

Strengthening the Role of Human Resources in Sharia Financial Institutions in Indonesia

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Abstract

The success of Islamic financial institutions is highly dependent on the active contribution of industry players in improving service quality and customer satisfaction. However, the reality shows that these institutions are not yet supported by human resources who have adequate competence and professionalism in the field of sharia. This study aims to evaluate the current condition of human resources in Indonesian Islamic financial institutions, as well as to formulate strategic steps to strengthen their role. The findings of this study indicate the need for restructuring and improving employee competence in order to compete in the financial industry. To strengthen the role of these human resources, improvement efforts can be made through two approaches, namely managerial and legal. From a managerial perspective, Islamic financial institutions must have a structured system in employee planning, recruitment, and development that is in line with Islamic principles. Meanwhile, from a legal perspective, regulations are needed that regulate human resource management by considering religious character and compliance, and include terms, conditions, and supervision that are in accordance with the profile of Islamic institutions.

1. Introduction

Islamic banking in Indonesia has grown rapidly in the last few decades, along with the increasing public interest in financial products that are in accordance with Islamic principles. However, although many Islamic financial institutions have been operating, there are major challenges that faced in fully implementing sharia principles in this sector. One of the main factors that influences the effectiveness and efficiency of sharia financial institutions is the quality of human resources (HR) working in them. HR who understand sharia principles well 'ah and being able to apply it correctly is very important for the success of the institution (Sri Fatimah Rahmatillah 2023).

The Islamic financial industry currently has a strategic position in the development of the Islamic economy in Indonesia and has been recognized by the world. According to the Development Report in 2022, Indonesia managed to maintain its position in fourth place in the global Islamic economic sector, after Malaysia, Saudi Arabia, and the United Arab

Emirates, and is included in the list of seven countries with the largest Islamic financial index in the world. (Faishol and Mujib 2024) . This achievement cannot be separated from the support of the government which provides space and protection for the sustainability of the Islamic financial industry. In terms of quantity, until March 2023, the number of Islamic banking industries in Indonesia has reached 204 units, while the non-bank Islamic financial industry (IKNBS) numbered 115 units. (Sri Fatimah Rahmatillah 2023).

The rapid growth of the Islamic financial industry should be balanced with an increase in the quality of qualified human resources. In the context of sharia, human resources or human resources are a very important factor in supporting the development of the Islamic financial industry. The role of human resources, both in terms of quality and quantity, has a significant impact on the performance, productivity, and success of an organization. According to (A et al. 2021) in their journal, in Islamic financial institutions, the demands on the qualifications and quality of human resources are more complex, because it

requires integration between knowledge, skills, and abilities (KSA) with moral commitment and personal integrity as a business institution based on sharia principles.

To face the challenges in the financial business world, it is important to strengthen human resources to match the character of sharia-based institutions. The quality of human resources in institutions that uphold Islamic principles, such as sharia banks, is not only limited to the cognitive (Intellectual Quotient/IQ) and emotional (Emotional Quotient/EQ) dimensions, but must also include the spiritual dimension (Spiritual Quotient/SQ). The character needed to improve the quality of human resources can be seen through the ESQ (Emotional Spiritual Quotient) concept introduced by Ary Ginanjar Agustian, which connects these three dimensions: IQ, EQ, and SQ (Putri 2021). The ESQ diagram below illustrates how the application of spiritual values can be a guideline in behavior, thus maintaining a balance between aspects of worldly and hereafter life.

To realize superior quality human resources, effective management is needed, especially in terms of planning, organizing, coordinating, and supervising. The selection of human resources in the Islamic financial sector has a different approach compared to other sectors, where understanding and compliance with sharia principles are the main criteria that must be possessed by professionals in this field. (Amelia et al. 2024). In addition, the presence of fatwas, regulations, and governance in the Islamic financial industry should be able to be a clear guideline for human resources in carrying out company operations. (Taufiq 2020)

Currently, reality shows that competent human resources are still a major challenge for Islamic financial institutions. Based on research (Mukharom, Nuryanto, and El Ula 2024), as many as 80% of employees in Islamic banking come from conventional banks. This effort aims to meet the company's needs for candidates who are able to develop new ideas, innovations,

and business patterns. However, the use of a conventional banking perspective in managing Islamic banking is one of the consequences. Research conducted by (Putri 2021) also revealed that the low level of competence, both theoretically and practically, weakens the performance of Islamic financial institutions in Indonesia. Therefore, employee recruitment should prioritize superior competence in the sharia field.

