


**Tossef Azid, Umar Burki, Muhammad Junaid Khawaja, Nasim Shah Shirazi, and Muhammad Tahir**, *Labor Economics in an Islamic Framework: Theory and Practice*, New York: Taylor and Francis (Kindle edition), 2022, 264 p.

**Reviewer:** Tita Nursyamsiah

Labor plays a significant role as a primary factor in production activity. Many mainstream economists have been concerned with the issues and produced theories, seminal works, and studies related to labor economics. However, there are limited studies on labor economics from the Islamic perspective, either conceptual or empirical. Hence, this book is expected to benefit academia, particularly those interested in labor economic issues from the Islamic view and in Muslim countries. It will motivate them to comprehensively explore conceptual and empirical research in this area.

This book comprises 396 pages. It consists of 12 Chapters, starting from the introduction to labor economics in the Islamic framework and a review of mainstream labor market models in Chapters 1 and 2, respectively. Islamic scholars' contributions to labor economics and some empirical evidence in the medieval period are elucidated in Chapter 3. Some Islamic conceptual labor issues are covered in Chapters 4 to 7. Chapter 8 to 10 mainly discusses the overall view, status, and issues of the labor market in Muslim countries. The concept of social security and its practice in Muslim states are elaborated on in Chapter 11 and the conclusion in Chapter 12.

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The introduction of labor economics in an Islamic framework is discussed in Chapter 1. It briefly elaborates on the labor market issues, the crucial position of labor in factor production, the different motivations of workers, firms, and government (known as three players) in market labor in the conventional setting, and the rationale of the labor market in an Islamic setting. The chapter organization is also written at the end of Chapter One.

Chapter 2 covers a review of mainstream labor market models. The authors briefly explain labor supply, labor demand, and labor market equilibrium. It highlights some issues in the mainstream labor market model, which finally influence the labor demand and supply, such as wage differentials, human capital, wage structures, labor mobility, labor market discrimination, labor unions, incentive pay, and unemployment. The authors also emphasize that workers are not a homogeneous commodity, so the behavior of the labor market is utterly distinct from that of the commodities market.

Chapter 3 highlights Islamic scholars' contributions to labor economics. It is divided into three sections: Islamic scholars' contribution in the first phase (700-1400 AD), in the medieval stage, and some empirical evidence of the medieval period. In the medieval period, issues were found, such as the child labor force, monopolization of occupations, wage movement dynamics, female labor, and human capital. Interestingly, it was found that the market was very active, particularly among female employees who participated in the labor market during this period and primarily worked in the textile industry.

Chapter 4 elaborates on work in Islam and is divided into seven sub-chapters, which are the concept and nature of labor, the significance of labor, the capacity and care of workers, labor-less earnings, the rights and duties of workers, labor and capital, and the relationship between employer and employee. Chapter 4 emphasizes the critical role of labor in factor production, which is a primary source of value. It also highlights the relationship between the employee and the employer.

Chapter 5 discusses an Islamic perspective on the industrial relations system, comprising management and contract, the environment of participation and cooperation, and the division of labor. It focuses on the spirit of the contract as the foundation of the relationship between employers and employees, in which the primary element of the contract is the party's intentions. It also highlights that the Islamic economic system provides a peaceful and comfortable environment for economic agents to perform their duties.

Chapter 6 elaborates more on the labor market in an Islamic setting. It explores the labor market from the supply and demand side. Besides the supply and demand side, Chapter 6 highlights the state's role in the labor market. Interestingly, the authors also discuss the research into the labor market in the periphery of Islam. They acknowledge an urgent need to research several unexplored areas, find *Sharia* arguments for them, and develop a moral policy regarding the several issues.

Chapter 7 surveys the literature concerning wages in the Islamic context. It emphasizes that according to Islamic jurisprudence, the determination of wages is based not only on market forces but also on ethical and moral dimensions, and meeting basic needs must be the fundamental components of the contract. Earnings, returns, and profits correspond to individual characteristics, including occupation, expertise, abilities, talent, physical strength, location, condition, climate, the environment of the work project, risk and threat to life and health, and the decline in health.

Chapter 8 provides an overview of the economic status of Muslim nations. The authors highlight that most OIC members face the challenge of a higher population growth rate. Low labor productivity, immobility of labor, low levels of skilled labor, a high level of illiteracy, a low level of savings and investment, a high level of poverty and unemployment, a poor infrastructure, inadequate communications facilities, a typical social structure, and an inability to apply the high state of technology are among the most significant issues.

Chapter 9 provides more information about the current labor market in Muslim countries. The authors also elaborate on the macroeconomic variables and issues of skilled labor and brain drain in Muslim countries. It emphasizes that a skilled, educated, and trained labor force increases its prosperity and growth, as well as the growth of the national economy. At the end of section 9, the authors highlight that mutual trade between members can increase the aggregate demand and employment level of the entire group.

Chapter 10 discusses the state of poverty and labor market of OIC countries, including wage structure. The authors also elaborate on the transfer of technology. Literature indicates that the success of technology transfer depends on the degree of absorption by the host country, integration with the local economy, and the effect of mergers and acquisitions in the host country. However, because of spending less on research and development, most OIC members are weak at developing new technologies and do not export significant quantities of technology.

Chapter 11 elaborates on the theory of social security and its practice in Muslim countries. The authors emphasize that the primary purpose of social security programs is to ensure the independence and dignity of society's members. The authors highlight that the state is responsible for providing each citizen with their basic needs. The authors then elaborate on the function of *zakat* as the primary social security institution in the Islamic system.

Lastly, in Chapter 12, the authors acknowledge that most of the previously cited studies discuss only theoretical aspects of the Islamic labor market, and all lack empirical research. Further, Muslim economists should evaluate the usefulness of mainstream economic models for developing Islamic economic models by analyzing them within the *Sharia*.

Generally, *Labor Economics in an Islamic Framework: Theory and Practice* properly provides a comprehensive discussion of labor economics from an Islamic perspective. This book presents the theoretical and conceptual foundation of labor economics in Islamic settings. In addition, this book has extensive references, thus providing more comprehensive literature surveys to support the authors' explanation and analysis.

Furthermore, this book is the amended version of the author's prior studies (Azid, 2005, 2016; Azid et al., 2007; Kızılkaya & Azid, 2017) Islamic economics considers all the general normative principles which are based on fairness and equity in distribution and justice. In addition, the concept of brotherhood strengthens the relationship between employees and employers and protects the rights and interests of both parties. Similarly, the process of fixing wages follows the same normative principles and minimises the harm while avoiding the exploitation on both sides, i.e., employees and employers. The main objective of the current study is to survey the literature related to the concept of wages in the context of Islam. For this objective, we seek the guidance from Qur'an and Sunnah of Prophet Muhammad (PBUH). Thus, it implies that the book provides a more extensive explanation than the previous articles. Most importantly, it will be an indispensable supplement to all Islamic economics programs and institutions offering courses with a concentration in labor economics or development economics.

The authors mentioned some untouched areas to develop in further studies. However, besides the mentioned areas, future studies should comprehensively explore the role of family and the division of household labor in an Islamic setting. Moreover, this book may serve as a good starting point for those new to the topic.

Still, it requires a more comprehensive elaboration in the future, particularly from the mathematical aspects of labor economics in the Islamic framework.

All in all, I recommend this book to academia who are interested in labor economics from the Islamic viewpoint. This book mentions unexplored topics that might be conducted for further studies. Thus, it invites academia to construct their research roadmap related to labor economics from an Islamic view.

## References

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