Enriching the Theory of Factor Pricing and Income Distribution in Islamic Perspective

AtihRohaeti Dariah¹, Yuhka Sundaya², Zaini Abdul Malik³
¹Economics Department, Bandung Islamic University, Jl. Tamansari No. 1 Bandung, Indonesia
Email: ardariah.68@gmail.com
²Economics Department, Bandung Islamic University, Jl. Tamansari No. 1 Bandung, Indonesia
Email: yuhkas@yahoo.com
³Syariah Banking and Finance Department, Bandung Islamic University. Jl. Ranggagading No. 8, Bandung, Indonesia
Email: za_fsunisba@yahoo.co.id

ABSTRACT

The paper aims to elaborate the theory of factor pricing and income distribution in Islamic perspective. We place Sadeq’s thought as the benchmark and expand it. Using calculus differential, we construct factor pricing and income distribution under mudharabah scheme, which can describe the behavior of producer (mudhaarib) in making decision on business operation appropriately.

The paper can prove mathematically that when Islamic principles are internalized, income distribution becomes more equal. This is expressed in parameters s, 1-s, and 1/1-s, as a share of profit goes to capital owner (shahibulmaal), entrepreneur (mudhaarib) and worker, respectively. The paper also proposes that wage level will be determined not only by perception or the mind set of capital owners and workers on the value of their assets, but also the standing moral of entrepreneurs and capital owners.

Keywords: Factor Pricing; Income Distribution; Mudharabah; Profit Share

Academic Discipline And Sub-Disciplines: Economics and Development Economics

Subject Classification: Economics Subject Classification

Type (Method/Approach): Literary Analysis

Council for Innovative Research
Peer Review Research Publishing System

Journal: Journal of Social Sciences Research
Vol. 5, No.3
Jssreditor.cir@gmail.com
www.jssronline.com

ISSN 2321-1091
1. INTRODUCTION

Previously, many economists wrote about the income distribution problem from various approaches. Kaldor (1995) viewed Ricardo's Principles of the law, which regulates distributive share as the 'Principal Problem in Political Economy'. After this finding, Kaldor posed various theories of distributive share and attempted to classify it into four main strands of thought i.e.: (1) Ricardian or Classical Theory, (2) Marxian, (3) Neo-Classical or Marginalist Theory, and (4) Keynesian. Kaldor (1955) reviewed the main strands of those thoughts. Kaldor saw that Ricardo's theory was based on two separate principles, namely marginal principle and surplus principle. The marginal principle serves to explain the share of rent and the 'surplus principle' the division of the residue between wages and profits.

Meanwhile, Stiglitz (1969) attempted to develop a theory of distribution of wealth and income among individuals. Stiglitz examined the implication for distribution of alternative assumption in terms of the form of the consumption function, the heterogeneity of labor skills, the inheritance policies, and the response of the reproduction rate to different levels of income.

Ahmad (1984) investigated the distribution of income in an Islamic economy. The institutions of zakah, sadaqah, and the spending for the sake of God (infagh), all are redistributive in nature and are aimed at ameliorating the misery of the poor and needy. He developed a model in which Keynesian tools of analysis are employed and the Kaldor-Pasinetti frame has been adopted. The result indicated that an Islamic economy possesses a strong redistributive instrument in the scheme of distribution.

In addition to Ahmad, Sadeq (1989) also proposed a tentative theory of income distribution in Islamic perspective. He pointed out that there are two general normative principles of factor pricing in Islam, i.e justice and scarcity. Then, he used the theory of marginal product as a theoretical framework to show how Islamic principles work and to determine wage level. He also illustrated how profit sharing under mudharabah and musyarakah scheme works really well.

Rapanos (2005) also examined the effects of a change in the minimum wage on income distribution and employment in the original Harris-Todaro model. His finding indicated that the increase in the urban minimum wage will have negative impact such as increase urban unemployment, decrease employment in the urban sector (manufacturing) and also the employment in the agricultural sector. Therefore the return to capital will fall, the return to land will fall, and the rural wage will rise. He stresses that the increase in the minimum wage will benefit labor and harm landowners and capitalists.