Improving the professionalism of human resources in Islamic financial institutions includes skills, commitment, and business ethics in accordance with sharia principles. (A et al. 2021) This is important because weak professionalism at the managerial level is often a major problem, as expressed by (Putra and Mei 2021) This problem has an impact on decreasing public trust in Islamic financial institutions as institutions that should carry out financial functions based on Islamic values.

According to research (Elu and Rahmawati 2024), improving organizational performance can be achieved through the implementation of professional human resource practices and strengthening Islamic work ethics among employees. The study also concluded that developing and improving Islamic work ethics, both in employee behavior and thinking, should be the focus of organizational attention to support the achievement of goals.

Based on the various challenges and opportunities that have been described, improving the quality of human resources in Islamic financial institutions is the main key to ensuring the optimal implementation of Islamic principles. Therefore, integrated strategic steps are needed to create human resources that are not only technically competent, but also have moral commitment, Islamic work ethic, and a deep understanding of Islamic values, in order to support the sustainability and competitiveness of the Islamic financial industry at the national and global levels.

2. Research Methods

This study adopts a library research approach with the aim of describing and formulating strategies to strengthen the role of human resources in Islamic financial institutions in Indonesia. The method used is a qualitative method, with secondary data collected from various literature, including books, accredited scientific journals, online media, and other sources relevant to the research topic. Data collection techniques involve a study of related theories and analysis of the condition of human resources in Islamic financial institutions in Indonesia.

The main focus of this study is to define the strategy for strengthening the role of human resources in Islamic financial institutions in Indonesia. This study uses two main approaches, namely the management approach and the legal approach. (Rahmawati 2020). The management approach is used to analyze how human resource management can be optimized through planning, implementation, and evaluation that are oriented towards increasing competence, productivity, and Islamic work ethic. (Sri Fatimah Rahmatillah 2023). Meanwhile, the legal approach aims to evaluate the role of regulations, policies, and fatwas that support the operationalization of human resources in accordance with sharia principles.

By integrating these two approaches, the research is expected to offer a comprehensive solution to the challenges faced by Islamic financial institutions, while ensuring their sustainability and competitiveness in the modern era.

3. Results and Discussion

The Role Of Human Resources (Hr)

The Prophet sallallahu 'alaihi wa sallam and the Companions radhiyallahu 'anhum ajma'in are known as professional, competent, and

hardworking figures in carrying out their duties. These values are a guideline for every individual to carry out their work well, especially in the Islamic finance industry. By prioritizing the characters of shiddiq (honest), amanah (trustworthy), fathanah (intelligent), and tabligh (communicative), human resources are able to manage company operations professionally and competently (A et al. 2021). This not only improves the quality of service but also affects the level of customer satisfaction, which ultimately determines the sustainability and existence of the Islamic finance industry.

According to (Amelia et al. 2024), there are several competency indicators based on Islamic values that are used as references in the Islamic financial industry. These indicators include Islamic character, which includes moral ethics, responsibility, intellectuality (emotional, spiritual, and intellectual), and commitment to Islamic principles. In addition, in-depth knowledge of the financial industry, both Islamic, conventional, and fiqh muamalah, is also an important element. The last indicator is skills, which include analytical thinking skills, communication, and managerial expertise. These three aspects are considered the main foundations in creating superior human resources in the Islamic financial sector.

However, the reality on the ground shows that many human resources in Islamic financial institutions do not have an educational background in economics or Islamic banking and do not meet the competency qualifications required by this industry. This condition is further exacerbated by the gap between industry needs and the availability of workers who have the skills according to these indicators. Heru Kristiyana, Chief Executive of Banking Supervision of the Financial Services Authority (OJK) in 2021, admitted that OJK faced great difficulties in finding competent human resources to lead Islamic banking. This situation is a significant challenge for the

development of the Islamic financial industry, considering that the quality of human resources is a determining factor in ensuring the operational success and competitiveness of Islamic financial institutions in the domestic and global markets. Therefore, targeted strategic steps are needed, such as strengthening education, special training, and developing skills based on Islamic values, to answer these needs.

