

## ANALYSIS OF CONTRACT AGREEMENTS THROUGH VERBAL AND ITS CONSEQUENCES ON WAGES ACCORDING TO THE THEORY OF *IJARAH AL-'AMAL*: A Case Study at a Brick Factory in Gampong Miruek Taman, Aceh Besar, Indonesia

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### Abstract

This study examines the validity of employment agreements based on verbal agreements from the perspective of *ijarah al- 'amal*, a form of employment contract in Islamic law. In the informal sector, employment relationships are often established verbally, based on trust and community customs, even though this raises legal issues regarding the proof and clarity of the parties' rights and obligations. This study uses a normative juridical method, with a conceptual approach, drawing on a review of classical and contemporary *fiqh* literature, the Qur'an, hadith, and labour laws and regulations. The results of the study show that Islam permits verbal employment agreements provided the contract meets the following conditions: the existence of the contracting parties, a clear object of work, a known reward, and the willingness of both parties. However, verbal agreements that contain elements of *gharar* (uncertainty) or *zulm* (injustice) may render the contract invalid under both moral and legal principles. The hadith of the Prophet Muhammad SAW, which prohibits sales and purchases that contain *gharar*, emphasises the importance of clarity in every contract. In the contemporary context, although verbal agreements remain valid under the principle of *ijarah al-'amal*, written records are highly recommended to prevent disputes and protect workers' rights. Thus, the concept of *ijarah al-'amal* provides legal legitimacy to verbal agreements and emphasises the importance of justice, trustworthiness, and transparency in modern employment relationships.

**Keywords:** Employment agreement, Islamic Law, *ijarah al-'amal* and Verbal Agreement

## Abstrak

Penelitian ini mengkaji validitas perjanjian kerja yang didasarkan pada kesepakatan lisan dari perspektif *ijarah al-'amal*, suatu bentuk perjanjian kerja dalam hukum Islam. Di sektor informal, hubungan kerja sering kali dibentuk secara lisan, berdasarkan kepercayaan dan adat istiadat masyarakat, meskipun hal ini menimbulkan masalah hukum terkait bukti dan kejelasan hak serta kewajiban para pihak. Penelitian ini menggunakan metode yuridis normatif dengan pendekatan konseptual, mengacu pada tinjauan literatur fiqh klasik dan kontemporer, Al-Qur'an, hadis, serta undang-undang dan peraturan ketenagakerjaan. Hasil penelitian menunjukkan bahwa Islam memperbolehkan perjanjian kerja lisan asalkan perjanjian tersebut memenuhi syarat-syarat berikut: adanya pihak-pihak yang berkontrak, objek pekerjaan yang jelas, imbalan yang diketahui, dan kesediaan kedua belah pihak. Namun, perjanjian lisan yang mengandung unsur *gharar* (ketidakpastian) atau *zulm* (ketidakadilan) dapat membuat kontrak menjadi tidak sah berdasarkan prinsip moral dan hukum. Hadis Nabi Muhammad SAW yang melarang jual beli yang mengandung *gharar*, menekankan pentingnya kejelasan dalam setiap kontrak. Dalam konteks kontemporer, meskipun perjanjian lisan tetap sah berdasarkan prinsip *ijarah al-'amal*, catatan tertulis sangat dianjurkan untuk mencegah sengketa dan melindungi hak-hak pekerja. Oleh karena itu, konsep *ijarah al-'amal* memberikan legitimasi hukum bagi perjanjian lisan dan menekankan pentingnya keadilan, kejujuran, dan transparansi dalam hubungan kerja modern.

**Kata kunci:** Perjanjian kerja, Hukum Islam, Perjanjian Lisan, dan *ijarah al-'amal*

## INTRODUCTION

Employment practices are a fundamental aspect of a society's economic system. The relationship between employers and employees has been an integral part of social life since the dawn of human civilisation. In classical economic theory, work is not merely a means of fulfilling economic needs, but also part of humanity's social and moral responsibility towards one another. In the modern era, labour relations are formally regulated through written agreements that set out the rights and obligations of each party. However, social reality shows that not all labour relations are established through such

formal mechanisms.<sup>1</sup> Many communities, especially in the informal sector, still rely on verbal agreements as the basis for labour relations.<sup>2</sup>

The author identifies several fundamental issues that require further analysis. These issues relate to the practice of verbal employment agreements that still exist in employment relationships in the small business sector, particularly in brick factories in Gampong Miruek Taman, Darussalam District, Aceh Besar Regency. To obtain a systematic and focused understanding, the research issues are formulated in the form of the following research questions:

1. What is the legal status of verbal employment agreements from the perspective of Islamic law based on the concept of *ijarah al-'amal* contracts in the practice of employment relations at the Gampong Miruek Taman brick factory, Darussalam Subdistrict, Aceh Besar Regency?
2. What are the implications of verbal employment agreements on the principles of fairness, clarity of contract, and protection of workers' rights according to the *ijarah al-'amal* contract?