On the other hand, Meisami (2011) did empirical study and focused on human quality aspect. He examined the impact of the various components of human capital on income inequality and poverty in Islamic countries. Based on the result of this research, he proposed some policy recommendations, such as implementing programs designed to fight illiteracy, providing sufficient care for pregnant women, continuing to reduce the prevalence of child malnutrition, and reducing infant mortality from continuing to happen. In addition, economic growth and development in itself will lead to less poverty and may bring about an equal distribution of income in an Islamic economy. Furthermore, primary educational opportunities bring about a lessening of income inequality in Islamic countries.

The next researcher is Ekinci (2011). He achieved an integration of monetary and value theories along the Ricardian lines, extended to a monetary production economy as understood by Keynes. He introduced the circuit of fixed capital; this circuit is closed when the present value of prospective returns from employing it is equal to its supply price. In a steady-growth, given the equilibrium between nominal wages and interest rates, the equation that closes the circuit of fixed capital can be solved for prices, implying a definitive income distribution.

According to the aforementioned literature, we can see that only Sadeq who explore of income distribution theory from factor pricing aspect and Islamic perspective. After him, we get difficulty to find new thinking about it, whereas there is big opportunity to elaborate Sadeq’s tentative theory of factor pricing and income distribution. Finally we placed Sadeq’s thought as a benchmark to develop factor pricing and income distribution theory in Islamic perspective, with the following arguments: first, Sadeq constructed a tentative theory focused on factor pricing as a source of income distribution problem. Sadeq utilized the theory of value marginal product of input in conventional economic perspective as the theoretical framework for Islamic principles' internalization. Second, factor pricing concept as a study of functional income distribution is more relevant than personal income distribution. It is the 'surplus principle' the division of the residue between wages and profits. Therefore, we are interested to continue Sadeq’s thought and expand it.

2. METHODS

This research is basic/pure research which use Alqur’an and Hadits as basis data. Therefore focus of research methodology is content analysis on Alqur’an and Hadits. Content analysis is a way to elaborate the purpose of substance from a document, manuscript, law, etc (Babbie, 1980). Then will be used three methods simultaneously i.e inductive, deductive and comparative method to find concept and theory of factor pricing both conventional and Islamic perspectives. By inductive method, we start from the facts, then looking for and understanding concept of factor pricing both conventional and Islamic perspectives. While by deductive method, we analyze factor pricing in both conventional and Islamic perspectives to find differential between them. Comparative method is used to compare between factor pricing in both conventional and Islamic perspectives. Inductive and deductive method is facilitated by focus group discussion and depth interview with several experts.
We also use calculus differential to construct factor pricing and income distribution under mudharabah scheme. This mathematic equation can describe the behavior of producer (mudhaarib) in making decision on business operation appropriately and finally find proposition of factor pricing and income distribution.

3. REVIEW OF FACTOR PRICING AND INCOME DISTRIBUTION IN ISLAMIC PERSPECTIVE: SADEQ’S THOUGHT

Sadeq (1989) started his paper with the definition of factors of production. He found that shariah provides that labor can be hired on a fixed wage and reusable physical assets on a fixed rent. He used traditional theory of factor pricing i.e marginal productivity theory as theoretical framework. According to this theory, a factor will be paid a price equal to its marginal product.

For labor case, he stressed that the general normative principles of factor pricing i.e justice and scarcity must be primary in pricing the human factor of production due to there is a humanity element. And market forces will be secondary in determining the price of labor.

The principles of justice included brotherly employer-employee relationship in the overall behavior, the work load and working condition should be humanly acceptable, employers must guarantee basic needs (flood, clothing, medicare etc.) of their brother employees.