Restructuring and improving the competence of human resources (HR) is a very important step for the progress of Islamic financial institutions today. Given that all operational activities of Islamic financial institutions, from fund management, investment, to customer service, are highly dependent on the quality of the HR involved. Human resources who are professional and competent in understanding and implementing sharia principles will ensure that every financial activity runs in accordance with the provisions applicable in fiqh muamalah. (Putra and Mei 2021) Without trained and qualified HR, Islamic financial institutions are not only at risk in managing public funds, but also have the potential to lose trust from the public and relevant authorities.

With the right competency enhancement, Islamic financial institutions will have the competitive advantage needed to compete in the increasingly dynamic and rapidly developing financial industry market (Aini et al. 2021). The competencies that must be mastered include the ability to manage a sharia investment portfolio, a strong understanding of sharia regulations and fatwas, and skills in providing the best service to customers. In addition, strengthening SDI competencies will also have an impact on improving the reputation of Islamic financial institutions which in turn will attract more customers and investors. Thus, efforts to improve SDI competencies are not only an internal responsibility, but also an important strategy to

ensure the sustainability and competitiveness of Islamic financial institutions in the global market.

There are two approaches that can be taken to strengthen the role of human resources as follows.

Strengthening Role SDI reviewed from Approach Management

The development of Islamic financial institutions cannot be separated from the important contribution made by human resources. Therefore, human resource management is a very crucial aspect to consider in order to ensure the sustainability and effectiveness of the operations of Islamic financial institutions. According to (Hadi, Laifah, and Waluya 2023) in their journal, the concept of human resource management in this context includes the process of utilizing and optimizing human potential to the maximum, by placing the character of the Prophet Muhammad sallallahu'alaihi wa sallam as the main example (role model). His character, which includes traits such as honesty, trustworthiness, wisdom, and the ability to interact with various groups, provides a solid foundation for the formation of professional character in the work environment. All of this is guided by the revelation that Allah subhanahu wa ta'ala sent down, which is a guideline for life and a foundation in carrying out all aspects of life, including in the world of business and finance. By integrating these values into human resource management, Islamic financial institutions can ensure that every decision and action taken is in line with Islamic principles, as well as create a work environment that supports the achievement of organizational goals optimally.

According to (Husni Pasarela 2023), the main objective of human resource management is to improve effectiveness, efficiency, productivity, and quality of service, which in turn will contribute to the progress of the company's

business. This improvement is not only related to the technical aspects of workforce management, but also includes the development of the quality of service provided to customers, which is very important to retain and attract consumers. In achieving these goals, the company must ensure that every element in human resource management runs well and is integrated.

In general, the managerial process in human resource management begins with a thorough planning stage, where the company formulates goals, strategies, and steps that need to be taken to achieve the desired results. After that, the organizing stage is carried out to create a clear organizational structure, ensuring that each employee knows their role and responsibilities. Furthermore, the directing stage focuses on motivation and leadership, where managers provide direction and inspire the team to remain productive and focused on common goals. Finally, the controlling stage ensures that all processes run according to the established plan, by conducting evaluations and improvements if necessary. (Sari 2022). Thus, effective and coordinated human resource management will ensure that the company can achieve its business goals optimally, provide quality services, and remain competitive in the market. However, when viewed from the operational function of human resource management, some activities that need to be carried out are as follows. (Elu and Rahmawati 2024).

a. Planning

The process of human resource planning (HRP) in Islamic financial institutions is very important to ensure that each required position is filled by the right individual. Managers in Islamic financial institutions must carefully map out the number and type of people who are appropriate for each position. Good planning will not only prevent the institution from

mistakes in recruiting employees, but will also ensure that each individual who joins has the skills and competencies needed to support the organization's goals. Without proper planning, Islamic financial institutions can have difficulty in managing performance and achieving their goals, especially because human resources are not in line with the needs and values of the organization.

