions relating to knowledge and expertise, working together, quality of work with standards, relations between workers, and feeling compatible with work; Timeliness, which consists of one question related to work targets on time.

4. Results and Discussion

The respondents that sampled in study had following characteristics based on age, sex, length of service, and monthly income, based on the age of 17- 30 years as many as 55 people with a percentage of 73%, aged 31-40 years as many as 17 people with a percentage of 23 %, aged 41-50 years as many as 3 people with a percentage of 4%. Based on the male gender, as many as 54 people (72%), the characteristics of respondents were based on females as many as 21 people (28%). The working period of workers in the Tedmond fiberglass factory taken as respondents were 41 people working period 1-5 years with a percentage of 54.7%, 6-10 years as many as 25 people with a portion of 33.3%, 11-15 years nine people with 12% percentage. Based on a monthly income of Rp.1.000.000 - Rp.1.500.000 as many as 12 people with a percentage of 16% which means that there is no community earning below Rp.1000.000., Earning Rp.1.500.000 - Rp.3.000.000 as many as 31 people with a percentage of 41.3%, who earn Rp.3.000.000 - Rp.4.500.000 as many as 32 people with a percentage of 42.7%. The wage rate is the number of wages paid based on a unit of measure of work, for example, a group of the time, such as daily, weekly, and monthly. Thus, the results of respondents' answers to the variable wage level show that the total monthly income of factory workers, 16%, the community earns Rp.1.000.000 - Rp.1.500.000, 41.3% makes Rp.1.500.000 - Rp.3.000.000 and 42.7%. They are receiving Rp.3.000.000 - Rp.4.500.000.

To test between independent variables and



dependent variables in a simple linear regression model, the t-test was used. With the decision criteria to reject H_0 when $T_{count} > T_{table}$ at alpha 5%. Empirical test results of the influence between Wage Levels Based on the coefficients table above, obtained T count of 6.109 > T table at alpha 5% of 0.77 means that the wage rate significantly influences labor performance. Thus, the study results cannot reject the hypothesis, which states, "Wage Level Variables affect Labor Performance in the Islamic Economic Perspective Case Study at Tedmond Fiber Glass Factory at Ahmad Yani streets Air Batu Banyuasin Regency Km.20. This is evidenced by the calculated t value of 6.109, which exceeds the t table value of (0.77) and a significant number (p) below 0.05, 0.000. And from the results of hypothesis testing in table IV. 9 coefficients, it can be seen the results of simple linear regression analysis obtained coefficient for Wage Level variable of 3.486 with a constant of 28.458 so that the simple linear regression equation model obtained as follows: Labor Performance (Y) = 28.458 + 3,486 Wage Level (X) Then from the simple linear regression equation can be interpreted regarding the state of the variable that each increase in variable X by one unit or 1%, then the variable Y is expected to increase by 3.486 or 3.486%. In other words, it can be said that for every increase in wages of one unit or 1%, workers' performance will increase by 3.486 or 3.486%. Based on the simple linear regression analysis above, it can be concluded that the independent variable, namely the level of wages, has a positive influence on the dependent variable, namely labor performance. In other words, it can be explained that if payments increase, the performance of workers will also increase. From the simple linear regression coefficient, the independent variable shows that the regression coefficient of variable X, in this case, is the wage level has a value of 3.486.

5. Conclusion

Based on the test results that show that the variable X has a positive (unidirectional) and significant relationship to labor performance, that is the correlation (r) = 0.582 and probability (p) significant at $p < 0.05$. It can be concluded that there is a positive (unidirectional) and considerable relationship between wage rates and labor performance on Tedmond Fiber Glass Factory at Ahmad Yani Streets Air Batu Banyuasin Regency Km.20 positive relationship (unidirectional) shows that the greater the level of wages, the performance of workers tends to increase. The results of the regression analysis stated that the variable wage level significantly affected the performance of workers with a value of t count = 6.109 while t table = (0.77) (t count > t table), $p = 0.000$ significant at < 0.05 and there is a positive relationship between wage rates and labor performance at Tedmond Fiber Glass Factory at Ahmad Yani Street Air Batu Banyuasin Regency Km.20. Thus, the study results cannot reject the hypothesis, which states, "Wage Level Variables affect Labor Performance. And from the effects of hypothesis testing in table IV. 13 coefficients, it can be seen the results of simple linear regression analysis obtained factors for the Wage Level variable of 3.486 with a constant of 28.458.

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