Sadeq (1989) believed that since wage depends on both subjective (humanity) and objective (contribution and market forces) factors, it will be more appropriate to define first a possible range of wages rather than a fixed one. The upper and lower limits of wage rates are \( VAP_L \) and \( VMP_L \), which give the wage range \( VMP_L \leq W \leq VAP_L \). The exact wage within this range will depend on the application of humanity principle, whose required roles may vary in time and space, and on the entrepreneur’s average desired rate of profit.

This condition is illustrated in Figure 1 which are adopted from Sadeq and adapted by authors.

![Figure 1. Determination of Wage in an Islamic Economy. Adopted from Sadeq(1989) and adapted by authors.](image)

As we see, the minimum wage in the wage range will be \( W_1 = VMP_L \) which is given by the intersection of \( VMP_L \) and \( S_L \), and the maximum wage \( W_2 = VAP_L \) is given by the intersection of \( VAP_L \) and \( S_L \). If the effective demand curve combining both subjective and objective factors is \( DE \), the equilibrium wage is \( OW_3 \) which is within the wage range determined earlier. Here equilibrium wage is higher than the \( VMP_L \) but lower than the \( VAP_L \), \( OW_1 < OW_3 < OW_2 \).

Different from the pricing of labor, Sadeq (1989) stated that the prices of physical assets may well be determined by market forces because the absence of the humanity principle. Sadeq (1989) pointed out that according to the Islamic shariah, a fixed price for the service of the physical assets is allowed, and it is called rent. The entrepreneur receives the transacted service, which causes depreciation of the asset, and hence its price must be paid. This analogy cannot be applied for financial assets because money does not depreciate because of its use.

For the income of capital ownership and entrepreneurship, Islam has a specific concept. In traditional economics, ‘capital’ generally refers to the mass of long-lived and reproducible implements of production such as roads, bridges, factories, machines, and houses. These are also called ‘physical capital’ (Maddala, 1989). The diverse types of capital equipment could convert into monetary and the rental price of capital is interest rate. Meanwhile, profit is payment for skill of entrepreneurship (Sukirno, 2002). Entrepreneurs devote their time to bring potential investors together, choosing plant location, hiring labor or executives, and financing the operation of the firm. In Islamic economics, on the other hand, Sadeq...
(1989) stated that these two factors of production share in profit. It means that the price of capital and entrepreneurship are simultaneously determined. The sizes of these prices are post-determined, but the shares are pre-determined.

Islam propose syirkah as a form of partnerships to share in profit. Among the various types of syirkah, there are two major forms i.e. mudharabah and musyarakah. As Sadeq (1989) wrote that in the case of mudharabah, the entrepreneur does the business with the other’s capital, whereas the partners share in capital in the case of musyarakah. Sadeq (1989) pointed out that in each of the forms, the general principles of factor pricing and income distribution will be applied in the ex-ante determination of the share of capital and entrepreneurship. In the case of mudharabah, these shares will be determined by the interaction of productivity-adjusted for and scarcity-adjusted supply of capital, Dk and Sk respectively, as is illustrated in Figure 2.

In Figure 2, we can see that the Dk and Sk intersect at T, which simultaneously determinesthe profit share of capital and entrepreneurship. It determines s % of the profit share of capital, so that the rest (1-s) % of the profit goes to entrepreneurship. Sadeq (1989) remind that this analysis will be applicable when any positive profit is made. If no profit is earned or if any losses are incurred, the risk of zero profit or losses will be borne by capital, and the entrepreneurship’s service will go unrewarded.