One of the important elements in HR planning is job analysis. This analysis involves an in-depth assessment of the jobs that exist in Islamic financial institutions, including determining the main tasks and behaviors required to carry out the job effectively. For example, an employee in an Islamic financial institution must not only understand banking operations, but must also have a strong commitment to Islamic principles. Therefore, job analysis must include an assessment that is not only based on technical aspects, but also on the character and Islamic values that are expected to be reflected in their professional behavior. This is crucial to ensure that Islamic financial institutions operate in accordance with the Islamic principles that are their main foundation.

In addition, in HR planning, job descriptions and specifications play an equally important role. Job descriptions serve to describe in detail the tasks and responsibilities that must be carried out by an employee, while job specifications determine the minimum qualifications that must be possessed by the individual filling the position. (Rubi Babullah 2024). This aims to ensure that every employee who is accepted has the knowledge, skills, and character that are in accordance with the standards set by Islamic financial institutions. This achievement is very important so that the Islamic financial industry players who are accepted not only meet the technical qualifications, but also have integrity and moral commitment that are in line with Islamic principles.

The research conducted by (Mardhatillah and Afandi 2023) highlights the importance of analyzing the human resource needs for Indonesian Islamic financial institutions. They stated that it is important for Islamic financial institutions to have a workforce that meets the qualifications according to Islamic standards, not only from conventional institutional backgrounds. In this case, workers from conventional banks often do not fully understand Islamic principles, and they may have a tendency to bring conventional mindsets and approaches into the management of Islamic financial institutions. Therefore, Islamic financial institutions must focus on recruiting and training workers who have an understanding and commitment to Islamic principles, in order to maintain operational integrity and sustainability in accordance with Islamic values.

With a mature HR planning, Islamic financial institutions will not only obtain competent human resources, but also those with integrity and high awareness of the importance of carrying out operations in accordance with sharia. This will ensure that Islamic financial institutions can develop well, provide quality services to the community, and continue to contribute to the development of the Islamic economy in Indonesia. Therefore, planning that is integrated with sharia principles in every stage of HR management is the main key to achieving success and maintaining the position of Islamic financial institutions in an increasingly competitive market.

b. Procurement

An effective human resource procurement process aims to place the right individuals in the right positions, taking into account not only competence, but also deep religious values. In the context of Islam, the implementation of this process must be carried out by considering basic principles such as fairness, objectivity,

transparency, and avoiding all forms of nepotism that can harm the integrity of the organization. This procurement process is divided into two main different stages, namely recruitment and selection (Husni Pasarela 2023) . The recruitment stage functions to attract prospective employees who match the company's needs, by looking for individuals who have the potential and interest to join the institution. Meanwhile, selection is a more specific stage, where the focus is on selecting the best candidates from among the many applicants, by assessing their qualifications and suitability to the company's needs and culture.

The selection process must be carried out carefully and thoroughly, ensuring that every decision taken is based on the capabilities and qualities of prospective employees, as well as the extent to which they are able to carry out their duties and responsibilities in accordance with the sharia principles that are the foundation of Islamic financial institutions. With such an approach, it is hoped that the procurement of human resources will not only meet the needs of the workforce, but also contribute to improving performance and professionalism in the institution. Ultimately, these two stages, recruitment and selection, are important elements in ensuring that Islamic financial institutions have a qualified, competent, and integrated workforce, so that they can function optimally in implementing sharia principles (Sadewo and Dzikrulloh 2023) .

Recruitment of prospective employees usually involves collaboration with various universities or other educational institutions to find superior seeds that have the potential to develop in the Islamic financial industry. However, achieving success in this recruitment system still faces several challenges that need to be overcome. One of the main obstacles is the limited effective collaboration between companies and universities in ensuring that the

human resources recruited are truly in accordance with the specific needs of the Islamic financial industry in Indonesia. Without intensive communication and mutual understanding between the two parties, the recruitment process will have difficulty producing workers who truly meet the required qualifications. (Rahmawati 2020) .

In addition, another problem is the low level of cooperation between academics and practitioners in designing educational curricula that can produce graduates who are ready to face challenges in the Islamic financial sector. Many graduates, despite having good basic knowledge, are not ready to adapt to the dynamics of the world of work in accordance with Islamic principles. Therefore, it is important to develop educational institutions with a curriculum that not only prepares students theoretically, but is also relevant to the current needs of the Islamic financial industry. The curriculum must include improving the quality of faith and piety which are the main foundations in this sector, in-depth knowledge of Islamic principles, as well as mastery of hard skills needed in technical work and soft skills that are important for interacting professionally in the work environment. With the right curriculum, it is hoped that graduates from universities will be better prepared to compete with applicants from various other backgrounds and be able to contribute optimally to the Islamic financial industry.