Based on the problem formulation, it can be inferred that the practice of verbal employment agreements remains common in the small business sector, particularly in brick factories in Gampong Miruek Taman. In line with this, this study was conducted with the following objectives:

1. To analyse the legal position of verbal employment agreements from an Islamic law perspective based on the concept of *akad ijarah al-'amal* in the practice of employment relationships at the brick factory in Gampong Miruek Taman, Darussalam District, Aceh Besar Regency.
2. Examining the implications of verbal employment agreements on the fulfilment of the principles of fairness, clarity of contract, and protection of workers' rights according to the concept of *ijarah al-'amal* contracts in the practice of employment relations at the Gampong Miruek Taman brick factory, Darussalam Subdistrict, Aceh Besar Regency.

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<sup>1</sup> Salma Salsabila et al., "A Legal Review of Termination of Employment Based on Violations Related to the Job Creation Law and Other Laws and Regulations," *Innovative: Journal of Social Science Research*, 4(3), 10848-10862.

<sup>2</sup> Said Aneke. R, Butje Tampi, "Legal Certainty of Verbal Agreements According to Article 1338 of the Civil Code," *Lex Privatum*, 8(4), (2020): 86-90.

This phenomenon raises fundamental questions about the legal status of verbal employment agreements under Islamic law,<sup>3</sup> particularly regarding the concept of akad *ijarah al-'amal*. Islamic law holds that every transaction or agreement must be based on the principles of clarity, fairness, and the willingness of both parties. This principle is known as kaidah *al-ridha syarthun fi al-'uqud*, which means that consent is a requirement in every contract. However, consent alone is insufficient if it is not accompanied by clarity about the contract's object and its benefits and rewards.<sup>4</sup>

In this study, verbal employment practices were examined in brick factories in Gampong Miruek Taman, Darussalam Subdistrict, Aceh Besar Regency. This village was chosen as the study site because many employment relationships remain informal, based on verbal agreements between business owners and workers. The research data sources focused on several brick factories in the area that use a simple wage system without written employment agreements, either based on the number of working days, production output, or a combination of both. These conditions indicate that labour relations practices in the small brick industry still rely on trust and customs passed down from generation to generation.

Several previous studies have examined employment relationships, employment agreements, and wage systems from both Islamic law and positive law perspectives. Sahur Ramsay's research explains that employment agreements, including those in *outsourcing* systems, are essentially akad *al-ijarah* (*contracts of hire*) that emphasise the utilisation of labour services in exchange for wages and are based on the values of justice and the prohibition of arbitrariness. Although the form of the agreement is not always written, the substance of the contract remains the main measure in Islamic law.<sup>5</sup> In line with this, the research by Fauzi Sumardi and Ridho Mubarak examines the legal force of verbal employment agreements. It concludes that verbal employment agreements can form the basis of employment relationships even if they are not specifically regulated by legislation, and that the general provisions of

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<sup>3</sup> Chairul Fahmi, 'Transformasi Filsafat Dalam Penerapan Syariat Islam (Analisis Kritis Terhadap Penerapan Syariat Islam di Aceh)', *Al-Manahij: Jurnal Kajian Hukum Islam* 6, no. 2 (1970), <https://doi.org/10.24090/mnh.v6i2.596>.

<sup>4</sup> Abdul Mughits, "The Application of the Principle of at-Taradi in Muamalat Contracts", *Aplikasia: Journal of Religious Science Applications*, 17(1), (2017): 49–61.

<sup>5</sup> Sahur Ramsay , "Outsourcing Employment Agreements from an Islamic Law Perspective," *Jurnal Al-Mudharabah*, 1(2), (2023): 31-35.

employment agreements govern their validity.<sup>6</sup> R. M. Panggabean's research emphasises that the most important aspect of an agreement is not its formal structure, but rather the rationality and fairness of its substance. These three studies serve as important references in assessing the legal status of verbal employment agreements as the basis for employment relationships from an Islamic law perspective.<sup>7</sup>

The second issue in this study concerns the implications of verbal employment agreements for the principles of fairness, clarity, and protection of workers' rights under the *ijarah al-'amal* contract. Research by M. Mabruri Faozi and Putri Inggi Rahmiyanti shows that the wage system can be assessed in accordance with Islamic economic principles if it meets the criteria of fairness, wage clarity, and proportionality between work and remuneration.<sup>8</sup> Furthermore, research by Fithriatus Shalihah reveals that the limited effectiveness of labour law protection is often influenced by society's economic and legal cultural needs, leaving workers vulnerable.<sup>9</sup> Meanwhile, Eka Jati Rahayu's research, although focusing on mudharabah contracts in Islamic banking, makes a conceptual contribution by emphasizing the importance of contract clarity and risk mitigation in Islamic transactions to prevent losses for either party. These three studies are relevant for analysing the practice of verbal employment agreements and their implications for the fulfilment of the principles of fairness and protection of workers' rights in *ijarah al-'amal* contracts.<sup>10</sup>