**Figure 2: Ex-ante Determination of Profit Share in Mudharabah Business. Adopted from Sadeq (1989) and adapted by authors**

### 4. RESULTS: PREPOSITION OF FACTOR PRICING AND INCOME DISTRIBUTION UNDER MUDHARABAH SCHEME

In this step, we try to develop a model in a mathematical term to show how factor pricing and income distribution in business practice, i.e mudharabah. We have two reasons: First, according to the above explanation, we see Sadeq discussing wage determination and business practice (mudharabah) partially. Meanwhile, wage determination process is conducted under business practice, which is embedded in producers’ behavior. Second, Hasan (1986) in (Muqorobin, 2012) who provided elaboration using a value-added model for production process at a macroeconomic level which ownership of a fraction of capital accumulated from retained earning of private sectors can be allocated through sharing in profit. Hasan used mathematical form to express this problem as:

\[ VA = f(\pi, W_{\min}) \]

where VA represents the net value-added, which is shared between profit (\( \pi \)) and minimum wage (\( W_{\min} \)). Profit, on the other hand, is shared between capital and labor, respectively, in the ratios of \( x \) and (1-\( x \)), which rewrites equation (1) as:

\[ VA = x \pi + (1-x) \pi + W_{\min} \]

From this equation, it is clear that \( x \pi \) belongs to the capital owners, while the rest goes to the workers. Hasan make sure that the minimum wage, \( W_{\min} \), is a fraction of wage paid to the workers regularly. In addition, policy on the issuance of (1-x) \( \pi \), which is a fraction of profit, belongs to the workers.

According to both of reason, we see that syirkah of mudharabahprovides a space to share profit for the workers. How profit sharing among workers, mudhaari (manager) and shahibul maal (capital owner) is done could be expressed in
mathematical terms. Capital referring to money is used by mudhaarih (manager) to cover expenses, such as material and wages. This definition can be expressed by the following equation (1):

\[ K = rA + wL \]  \hspace{1cm} (1)

where \( r \) and \( w \) are rent or price of production material (A) and wages for labor (L), respectively. Then, shahibulmaaLand mudhaarib establish a contract (aqad) for partnership and agree on sharing profit with shahibulmaal, and the rest (1 - s) goes to mudhaarib. Negotiation of profit sharing considers rationality with risk arised, production cost, output price, and production technology. The shares are pre-determined, referring to profit prediction. Hence, the income for shahibul maal (1\(^{-} petition) depends on \( s \) and profit prediction, while for mudhaarib (1\(^{+} petition) is 1 - s. Equation (2) presents this condition:

\[ \Pi_{SM} = s\Pi \]  \hspace{1cm} (2.a)

\[ \Pi_{MD} = (1 - s)\Pi \]  \hspace{1cm} (2.b)

Under mudharabah scheme, shahibul maal does not participate actively in firm operation. Decision making of firm operation lies on mudhaarib. Hence, the behavior of mudhaarib firm operation will be a key for a successful business, such as profit achievement. Profits are defined as revenues minus cost (Varian, 1993). This definition can be expressed by equation (3):

\[ \Pi = TR - C \]  \hspace{1cm} (3)

Total revenue is the value of total product produced. It is assumed that all products can be sold. Equation (4) presents this condition. Mudhaarib works under competition market assumption. He or she is a price taker.

\[ TR = P.Q \]  \hspace{1cm} (4)

To achieve the target quantity of output (\( Q \)), mudhaarib faces homogeneity production function of degree \( n \). A production function is a statement of the functional relationship between input and output (Maddala, 1989). Equation (4) expresses that \( Q \) is the maximum quantity of output and \( L_1, A, M_1 \) are quantities of labor, raw materials and mudhaarib as a manager, who devotes time to manage the firm, respectively.

\[ Q = L_1^\alpha A^\beta M_1^\gamma \]  \hspace{1cm} (4')

The effect of labor, raw materials and mudhaarib's effort is reflected in coefficient of equation (4') i.e. \( \alpha, \beta, \gamma \). It is known that \( L_1 \) and \( M_1 \) are fractions of total time availability. It means that worker and mudhaarib still have time to do another activity (\( L_2 \)), because mudhaarib and worker are tied in ijarahmusyatarak. Equations (4'a) and (4'b) present this condition.

\[ L = L_1 + L_2 \]  \hspace{1cm} (4'a)

\[ M = M_1 + M_2 \]  \hspace{1cm} (4'b)