In the selection process, one aspect that must receive special attention is morals or character that is in line with sharia values. This is a fundamental difference between Islamic banks and conventional banks, where Islamic banks place more emphasis on selecting prospective employees who have a religious character. (Sadewo and Dzikrulloh 2023) Assessment of this aspect can be done through interviews, focusing on prospective employees'

understanding of Islamic ethics. The results of the interview can then be used as a basis for compiling Standard Operating Procedures (SOP) in the interview process to ensure that prospective employees selected are in accordance with applicable sharia principles.

c. Training And development

Continuous human resource development is a key factor in supporting the success and progress of Islamic financial institutions. To ensure that employees have the skills and competencies that are in line with industry demands, Islamic financial institutions need to implement effective and sustainable strategies. One of the initial steps that can be taken is to provide adequate orientation to new employees. This orientation not only includes an understanding of the vision, mission, and values of the institution, but also the sharia principles that are the basis for the operations of the financial institution (Mardhatillah and Afandi 2023) . This is important so that every employee can understand and internalize a work culture that is in accordance with sharia rules and ethics from the start.

According to (Febrianti, Anggraini, and Aprilia 2022) in their journal that after orientation, the next step is the implementation of mentoring through on the job training . This mentoring aims to provide employees with direct experience in carrying out their duties and responsibilities, while improving the technical skills needed in daily work. This on the job training program allows employees to learn more effectively because they can practice directly what they have learned in the previous orientation. In addition, through intensive mentoring, employees can more easily identify and overcome the challenges they face in the field, with the support of more experienced coworkers or mentors.

This development is also not only limited to improving technical skills, but also includes aspects of strengthening personal values, such as integrity, commitment to sharia principles, and the ability to communicate well in the context of sharia business. Therefore, it is important for sharia financial institutions to continue to monitor and evaluate this development program periodically so that it can continue to be adjusted to market needs and developments, and to ensure that employees can grow and develop optimally in an environment that is in accordance with sharia principles. With this comprehensive approach, it is hoped that sharia financial institutions can improve the quality of their human resources and further strengthen their position in the competitive sharia financial industry. Then, human resources human This need given programs training Good Which its nature technical and spiritual such as: (Hadi, Laifah, and Waluya 2023) .

- a. Training ESQ (Emotional Spiritual Quotient).
Based training , namely training to develop specific skills or expertise, attitudes and behavior);
- b. Training skills , that is training For expand skills certain, for example foreign language skills;
- c. Funding skills , namely training for employees
- d. E-learning , namely the learning process that utilizes information technology.

Based on the previous discussion, the author suggests several steps that can be taken by Islamic financial institutions to improve the quality of human resources from a management perspective. First, institutions need to improve the planning of employee selection and recruitment processes by setting stricter standards, especially related to the suitability of educational background and competence in the field of sharia. Skills and understanding of

sharia principles should be a top priority in the selection process, in addition to expertise in the relevant financial field. In addition, establishing cooperation with Islamic universities or educational institutions that have sharia study programs will greatly assist Islamic financial institutions in finding qualified prospective employees. Second, institutions must focus on developing training programs designed to provide employees with an in-depth understanding of sharia products and systems. This training program aims to improve multidisciplinary competence and professionalism, which will later have an impact on improving the quality of operations and services to customers.

Strengthening Role SDI reviewed from Approach Law

Human resource management from a legal perspective views that every organization, including Islamic financial institutions, must comply with various provisions and regulations that govern the relationship between the organization and its members. These rules must be properly implemented, maintained, and developed to ensure smooth operations and prevent potential disruptions that could harm the organization (Rubi Babullah 2024) . The existence of clear legal provisions will create a fair and transparent framework in managing human resources, as well as ensuring that the rights and obligations of both employees and the organization are met.