This research is important because verbal employment agreements are still common in small and informal businesses, but have not been adequately studied empirically from an Islamic law perspective, particularly in relation to *ijarah al-'amal* contracts. Previous studies have tended to focus on normative analysis of employment agreements or on the formal sector and specific employment systems, such as *outsourcing* or labour regulations. Studies on

<sup>6</sup>Fauzi Sumardi and Ridho Mubarak, 'Tinjauan Yuridis Terhadap Perjanjian Kerja Yang Dibuat Secara Lisan', *Jurnal Ilmiah Penegakan Hukum* 5, no. 1 (2019): 8, <https://doi.org/10.31289/jiph.v5i1.1957>.

<sup>7</sup> R. M. Panggabean, "The Validity of Agreements with Standard Clauses", *IUS QUA IUSTUM Law Journal*, 17(4), (2010): 651-667.

<sup>8</sup>M. mabruri Faozi and Putri Inggi Rahmiyanti, 'Sistem Pengupahan Tenaga Kerja Home Industri Perspektif Ekonomi Islam', *AL-Mustashfa* 4, no. 1 (2016): 14-24.

<sup>9</sup>Fithriatus Shalihah, 'Perjanjian Kerja Waktu Tertentu (Pkwt) Dalam Hubungan Kerja Menurut Hukum Ketenagakerjaan Indonesia Dalam Perspektif Ham', *UIR Law Review* 1, no. 2 (2017): 149-60.

<sup>10</sup> Eka Jati Rahayu , "Risk Mitigation of Mudharabah Financing Agreements in Islamic Banking," *Jurnal Muqtasid* 4 (1), (2013): 55-71.

wage systems and worker protection are generally separate from the analysis of employment contracts in muamalah fiqh. This research is urgent to bridge this gap by integrating normative Islamic law studies with empirical findings in the field, thereby providing a more comprehensive understanding of the legal status of verbal employment agreements and their implications for the principles of justice and the protection of workers' rights in the context of gampong communities.

The author argues that verbal employment agreements are essentially permissible under Islamic law as long as they fulfil the conditions and requirements of *ijarah al-'amal* contracts, namely the existence of legally competent parties, a clear subject matter in the form of labour services, a known wage, and the willingness of both parties. In this context, Islamic law does not require a written form as the sole measure of contract validity, but emphasises the substance of the contract, based on fairness and clarity.<sup>11</sup> However, the practice of verbal employment agreements that lack clarity about the type of work, wages, and payment mechanisms can lead to injustice and weaken protections for workers' rights.

In the practice of labour relations at the Gampong Miruek Taman brick factory, verbal employment agreements are mostly based on custom and trust, so that workers tend to have less bargaining power than business owners. This condition reveals a gap between the ideal principles of *ijarah al-'amal* contracts and the empirical reality on the ground. The author argues that although verbal employment agreements are legally valid under Islamic law, they should be made clearer and implemented more fairly to optimally realise the objectives of Sharia (maqashid al-syariah), particularly the protection of workers' rights and welfare.

## RESEARCH METHODOLOGY

This research is a normative legal study with a conceptual approach.<sup>12</sup> The conceptual approach is used to understand the basic principles of *ijarah al-'amal* contracts based on classical and contemporary Islamic legal theories.

<sup>11</sup> Chairul Fahmi, 'Analysis of Legal Aspects on Capital Investment Fraud in Indonesia', *Proceeding of International Conference on Sharia Economic Law (ICoShEL)* 1, no. 1 (September 2024): 1.

<sup>12</sup> Muhammad Siddiq Armia, *PENENTUAN METODE & PENDEKATAN PENELITIAN HUKUM*, ed. Chairul Fahmi (Banda Aceh: Lembaga Kajian Konstitusi Indonesia, 2022).

Meanwhile, the Sharia approach is used to interpret the arguments of the Qur'an, hadith, and *fiqhi* rules regarding employment and wages. The main data sources for this study consist of primary, secondary, and tertiary legal materials. Primary legal materials include the Qur'an, hadith, and fatwas from scholars and the National Sharia Council (DSN-MUI). Secondary legal materials were obtained from literature such as books on muamalah fiqh, Islamic law journals, and relevant academic works. To support the study, empirical data from interviews with business owners and workers at several brick factories in Gampong Miruek Taman, Darussalam District, Aceh Besar Regency are also used. The field data were used to describe the practices of verbal employment agreements and wage mechanisms in the community, which were then analysed from an Islamic law perspective. Data collection techniques included *library research* and limited field interviews. The data obtained was then analysed qualitatively by interpreting the normative meaning of Sharia principles and relating them to the practice of verbal employment agreements. The analysis was carried out in three stages, namely data reduction, legal interpretation, and argumentative conclusion.<sup>13</sup>