Equation (4') can be substituted by equation (3). Hence, a new formation like the one expressed by equation (3') is resulted.

\[ R = P.L_1^\alpha A^\beta M_1^\gamma \]  \hspace{1cm} (3')

According to equation (3'), the cost of production involves material and workers' expenses. Meanwhile, the return for mudhaarib as a manager is represented in profit sharing. Equation (5) presents the identity of its production cost.

\[ C = \frac{1}{1-s}wL_1 + rA \]  \hspace{1cm} (5)

Where \( w \) is wage level, and \( r \) is price of unit of material. The first term in the right part of equation (5) indicates expense for worker, and the second term indicates the expense for production material. Based on Islamic teaching, wage level is pre-determined based on mutual agreement between mudhaarib and worker. Further, benefit-based and consideration of Islamic principles, such as justice, humanity and fulfillment basic need of worker. It seems very subjective at first glance, but in the next explanation we will know the size of the wage.

Implicitly, the structure of these costs is different from Sadeq's (1989), which is a modification of the classical approach. As a consequence of mudharabah scheme, profit sharing becomes the weighting in wage determination. If there is no profit sharing concerned, wage level is less than it should be. As an example, the agreement for wage is one million Indonesian Rupiahs, and the fraction of profit for mudhaarib (1 - s) is equal to 0.5, with the weighting in mudharabah scheme, the actual wage becomes 2 million Indonesian rupiahs (1/0.5*1 million = 2*1 million). Profit sharing gives additional income for worker. In this context, it can be argued that \( w \) is the wage level for the fulfillment of basic needs, and 1/(1 - s) is the parameter representing the subjective aspect for justice and humanity.

According to the discussion of revenue function and identity of cost, equation (3) can be expanded and presented as equation (3'). It is known that the fraction profit for mudhaarib is (1 - s) from equation (3), which refers to equation (2.b).
\[ \Pi_{MD} = (1 - s) \left[ P \cdot L_1^\alpha A^\beta M_1^\gamma - \left( \frac{1}{(1-s)} \cdot w \cdot L_1 + r \cdot A \right) \right] \] ................................. (3')

Economic problem lies on the decision maker, i.e. mudhaarib, not on shahibulmaal. To maximize profit with the time devoted by workers (equation 4'a) and mudhaarib (equation 4'b) the Lagrangian expression can be employed, as in equation (6).

\[ \mathcal{L} = (1 - s) \cdot P \cdot L_1^\alpha A^\beta M_1^\gamma + \lambda \left( K - \frac{1}{(1-s)} \cdot w \cdot L_1 + r \cdot A \right) \]
\[ + \theta (L - L_1 - L_2) + \psi (M - M_1 - M_2) \] ................................. (6)

The term \( K - \frac{1}{(1-s)} \cdot w \cdot L_1 + r \cdot A \) in this equation confirms that the amount of capital from shahibulmaal is used for the expenses of worker and raw material.

Then, economic mathematic method can be used to elaborate information behind the economic problem of mudhaarib. The first order from equation (6) to decision variables of mudhaarib involving \( L \)

\[ \frac{\partial \mathcal{L}}{\partial L_1} = (1 - s) \cdot P \left( \frac{Q}{L_1} \right) - \frac{\lambda}{(1-s)} \cdot w - \theta = 0 \] ................................. (7.a)

\[ \frac{\partial \mathcal{L}}{\partial A} = (1 - s) \cdot P \left( \frac{Q}{A} \right) - r = 0 \] ................................. (7.b)

\[ \frac{\partial \mathcal{L}}{\partial M_1} = (1 - s) \cdot P \left( \frac{Q}{M_1} \right) - \psi = 0 \] ................................. (7.c)

\[ \frac{\partial \mathcal{L}}{\partial \theta} = L - L_1 - L_2 = 0 \] ................................. (7.d)

\[ \frac{\partial \mathcal{L}}{\partial \psi} = M - M_1 - M_2 = 0 \] ................................. (7.e)