The application of clear legal rules in human resource management will be very important to maintain the trust and integrity of the organization. Without good regulations, there can be inconsistencies in the management of human resources which in turn can damage the relationship between leaders and employees, and hinder the achievement of organizational goals. Therefore, human resource management must involve compliance with the applicable

legal rules in the Islamic financial industry sector, both internal (for example, company policies and procedures) and external (for example, state laws and regulations).

In addition, it is also important to uphold sharia principles in every policy and practice implemented. The use of Islamic legal principles in human resource management, such as justice, honesty, and responsibility, must be applied in every aspect of management, from recruitment, training, to performance evaluation. This not only ensures compliance with the law, but also creates a harmonious and conducive working environment for organizational development. The existence of a solid and sharia-compliant legal system will reduce the potential for conflict and create sustainability for Islamic financial institutions.

Operational guidelines for Islamic financial institutions can refer to 81 fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), which serve as a reference in the management of Islamic financial institutions. Although the legal force of these fatwas in the positive legal system is still not entirely clear, a number of DSN-MUI fatwas have been integrated into various laws and regulations, especially in the Islamic economic and financial sector. DSN-MUI has a mandate to issue fatwas and implementation guidelines to support the application of Islamic teachings in the world of economics and finance. One of the important regulations issued by DSN-MUI related to human resources is DSN-MUI regulation No. Per-01/DSN-MUI/X/2017, which regulates the Sharia Supervisory Board in Islamic financial institutions, Islamic business institutions, and Islamic economic institutions. (Elu and Rahmawati 2024) .

The Sharia Supervisory Board (SSB) is one of the human resources in a sharia financial institution that has the responsibility to ensure

that sharia principles are implemented in real terms in the contract and transaction system (Taufiq 2020) . However, the appointment of SSB members must obtain recommendations and approval from the DSN-MUI, which is the highest authority in determining fatwas and sharia values in Indonesia, and is technically regulated in positive Indonesian law. Some of the requirements given by the DSN-MUI for candidates for the Sharia Supervisory Board include: (Taufiq 2020) .

- a. Own certificate training base supervisor sharia from DSN-MUI Institutes ;
- b. Have a competency certificate sharia supervisor from the Indonesian Ulema Council Professional Certification Institute (LPS MUI); and
- c. Follow selection interview.

For internal employee recruitment in Islamic financial institutions, the current policy is more directed towards the code of ethics, which serves as a guideline for ethical standards and behavior that must be adhered to by all levels of employees. For example, Bank Syariah Indonesia (BSI) has issued a code of ethics that regulates behavioral guidelines that include sharia principles, professionalism, responsibility, fairness, appropriateness, and trust that must be upheld in every business relationship. These guidelines cover interactions with customers, prospective customers, partners, colleagues, and various other stakeholders. In addition, this code of ethics is also equipped with a list of violations that must be avoided by all employees, as well as sanctions that will be imposed in the event of non-compliance with the established rules, all of which refer to the applicable personnel regulations in the institution.

Strengthening this code of ethics is very important because it can provide clear direction on the behavior that employees of Islamic financial institutions must have in every aspect

of their work (Amelia et al. 2024) . In addition, the implementation of a strict code of ethics will minimize the potential for abuse of authority or actions that are not in accordance with sharia principles. In addition, it is important for Islamic financial institutions not only to rely on the code of ethics, but also to ensure that there are ongoing training and coaching programs for employees, so that they can understand, internalize, and implement the code of ethics in their daily activities better (Febrianti, Anggraini, and Aprilia 2022) . Thus, Islamic financial institutions can strengthen a work culture that is in accordance with sharia values and the expected professionalism.

Based on the description above, the author concludes that one of the main challenges in improving the quality of human resources in Islamic financial institutions is the limited regulations governing the employee procurement process that specifically emphasize the assessment of character, knowledge, and skills based on sharia principles. This process not only involves selecting candidates with the right educational background, but also needs to pay attention to the suitability of individuals with Islamic values that are the basis for the operation of Islamic financial institutions. Along with the development of the Islamic financial industry, a more comprehensive and clear regulation is needed that can be a legal umbrella in the process of planning, recruiting, and controlling human resources. This regulation will ensure that Islamic financial institutions have employees who are not only technically competent, but also have integrity and a strong understanding of sharia principles (Fish 2020) . In addition, more structured regulations will provide clarity and legal certainty, both for Islamic financial institutions and the employees themselves. This will avoid potential abuse or mismatch in the recruitment process, and ensure that employees who are accepted have the understanding and abilities that match the

needs of the industry. On the other hand, with clear regulations, it will be easier for Islamic financial institutions to develop training and development programs that focus on improving the quality of human resources, both in terms of knowledge, skills, and attitudes in accordance with Islamic standards.