## RESULTS AND DISCUSSION

### A. The Concept of *Ijārah al-'Amal* Contract

The *ijarah al-'amal* contract is an important instrument in the Islamic muamalah system that regulates the relationship between employers and employees. This contract exists to ensure economic justice and protect the rights and obligations of both parties involved in the employment relationship. *Ijarah al-'amal* can be understood as part of the general principles of muamalah that emphasise justice ('*adl*), honesty (*sidq*), and willingness (*tarādī*) in every transaction. Etymologically, the word *ijarah* comes from the Arabic *al-ajru*, which means reward or wage. Its basic meaning concerns the exchange of benefits. Meanwhile, *al-'amal* means work or labour. This contract can be interpreted as a contract to employ someone to obtain benefits from their labour in exchange for a certain reward.<sup>14</sup>

Classical fiqh books categorise *ijarah al-'amal* as a mu'āwadah contract (exchange), because it involves an exchange between the benefit of labour and

<sup>13</sup> Sugiyono, Quantitative, Qualitative and R&D Research Methods (Bandung: CV. Alfabeta, 2013). pp. 206-222.

<sup>14</sup>Dara Fitriani and Nazarudin, 'Ijarah Dalam Sistem Perbankan Syariah', *Al-Hiwalah: (Sharia Economic Law)* 1, no. 1 (2022): 37-52.

wages. The *ijarah* contract has a clear legal basis in the Qur'an, hadith, and ijma'ulama. One of the most important bases is found in the words of Allah SWT in QS. Al-Qashash verse 26:

قَالَتْ إِحْدِيهِمَا يَأْبَتِ اسْتَأْجِرْهُ إِنَّ حَيْرَ مَنْ اسْتَأْجَرَتِ الْقَوِيُّ الْأَمِينُ

"One of the two (women) said, 'O my father, hire him. Verily, the best person you can hire is strong and trustworthy.'" (Surah Al-Qashash: 26).

This verse explains the moral and social principles in employment relationships: strength (al-quwwah), which indicates professional ability, and trustworthiness (al-amānah), which reflects integrity. These two characteristics form the ethical foundation of the *ijarah al-'amal* contract. Scholars of different schools of thought differ in their definitions of *ijarah*, but they all agree that its essence is the transfer of lawful benefits in exchange for compensation. Hanafi scholars define *ijarah* as a transaction for a known benefit, with a known reward. Meanwhile, Maliki and Shafi'i scholars emphasise agreement and the clarity of benefits as the main elements of a valid contract.<sup>15</sup>

The pillars of *ijarah al-'amal* consist of four main elements, namely the contracting parties ('aqidān), the object of the contract (ma'qud 'alayh), the remuneration (ujrah), and the contract form (ijab and qabul). Each element has certain requirements for the contract to be valid. The contracting parties must have legal capacity (ahliyah), the object of the work must be clear and lawful, the remuneration must be known, and the contract must indicate the willingness of both parties. One of the most important conditions in *ijarah al-'amal* is clarity (ta'yīn) regarding the benefits of the service that is the object of the contract. Benefits that are unknown or cannot be determined are considered *gharar*, which can invalidate the contract.<sup>16</sup>

The concept of *gharar* in Islamic law refers to uncertainty that has the potential to cause loss. In this contract, *gharar* may arise if there is no clarity regarding the work results, wages, or the implementation timeline. In addition to clarity, the principle of *ridha bi al-tarādī* is also an essential requirement. The

<sup>15</sup>Harun Santoso and Anik, 'Analisis Pembiayaan Ijarah Pada Perbankan Syariah', *Jurnal Ilmiah Ekonomi Islam* 1, no. 2 (2017): 106–16.

<sup>16</sup>Saprida Saprida, Zuul Fitriani Umari, and Zuul Fitriana Umari, 'Sosialisasi Ijarah Dalam Hukum Islam', *AKM: Aksi Kepada Masyarakat* 3, no. 2 (2023): 283–90, <https://doi.org/10.36908/akm.v3i2.647>.

*ijarah* contract must be made based on willingness.<sup>17</sup> This is in line with the general principle in QS. An-Nisa verse 29, which states:

*“O you who have believed, do not consume one another's wealth unjustly, except in a manner that is mutually agreed upon. And do not kill yourselves. Indeed, Allah is ever Merciful to you.”* (QS. An-Nisa: 29).