The proposition for wage level could be elaborated in equation (7.a). Another expression from equation (7.a) can be written as follow (equation 7.a').

\[ (1 - s) \cdot P \left( \frac{Q}{L_1} \right) = \lambda \cdot \frac{1}{(1-s)} \cdot w + \theta \] ................................. (7.a')

This equation presents the business principle for mudhaarib in wage level determination. The left hand equation (7.a') is value marginal productivity of labor (VMP). The size of VMPs which is not explained in Sadeq (1989), in this term is weighted by fraction of profit for mudhaarib, \((1 - s)\). Intuitively, the size of its VMPs is under the VMPs in Sadeq's version (1989). But it is not so, due to the existence of the right hand equation presenting the income of worker as reversely weighted from fraction of profit for mudhaarib. Hence, in this stage parameter will be neutral at \( P \left( \frac{Q}{M} \right) = \lambda w + \theta \). This result provides an argument that the optimal number of workers to achieve profit maximization considers abalence between VMPs and incomes of the workers. The definition of income of the worker is wage as valuated by the parameter of the income of mudhaarib, \( \lambda = \frac{\partial \mathcal{L}}{\partial \left( (1-s) \cdot w \cdot L_1 + r \cdot A \right)} \) and added with the value of time in a shadow price, \( \theta = \frac{\partial \mathcal{L}}{\partial (L - L_1 - L_2)} \).

**Figure 3** illustrates the behavior behind equation (7.a’).
In this figure is depicted the income of shahibulmaal, mudhaarib, and worker curves. Optimal worker lies on mudhaarib, referring to VAP, equal to the income of worker. Hence, the number of workers employed is OL. The level of profit sharing will directly influence wage level in compliance with musyarakah contract. If shahibulmaal increases his/her share, s, the income of mudharib (1 − s) will decrease, but the income of worker will rise, with the assumption that shahibulmaal does not increase his/her valuation to capital, λ. In fact, the size of VMP is equal to value average product of labor, VAP = P (L/Lj). Explicitly, Sadeq’s argumentation had a logical basis from this equation that wage level in Islamic perspective is equal to or under VAP. From equation (7.a’), wage level is expressed in equation (7.a”).

\[
w = \frac{P \frac{Q}{L}}{L} - \frac{\theta}{\lambda} = \frac{VAP_L}{\lambda} - \frac{\theta}{\lambda} = \frac{(VAP_L - \theta)/\lambda}{.................................................... (7.a’’)}
\]

Equation (7.a”) features a proposition that wage level that is under mudharabah scheme wage is determined by the price of output (P), the value of capital (λ), and the time of worker (θ). Intuitively, equation (7.a”) has several arguments as follows:

1. The higher the value of shahibulmaa to capital, the lower the wage level, \( \lambda \rightarrow w \).
2. An increase in the output price will raise wages, \( P \rightarrow w \). This condition gives a chance to add time to work in this firm and decrease time to another work, \( L \rightarrow (compensation of income) \).
3. Workers have to value rightly the value of time. If the value is too much, it will decrease wages.
4. Wage determination can not be separated from subjective factors. Therefore, Sadeq (1989) argued that wage level rests on the standing moral of mudhaarib and shahibul maal, too. This argument is reflected in \( \lambda \) and \( \theta \) symbols.

The proposition for raw material price can be elaborated from equation (7.b). The phenomenon behind this equation is identical with conventional economics that uses raw material when the price of unit of raw material is equal to value marginal product of asset (VMP). However, in this equation it is adapted with profit share. Therefore, the unit price of raw material is not only determined by output price and contribution of material to output, but also by profit share.