Of course, this is in line with the strategic program launched by the Indonesian National Sharia Finance Committee (KNKS), which aims to strengthen the sharia financial industry in Indonesia. One of the main objectives of KNKS is to improve the quality and quantity of human resources in this sector, so that sharia financial institutions can compete globally. In this context, improving the quality of human resources through clear regulations will ensure that sharia financial institutions not only grow in terms of numbers, but also in terms of operational quality, compliance with sharia principles, and implementation of good governance. With the strengthening of these regulations and governance, the Indonesian sharia financial industry will be increasingly ready to play a bigger role in the global economy, in accordance with the vision and mission of KNKS

Sharia Principles In Human Resource Management Development

1. Trust

- a. Islam: All resources in this world, both material and non-material, are essentially a mandate from God that must be managed with full responsibility. Each individual is given the task of utilizing these resources wisely, optimally and efficiently as possible, in order to create prosperity for themselves and society. In Islam, resource management is not only aimed at meeting worldly needs, but must also pay attention to the spiritual dimension, with the hope that every action taken in the world will be accounted for before Allah in the hereafter. Therefore, every decision and action in the use of

resources must be in line with the moral and ethical values taught in Islam, in order to achieve a life that is not only successful in the world, but also gets happiness in the hereafter.

- b. Capitalist: In the view of capitalist society, this world is seen as a stand-alone entity without any intervention from God or an afterlife. The concept of life is limited to the physical world alone, and the afterlife is not considered part of the reality that influences decisions made in everyday life. For them, all economic and social activities are only aimed at fulfilling material needs and desires for life in this world. There is no accountability or responsibility for economic actions taken outside the context of achieving personal profit and pleasure. Therefore, all economic and business activities are seen as a means to obtain maximum profit without considering the moral or spiritual impact on others or nature, which is far from the view that every action must be accounted for before God.

2. Limited Ownership

- a. Islam: Believes in individual ownership with certain limits, and rejects any income obtained illegally and destroying society (Diana and Permana 2020)
- b. Capitalist: Individualistic. Capitalist society assumes that what they have is absolute ownership obtained from their own efforts. In this case, it makes capitalist society accumulate wealth without looking at others.

3. Cooperation and Kindness

- a. Islam: In Islam, the greatest driving force of the economy is cooperation. Whether it is buyers, sellers, and so on must remain steadfast to the guidance of Allah SWT. In achieving goals must be based on Islamic values.

- b. Capitalist: Recognizes the principle of cooperation, but cooperation based on interests. Capitalist society does anything as long as it makes a profit even by force or oppression.

4. Social Responsibility

- a. Islam: Rejects the accumulation of wealth by a few people. In the Islamic system, personal wealth ownership must have a role as productive capital.
- b. Capitalist: Industrial ownership is dominated by oligopolies and monopolies. So that the ownership of wealth is focused on only a few people. This makes the rich richer and vice versa.

5. Economic Distribution

- a. Islam: It is obligatory for a Muslim to pay zakat if his wealth exceeds the nisab (Tho'in et al. 2020) .
- b. In a capitalist system, individual ownership is considered a fundamental right that is upheld, with the principle that everyone has the freedom to accumulate and manage their personal assets without significant restrictions from outside parties, including the state. This model encourages individuals to invest, own property, and control resources to the maximum with the aim of achieving personal prosperity. This unlimited ownership is considered a major driver of innovation and economic efficiency, as it incentivizes individuals to continue to grow their assets and wealth. With complete freedom to control land, stocks, companies, or other forms of wealth, this system fosters competition which is considered the key to creating progress and prosperity in a capitalist society. However, on the other hand, this principle also often gives rise to social inequality, where only a small number of individuals or groups control most of the economic resources, while others may be

left behind in poor or powerless conditions (Aini et al. 2021).