Wages are the right of workers and the obligation of employers. The amount of wages must be clearly agreed upon before work begins. In the view of the Shafi'i scholars, if the wage is not specified, the contract becomes invalid (fasid), as it involves *uncertainty* (*gharar*). Additionally, *ijarah al-'amal* also has a spiritual dimension. Work is considered an act of worship if performed with the right intention and in accordance with Islamic law.<sup>18</sup>

The values of *ijarah al-'amal* remain relevant in addressing the challenges of industrial relations. The principles of transparency, honesty, and responsibility contained in this contract serve as moral guidelines for contemporary labour regulations. Positive law can draw inspiration from these values to create a humane work system. Islam views employment relationships as partnerships, not subordination. Workers are not considered objects of exploitation, but rather partners in creating shared economic value.<sup>19</sup>

*Ijarah al-'amal* is a tangible manifestation of the Islamic principle of distributive justice. This contract regulates the proportional exchange of benefits and rejects inequality that is detrimental to either party. The balance between rights and obligations is key to ensuring that the contract is valid and enforceable. The contract may terminate upon completion of the work, expiration of the agreed-upon timeframe, or if one party is unable to fulfil its obligations. *Ijarah al-'amal* requires clarity in the contract, fairness in compensation, and trustworthiness in execution. These principles make *ijarah*

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<sup>17</sup>Nurul Fitriani, 'Affiliate Marketing Dan Potensinya Terhadap Gharar Dan Tadlis Dalam Bisnis Online', *Jurnal Hukum Dan Ekonomi Islam* 9, no. 2 (2023): 88–104.

<sup>18</sup>Murtala and Azhar, 'Analisis Penetapan Upah Minimum Di Indonesia Dan Faktor-Faktor Yang Mempengaruhinya', *Jurnal Ekonomi Regional Unimal* 4, no. 2 (August 2021): 28–36.

<sup>19</sup>Dina Mardiana, Rika Rosdiana, and Ginan Wibawa, 'Implementasi Akad Ijarah Pada Pekerja Konveksi Ditinjau Dari Pandangan Fiqh Muamalah', *Jurnal Ekonomi Dan Bisnis* 2, no. 2 (2022): 15–21.

*al-'amal* a model of fair and humane working relationships, relevant in every era.<sup>20</sup>

## **B. Employment Agreement Practices between Brick Factory Owners and Workers**

An employment agreement is the main foundation of the relationship between employers and employees. This agreement serves as a framework for the rights, obligations, and responsibilities of both parties in a reciprocal employment relationship. Through an employment agreement, legal certainty can be achieved and potential conflicts minimised. In reality, not all employment relationships are set out in writing. Most employment relationships, especially in the informal sector, are still based on verbal agreements. An employment agreement is a contract between an employer and an employee that sets out the terms and conditions of employment, as well as the rights and obligations of the parties.<sup>21</sup> Agreements are regulated in Article 1320 of the Civil Code, which states that there are four conditions for a valid agreement: agreement, competence, a specific object, and a lawful cause.<sup>22</sup>

Provisions regarding employment agreements are found in Law No. 13 of 2003 on Manpower, which was amended by Law No. 6 of 2023. Article 50 of the law states that an employment relationship arises due to an employment agreement between an employer and an employee. The agreement is the legal basis for the formation of a valid employment relationship. The law provides flexibility regarding the form of the agreement. Article 51(1) states that employment agreements may be made in writing or orally. This provision indicates that oral agreements remain legally recognised provided they meet the requirements for a valid agreement and the elements of an employment relationship, namely work, orders, and wages.<sup>23</sup>

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<sup>20</sup>Rifqi Wahyu Pratama et al., 'Analisis Penerapan Akuntansi Akad Ijarah Pada Bank Syariah Indonesia (BSI) Cabang Serang', *Jurnal Ilmu Manajemen, Bisnis Dan Ekonomi* 2, no. 2 (2024): 139–54.

<sup>21</sup>Chairul Fahmi, Audia Humairah, and Ayrin Sazwa, 'MODEL OF LEGAL DISPUTE RESOLUTION FOR BUSINESS CONTRACT DEFAULT', *JURISTA: Jurnal Hukum Dan Keadilan* 7, no. 2 (December 2023): 242–63, <https://doi.org/10.22373/JURISTA.V7I2.228>.

<sup>22</sup>Fithriatus Shalihah, 'Perjanjian Kerja Waktu Tertentu (Pkwt) Dalam Hubungan Kerja Menurut Hukum Ketenagakerjaan Indonesia Dalam Perspektif Ham'.

<sup>23</sup> Law (UU) Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law

Verbal agreements are common in small businesses, domestic work, agriculture, fishing, and other informal sectors. Working relationships in these areas are generally based on mutual trust and local customs. The parties rarely put the agreement in writing because it is considered impractical or due to a limited understanding of the law. Verbal employment agreements lack sufficient evidence. In the event of a dispute, the aggrieved party will find it difficult to prove the contents of the agreement because there is no written document. Legal certainty is weak, and dispute resolution depends on witness testimony or other indirect evidence.<sup>24</sup>

One of the crucial problems with verbal employment agreements is the lack of clarity regarding the terms of employment. For example, working hours, wages, length of employment, and leave entitlements are often not explicitly agreed upon. This creates the potential for violations of workers' rights, such as inappropriate wage payments or unilateral termination of employment. In many cases, informal-sector workers lack strong bargaining power. They accept jobs out of economic necessity rather than based on a balanced agreement. Verbal agreements are often one-sided, with employers having greater power in determining the terms of employment.