5. CONCLUSION

We have developed a theory of factor pricing and income distribution as an expansion of Sadeq’s tentative theory in Islamic perspective. We found that income distribution becomes more equal when Islamic principles are internalized. This is expressed in parameters \( s, 1-s \), and \( 1/1-s \) as a share of profit goes to capital owner (shahibulmaal), entrepreneur (mudhaarib) and worker, respectively. From some of the propositions given, we concluded that wage level will be determined not only by perception or the mind set of capital owners and workers on the value of their assets, but also the standing moral of entrepreneurs and capital owners. To prove this proposition, we suggest that an empirical study be done in the future. Therefore, this finding will be examined and become a robust theory.

ACKNOWLEDGEMENT: We grateful for Directorate of Higher Education Ministry of Education and Culture, Indonesia. This research was supported by a 2013 Research Grant from Directorate of Higher Education Ministry of Education and Culture, Indonesia. We also thankful for Irfan Beik and Masyudi Muqorobin on some comments and suggestions for improvement.

REFERENCES

[1] Ahmad, A. 1984. A Macro Model of Distribution in An Islamic Economy. J. Res. Islamic Econ., Vol. 2 No. 1 (1404 H/1984)3-18.
[2] Babbie Earl. 1980. The Practice of Social Research, Wardsworth Publishing.
[3] Brandao, A.S.P and Schuch, G.E. 1979. Entrepreneurial Talent, Sharecropping, Resource Allocation and Land Ownership”.Staf Paper Series, Department of Agricultural and Applied Economics University of Minnesota, St. Paul, Minnesota.
[4] Ekinci, N.K. 2011. Income Distribution in a Monetary Economy: A Ricardo-Keynes Synthesis. Working paper No. 672, 1-20.
[5] Kaldor, N. 1955. Alternative Theories of Distribution. The Review of Economic Studies, Vol. 23, No. 2, 83-100.
[6] Maddalaa, G.S. and Ellen Miller.1989. Microeconomics Theory and Applications. McGraw-Hill Book Company, Singapore.
[7] Masyhudi, M. 2012. Sustainable Innovation in Human Resource Development: an Islamic Perspective. Paper presented at International Conference on Sustainable Innovation, Yogyakarta Muhammadiyah University, Yogyakarta, 19 – 21 March.
[8] Meisami, H. et. all. 2011. Human Development, Poverty and Income Inequality from An Islam Point of View and its Implications for Islamic Countries. African Journal of Business Management, Vol. 5(13), 5224-5231.
[9] Rapanos, V.T. 2005. Minimum Wage and Income Distribution in The Harris-Todaro Model. *Journal of Economic Development*, Volume 30, Number 1, 1-4.

[10] Sadeq, A.H.M. 1989. Factor Pricing and Income Distribution from an Islamic Perspective. *Journal of Islamic Economic*, Vol. 2, No. 1, 45-64.

[11] Soekirno, Sadono.2002. Microeconomics Introduction. PT Raja GrafindoPersada, Jakarta.

[12] Stiglitz, J.E. 1969. Distribution of Income and Wealth Among Individuals. *Econometrica*, Vol. 37, No. 3, 382-397.

**Author' biography with Photo**

Dr. Atih Rohaeti Dariah, SE.,MSi

Nationality : Indonesian  
Gender : Female  
Place/Date of Birth : Sumedang, 2 March 1968  
Marital Status : Married  
Height/weight : 158 cm/51 kg  
Religion : Islam

**Education**

2002-2007: Doctoral Programm of Agricultural Economics, Bogor Agricultural Institute, Bogor, Indonesia  
1996-1999: Magister of Economics, Padjadjaran University, Bandung, Indonesia 1987-1992: Bachelor of Economics, Padjadjaran University, Bandung, Indonesia

**Summary of Professional Skills and Experience**

2012: Development Planning Expert for SEA Applied In National Development Planning Project, Bappenas  
2011: Economic Development Planning Specialist for SEA Applied In National Development Planning Project, Bappenas  
2010: Economic and Sectoral Planning Expert for SEA Applied In National Development Planning Project, Bappenas

**Summary of Employment History**

1993 – now: Lecturer at Economics Department, Bandung Islamic University, Indonesia  
2009- now: Team of Development Planning Committee West Java Province, Indonesia