Quality Of Human Resources

The quality of Human Resources is a condition in which individuals do not only carry out worldly activities, but also have a work ethic based on religious principles and higher goals. In this view, the activities carried out by every living creature, especially humans, have a very deep spiritual dimension. As explained by (Sri Fatimah Rahmatillah 2023), the main purpose of humans in living their lives is to worship Allah and at the same time contribute to the welfare of life on earth by managing nature and all its contents as well as possible.

It is important to understand that Allah SWT did not create humans and other living things without a clear purpose. The word of Allah in the Qur'an states, "And I did not create the jinn and mankind except that they should worship Me" (QS. Adz-Dzariyat: 56). This implies that all human activities, both in work and in daily life, must be understood as a form of devotion to God, which leads to the fulfillment of their duties and responsibilities as caliphs on earth. In addition, Allah also emphasizes that He does not need sustenance from His creatures, but rather His creatures are given sustenance and strength to work and be responsible for managing the world (Setyaningsih 2021).

Therefore, the quality of human resources that should be seen is not only from technical ability or intellectual intelligence alone, but also from the extent to which the individual understands and practices religious values in daily activities. Performance carried out with the intention of worship and benefit to others will have a greater positive impact, both in worldly life and in the context of the afterlife. In this case, a good work ethic not only produces economic success, but also contributes to social and environmental welfare, in accordance with Islamic teachings that emphasize the balance

between the world and the afterlife (A et al. 2021).

Second, working is an effort to achieve a balance between fulfilling life's needs and physical needs. In addition, working also aims to achieve happiness in this world and the hereafter, without forgetting the goodness that Allah has given. Allah commands us not to focus too much on worldly pleasures and to always act well towards fellow living beings, as Allah has done good to us. We are also reminded not to damage the earth, (Saputro and Rois 2018) because Allah does not like behavior that can cause damage to the face of the earth.

Third, work hard to obtain sustenance accompanied by putting your trust and trust in Allah. It is Allah who created this earth to be easy for you, so that you can travel to all corners and be eaten alone from his sustenance. and only to Him will you (return after) being awakened. Fourth, do business that is halal and stay away from business that is not halal. Saying the words: "Do not choose the less worthy than the good, although this abundance of the less worthy has my heart. So obey Allah, O people of knowledge, so that you may find success.

Fifth, the belief that everything in this universe belongs to Allah alone, while living creatures, including humans, act as caliphs or leaders on earth. In carrying out this role, humanity is reminded not only to submit to Allah and His Messenger, but also to share some of the wealth that Allah has given. The wealth that is owned is not solely for one's own benefit, but must also be distributed to others, especially those in need. Thus, sharing wealth and helping others is part of the responsibility as a caliph. Through this charity, individuals who share will receive great rewards from Allah, both in this world and in the hereafter (Prakoso and Abd Adim 2024). The Human Resource development policy tried by the Prophet Muhammad SAW is as follows: 1. Designing and removing quality Human

Resources 2. Improving Human Resources to be of quality 3. Taking into account the capacity of Human Resources 4. Sharing encouragement 5. Establishing quality resources In line with the actions taken by the Prophet Muhammad, Mujamil Qomar said that Human Resource management has 7 particles, namely: 1. employee preparation 2. Employee provision 3. Employee guidance and development 4. Improvement and innovation 5. Employee termination 6. Payment 7. Employee consideration (Kusumadewi, Saleh, And Muhammad 2022).

Conclusion

The conclusion of the discussion above shows that the success of Islamic financial institutions in Indonesia is highly dependent on the important role of competent and professional human resources (HR) in implementing sharia principles. Although this sector is experiencing rapid growth, the biggest challenge faced is the lack of HR who have a deep understanding and skills in the field of sharia. Therefore, it is important to restructure and improve employee competence so that Islamic financial institutions can compete in an increasingly competitive market.

Strategic steps to strengthen the role of HR include a managerial approach that prioritizes planning, recruitment, and employee development based on Islamic values, as well as strengthening legal regulations that support HR management by paying attention to aspects of religious character and compliance. The implementation of these steps will support the sustainability and competitiveness of Islamic financial institutions at the national and global levels.

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