The weaknesses of verbal agreements become increasingly apparent in disputes, for example, when workers are dismissed unilaterally without compensation, or when employers feel aggrieved by unsatisfactory performance. Without written evidence, proving the case becomes lengthy and complicated, often ending without clarity. In addition to the issue of proof, verbal agreements also open the door to abuse by irresponsible parties.

In some cases, employers use verbal agreements to avoid legal obligations, such as paying allowances or social security. On the other hand, workers lack a strong basis for asserting their rights. Another factor that reinforces the existence of verbal agreements is the low level of legal literacy among the public. Many workers are unaware of their rights as stipulated in the law. As a result, they accept their working conditions as they are without demanding legal protection.<sup>25</sup>

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<sup>24</sup>Sumardi and Mubarak, 'Tinjauan Yuridis Terhadap Perjanjian Kerja Yang Dibuat Secara Lisan'.

<sup>25</sup>Chairul Fahmi, Audia Humairah, and Ayrin Sazwa, 'MODEL OF LEGAL DISPUTE RESOLUTION FOR BUSINESS CONTRACT DEFAULT: A STUDY OF VARIOUS CASES LAW', *JURISTA: Jurnal Hukum Dan Keadilan* 7, no. 2 (December 2023): 2, <https://doi.org/10.22373/jurista.v7i2.228>.

Based on interviews conducted by researchers at the SZ Gampong Miruek Taman Brick Factory, Darussalam Subdistrict, Aceh Besar Regency, it was found that the worker remuneration system is based on the number of days worked. Wages are determined verbally at the start of employment and paid weekly by the business owner. In practice, there is no written record of working hours or accumulated days worked, so the entire wage mechanism is based on trust between the business owner and the workers.<sup>26</sup>

Meanwhile, interviews at Brick Factory B revealed that the wage mechanism was based on the number of bricks each worker produced. Workers' wages depended on the number of bricks produced, with payment generally made after the production process was completed or after the bricks were sold. Agreements regarding wage amounts and payment times are made verbally, without a written agreement, which can lead to misunderstandings between workers and business owners.<sup>27</sup>

Based on interviews conducted at Brick Factory N, it was found that the worker remuneration system is implemented daily, with wages adjusted according to the type of work performed. Wages are paid weekly, but there is no written record of workers' hours or the number of working days. Employment agreements, including wage rates, are communicated verbally at the start of employment and are based on prior practices, so the employment relationship is more based on mutual trust.<sup>28</sup>

The results of interviews at the MR Brick Factory show that workers are paid based on a combination of the number of days worked and specific production targets. If production targets are not met, workers' wages may be adjusted according to the results achieved. Wages are generally paid after the bricks have been produced and sold. As with other factories, there are no written employment agreements or official records of working hours, so all wage provisions are based solely on verbal agreements between the business owner and the workers.<sup>29</sup>

There are differences in the wage mechanisms applied in each brick factory. Some factories use a wage system based on the number of working days, where workers receive wages regularly regardless of production volume. Meanwhile, other factories use a production-based wage system, so workers' wages depend heavily on the number of bricks produced. In addition, factories

<sup>26</sup> Interview Results with One of the Workers at the SZ Brick Factory in 2025

<sup>27</sup> Interview Results with One of the Workers at Brick Factory M in 2025

<sup>28</sup> Interview Results with One of the Workers at Brick Factory N in 2025

<sup>29</sup> Interview Results with one of the MR Brick Factory Workers in 2025

implement a combined wage mechanism based on the number of working days and specific production targets. These differences in wage systems indicate that there are no standard criteria for determining wages, and show that wages are mostly based on customs and verbal agreements between business owners and workers.

Based on the various wage payment systems implemented in brick factories, each mechanism has its advantages and disadvantages. The wage system based on the number of working days provides income certainty for workers because wages are received regularly, independent of production results. This system provides workers with a sense of relative security, especially in unstable production conditions. The disadvantage lies in the potential for decreased productivity, as wages are not always proportional to output. From the employer's perspective, there is a risk of an imbalance between wage costs and production output.<sup>30</sup>

A production-based wage system has the advantage of encouraging worker productivity, as wages are proportional to the number of bricks produced. However, this system has the disadvantage of income uncertainty for workers, especially when production is hampered by weather, physical conditions, or raw material shortages. The combined wage system based on working days and production targets aims to balance wage certainty and productivity, but can create ambiguity if not accompanied by detailed agreements. The absence of written agreements in all of these systems increases the risk of *gharar* (ambiguity), which can be detrimental to one of the parties in the implementation of the work contract.<sup>31</sup>

Indonesian society still prioritises a personal approach in working relationships. Values of trust and modesty often prevent workers from requesting written agreements. This contrasts with advanced industrial societies, where written contracts are the primary instrument in employment relationships. In this context, an educational approach is essential. The government, labour institutions, and civil society organisations need to promote legal awareness among workers and employers.<sup>32</sup>

<sup>30</sup>Arrista Trimaya, 'Pemberlakuan Upah Minimum Dalam Sistem Pengupahan Nasional Untuk Meningkatkan Kesejahteraan Tenaga Kerja', *Aspirasi: Jurnal Masalah-Masalah Sosial* 5, no. 1 (2014): 11–20.