**Research Experiences (in three last year):**

1. *Thought Enrichment for Improving Income Distribution Through Market Mechanisms: Islamic Economics Perspective*. 2013  
2. *Effect of The Development of Bandung's Trade, Hotel and Restaurant Sector on Other Agricultural Region in West Java Province*. 2012  
3. *Improving Social Capital Of BMT (Baitul Mal Watamwil) : An Experience From BMT Lathifah, Sumedang Indonesia*. 2012.  
4. *Enriching Theory and Policies Option of Income Distribution Through Market Mechanism in Islamic Perspective*. 2013 and 2014  
5. *Sustainable Development Planning In Islamic Perspective (New Structure Based on Indonesia Experiences)*. 2014
Zaini Abdul Malik, S.Ag., MA.

Nationality: Indonesian
Gender: Male
Place/Date of Birth: Bandung, 31 January 1975
Marital Status: Married
Height/weight: 163 cm/80 kg
Religion: Islam

Educational Backgrounds
2008: MA in Islamic Studies (Magister Agama Islam)
State Islamic University Syarif Hidayatullah, Jakarta
1999: Bachelor of Arts in Islamic Studies
State Islamic University SGD, Bandung

Professional Skills
- Methodology of religious studies
- Islamic commercial law

Experiences
2003 – now: Part Time-Lecturer on Faculty of Law and Sharia, State Islamic University SGD Bandung
2004 -now: Lecturer on Faculty of Sharia, Bandung Islamic University
Phone: +62 82126066262
Email: yuhkas@yahoo.com
Adress: Komp. Nusa Hijau Permai R-3
Cimahi – West Java-Indonesia, 40152

Yuhka Sundaya, SE.,MSi
Nationality: Indonesian
Gender: Male
Place/Date of Birth: Ciamis, 24 May 1976
Marital Status: Married
Height/weight: 163 cm/76 kg
Religion: Islam

Education
2004 - 2011: Magister Sain of Economics, Bogor Agricultural University, Bogor, Indonesia
1995 – 2000 : Bachelor of Economics, Bandung Islamic Univerity, Bandung, Indonesia

Summary of Professional Skills and Experience
2012: Economic Development Planning Expert for Cianjur District, West Java.
2011 : Economic Development Planning Expert for Bekasi District, West Java.

Summary of Employment History
2001 – now: Lecturer at Economics Department, Bandung Islamic University, Indonesia
2012 - now: Macroeconomic Team of West Java

Research Experiences (in three last year):
2013: ThoughtEnrichmentfor ImprovingIncome DistributionThroughMarket Mechanisms: Islamic Economics Perspective.
2012: Effect of The Development of Bandung’s Trade, Hotel and Restaurant Sector on Other Agricultural Region in West Java Province.
2011: The Zakah Potentials in Bandung District West Java.
2011: Agricultural Economic Models under Institution of Agricultural.
2011: Analysis of Profits and Probabilities The Use of Legal and Illegal Fishing Gear at District Indramayu. Thesis at Bogor Agricultural University.

Publication
2013: Factors Pricing Concept: Conventional Versus Islamic Economics. Published at Proceeding Islamic Economics and Business, Economics Faculty, Bandung Islamic University Vol. 1 No. 1, June 2013 ISSN 23032464.
2012: Effect of The Development of Bandung’s Trade, Hotel and Restaurant Sector on Other Agricultural Region in West Java Province. Published at Applied Quantitative Economic Journal, Economics Faculty, Udayana University, Volume 5 No 2, August 2012, ISSN 2301-8968.
2011: Poor Agricultural Households Economic Behaviour Models in West Java : Analysis and Policy Simulations. Published by MIMBAR, Vol. XXVII, No. 1 (Juni 2011): 57-66-Accredited Journals.
2011: Reducing Poor Agricultural Households in West Java. Published by Warta Bappeda, April - Juni 2011 Editions.