<sup>31</sup>Faozi and Rahmiyanti, 'Sistem Pengupahan Tenaga Kerja Home Industri Perspektif Ekonomi Islam'.

<sup>32</sup>Kurniawan Prambudi Utomo, 'Penerapan Fungsi Kerja Dan Nilai Organisasi Pada Tingkat Kepercayaan Masyarakat', *OPTIMAL: Jurnal Ekonomi Dan Kewirausahaan* 13, no. 1 (2019): 14.

Simple and practical legal education can help the public understand the importance of written contracts without disregarding local values. In addition to education, state-affirmative policies are also needed. The government can encourage simple employment agreements accessible to the informal sector, for example, by providing standard contract forms that can be filled out manually at no cost or via an easy-to-use digital system.

Verbal employment agreements are valid forms of employment relationships, but they are not ideal in modern legal systems. Ultimately, the main objective of any form of employment agreement, whether verbal or written, is to achieve fairness and mutual prosperity. As long as trust, honesty, and responsibility are upheld, the employment relationship will remain harmonious. However, for greater certainty and legal protection, written agreements remain the preferred option in current employment practices.

### C. Review of the *Ijārah al-'Amal* Contract on the Validity of the Employment Agreement between the Owner of a Brick Factory and Workers

Contracts or agreements are the main instruments that regulate these muamalah relationships. Contracts in Islam reflect a balance between rights and obligations, carried out on the basis of willingness, honesty, and responsibility. One of the most relevant forms of contract in employment relationships is *ijarah al-'amal*, which is a service contract between an employee and an employer. *Ijarah al-'amal* is a very broad form of contract, covering various types of work, ranging from manual services such as labourers, craftsmen, and farmers, to professional services such as teachers, doctors, or lawyers.<sup>33</sup>

An *ijarah* contract can be made verbally without a written form. This is based on the tradition of Arab society during the time of the Prophet Muhammad SAW, which generally conducted transactions through words and actions rather than written documents. However, contemporary scholars add that recording or documenting the contract is highly recommended

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<sup>33</sup>Khairuddin and Haya Rizqa, 'Perhitungan Biaya Pada Pengiriman Barang Menurut Perspektif Ujrah Dalam Akad Ijarah Bi Al-Amal (Studi Pada Terminal Mobil Barang Di Kecamatan Ingin Jaya, Aceh Besar)', *Al-Mudharabah: Jurnal Ekonomi Dan Keuangan Syariah* 2, no. 2 (2020): 40–60.

(mandūb) as a preventive measure, especially in a complex modern society. With documentation, the clarity of the contract can be guaranteed.<sup>34</sup>

Verbal agreements in the context of *ijarah al-'amal* are considered valid as long as they do not contain elements of *gharar* (uncertainty) and *zulm* (injustice). Elements of *gharar* may arise if the object of work, time, or wages are not clearly specified. Meanwhile, *zulm* arises when one party is disadvantaged due to an imbalance in the implementation of the contract. In many employment practices, verbal agreements can give rise to *gharar*. For example, when workers do not clearly know how much they will be paid or when they will be paid. Such ambiguity can cause imbalance and contradict the principle of justice in Islam.<sup>35</sup>

The Prophet Muhammad (peace be upon him) categorically rejected any form of ambiguity that could harm either party, saying: "The Prophet Muhammad (peace be upon him) forbade transactions involving *gharar* and transactions involving throwing stones (*al-hashah*)."  
(Reported by Muslim).

This hadith emphasises that clarity in every aspect of a contract is a fundamental requirement for maintaining justice and preventing disputes. Although Islam permits verbal agreements, employment contracts that lack clarity about the object and compensation may contain elements of *gharar*, which is contrary to the spirit of justice and benefit upheld by Sharia law. The validity of a contract is not only measured by its form and process, but also by its conformity with the principle of justice (*al-'adl*). A contract that is legally valid but causes injustice can be considered morally flawed.<sup>36</sup>

The fuqaha emphasise the importance of the principle of *ridha* (consent) in every contract. Contracts entered into under duress or deception have no legal force. In this case, verbal agreements must truly reflect the voluntary consent of both parties. Islam teaches the principles of trustworthiness and honesty as the foundation of all transactions, including employment relationships. Employees are obliged to perform their duties properly and

<sup>34</sup>Ghaida Fairuz Zahran, Sandy Rizki Febriadi, and Arif Rijal Anshori, 'Analisis Akad Ijarah Ala Al-Amal Terhadap Pemutusan Hubungan Kerja Sepihak (Studi Kasus Karyawan "X" Travel Service)', *Bandung Conference Series: Sharia Economic Law* 5, no. 2 (2025): 159-166., <https://doi.org/10.29313/bcssel.v5i2.19584>.

<sup>35</sup>Diah Siti Sa'diah and Rusmani, 'Peningkatan Literasi Digital Dan Penguasaan Life Skill Melalui Penerapan Konsep Ijarah 'ala 'Amal Pada Virtual Assistant', *JCIC: Jurnal CIC Lembaga Riset Dan Konsultan Sosial* 6, no. 2 (2025): 119-36, <https://doi.org/10.51486/jbo.v6i2.218>.

<sup>36</sup>Afifa Rangkuti and Sesungguhnya Allah Maha, 'Keyword : Konsep, Keadilan, Islam. 1', *Jurnal Pendidikan Islam* 6, no. 1 (2017): 1-21.

responsibly, while employers are obliged to fulfil employees' rights in a timely and fair manner.<sup>37</sup>

Compared with positive law systems, the concept of *ijarah al-'amal* emphasizes the ethical aspects and intentions behind transactions. Positive law tends to assess the validity of an agreement from a formal perspective, whereas Islamic law assesses it on the basis of its substance and justice. In assessing verbal employment agreements, *ijarah al-'amal* considers them valid as long as the substance is fulfilled, namely the existence of an agreement, clarity of the benefits of the service, and determination of wages.

Each party to the contract must obtain its rights proportionally. Workers are entitled to fair wages, while employers are entitled to work results in accordance with the agreement. An imbalance in the distribution of rights and obligations violates the principle of justice. Verbal agreements are acceptable as long as they do not cause *gharar*. This principle is very important to maintain a balance between social flexibility and legal certainty in employment relationships. The implementation of employment contracts should not be solely oriented towards economic gain, but must also contain elements of compassion (*rahmah*) and mutual respect (*ta'awun*).<sup>38</sup>

Working relationships grounded in these values will strike a balance between material and moral interests. The validity of employment agreements based on verbal agreements under *ijarah al-'amal* depends on the fulfillment of the contract's pillars and conditions, and on the absence of ambiguity and injustice. Ideally, written records are the best means of ensuring fair and transparent implementation of contracts.

The practice of verbal wage agreements with varying wage mechanisms suggests that labour relations in brick factories remain heavily dependent on custom and trust. This condition needs to be further reviewed from the perspective of *ijarah al-'amal* contracts to assess the extent to which the validity of these verbal agreements has fulfilled the principles of clarity, fairness, and willingness as stipulated in Islamic law.

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<sup>37</sup>Misbahul Ulum, 'Prinsip-Prinsip Jual Beli Online Dalam Islam Dan Penerapannya Pada e-Commerce Islam Di Indonesia', *Jurnal Dinamika Ekonomi & Bisnis* 17, no. 1 (2020): 49-64, <https://doi.org/10.34001/jdeb.v17i1.1115>.

<sup>38</sup>Khozinul Alim, 'Program Studi Ilmu Al- Qur ' an Dan Tafsir Resiprokal al-Qur'an Terhadap Kontra Cyber Radicalism : Analisis Makna "Ta'wun" Q.s al-Maidah Ayat 2', *At-Tahfizh* 3, no. 02 (2022): 1-16.

## CONCLUSION

Based on the author's analysis, an employment agreement through verbal agreement is basically valid under Islamic law if it fulfills the pillars and conditions of the *ijarah al-'amal* contract, namely the existence of contracting parties ('aqidān), a clear object of work (*ma'qud 'alayh*), a known reward (*ujrah*), and the existence of *ijab qabul*, which indicates the willingness (*tarādī*) of both parties. Islam considers the substance of justice and clarity to be more important than the formal form of the agreement, so that verbal agreements still have legal force as long as they do not contain *gharar* or *zulm*. However, in the context of modern employment relationships, verbal agreements are weak as evidence and often create an imbalance between workers and employers. Uncertainty regarding wages, working hours, or responsibilities can lead to disputes that conflict with the principle of justice, which underpins Islamic law. The Hadith of the Prophet Muhammad SAW, which prohibits transactions involving *gharar*, indicates that unclear contracts can cause harm and injustice to one of the parties. Therefore, although Islamic law allows for verbal agreements, written records are highly recommended as a precaution (*ihtiyāt*) and to protect the rights of the parties. From the perspective of *ijarah al-'amal*, the employment relationship is not only an economic contract, but also a moral trust that demands honesty, responsibility, and compassion (*rahmah*) in its implementation. Thus, the validity of an employment agreement through verbal agreement must be viewed not only from a formal perspective, but also from the substance of the values of justice and benefit that are at the core of Islamic law.

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