

Islamic Human Capital Implementation as Effective Framework in Islamic Human Capital Management

Jahroni, Didit Darmawan

Sunan Giri University of Surabaya, Indonesia

ARTICLE INFO

Article history:

Received 4 February 2021

Revised 6 April 2021

Accepted 10 May 2021

Key words:

Islamic human capital,

Islamic,

Human capital,

Maqashid,

Work ethics,

Islamic leadership,

Organizational blessing.

ABSTRACT

The Islamic Human Capital implementation in human capital management of islamic companies is a holistic approach that includes intellectual, spiritual, emotional, and social aspects. This study examines how Islamic values can be internalized systemically in the process of recruitment, training, development, and employee performance evaluation. Islamic Human Capital requires a deep understanding of islamic principles such as trust, ihsan, and justice as the basis for the formation of work culture and organizational behavior. Leadership with Islamic character, management based on maqashid (islamic legal principles) values, and a participatory approach are key in creating a justice and blessing-oriented work environment. The study findings show that companies that consistently apply Islamic values in human capital management have advantages in terms of loyalty, productivity, and social sustainability. This research also emphasizes the importance of institutional support and policy frameworks that encourage the formation of a solid and sustainable Islamic Human Capital system. This research provides theoretical and practical contributions in formulating a new direction of Islamic values-based human capital management, as well as opening space for further academic discussions on the effectiveness and challenges of its implementation in the future.

INTRODUCTION

In an increasingly complex and competitive global economic landscape, HR are key in maintaining the competitiveness and survival of companies. The quality of superior, adaptive, and innovative human resources is the main differentiator in determining the success of the organization (Darmawan et al., 2020). This is also true for companies that operate within the framework of the Islamic system. In this system, not only technical competence is a concern, but also moral integrity, spiritual values, and alignment of work behavior with Islamic principles (Zaman et al., 2015). The alignment between performance and morals is an important key to building a productive and ethically and spiritually sustainable organization. The concept of Islamic Human Capital emerges as an approach that not only emphasizes the development of skills and knowledge, but also the formation of Islamic character and morals as part of integral human capital. The concept of Islamic Human Capital is an important strategy to create superior human resources in a professional manner and Islamic principles.

Islamic-based companies are not enough just to follow the conventional economic system that is labeled halal. The main strength of islamic business lies in consistent efforts to build a work environment based on the values of tawhid, amanah, ihsan, and fairness (Mohammed, 2013). Islamic Human Capital is a very important foundation in determining the direction of human capital policy. Unlike conventional approaches that emphasize productivity and efficiency, Islamic Human Capital places people as subjects of development, not just economic objects (Rafiki et al., 2014). Its implementation includes recruitment, training, career development, and performance evaluation processes, all of which are directed at forming professional people who are not only reliable, but also spiritually and socially responsible. This approach also produces a workforce that is spiritually mature and ethically aware (Hassi, 2012). This integration between professionalism and spirituality can be a true competitive advantage of Islamic companies as well as a real reflection of the successful application of Islamic Human Capital in the modern world of work.

* Corresponding author, email address: dr.diditdarmawan@gmail.com

This approach is still not fully adopted by many Islamic business institutions. Most companies only adopt Islamic values symbolically, without integrating them substantially in the management of their capitals. This can be seen from the dominance of human resource management models that mimic conventional patterns, with additional elements of "Islamization" such as the use of Islamic terms or routine religious activities, but have not touched on the structure of policies and work processes substantially (Bakir et al., 2015). In fact, in Islam, humans are seen as khalifah on earth, which means that every worker has a moral responsibility for his or her role in the organization (Sardar, 2003). This value should be the basis for building an Islamic work ethic that not only pursues results, but also pays attention to the process, intention, and impact on the social environment. The absence of a systematic framework for developing Islamic Human Capital as a whole creates gaps in the effectiveness and integrity of Islamic companies' operations.

This reality leads to an urgent need to conduct further research on how Islamic Human Capital should be internalized in Islamic business structures and practices. It is not enough just to include Islamic values in the company's vision and mission. A concrete, structured implementation model is needed, based on authentic Islamic sources such as the Qur'an, Hadith, and relevant classical and contemporary literature, but also able to synergize with modern management principles. This research is very important to ensure that Islamic business is not only Islamic in its products and services, but also in its human capital management. By bringing together Islamic spirituality and managerial efficiency, Islamic companies can build a system that is not only highly competitive but also ethical.

One of the fundamental problems in implementing Islamic Human Capital is the lack of uniformity in definitions and indicators that can be used as evaluation parameters. Some studies define Islamic Human Capital as limited to the Islamic work ethic, while others emphasize aspects of spirituality at work. This difference in meaning causes difficulties in forming a comprehensive measurement and analysis framework for the organization. This results in confusion in the formulation of effective and applicative policies in Islamic-based companies. Without a uniform understanding and clear indicators, HR policies are often normative and symbolic, rather than functional. The uniformity of definitions and indicators as evaluation parameters can truly become the foundation in shaping human resources with excellence and integrity.

Another prominent problem is the lack of human capital that has a deep understanding of modern management principles and muamalah fiqh simultaneously. In practice, many Islamic companies experience this competency inequality, where managers or organizational leaders tend to master only the technical aspects or the religious aspects, but not both. This makes it difficult to establish a holistic system, which reflects the integration between professional management and deep Islamic values. As stated by Chapra (2000), the transformation of an Islamic-based economy requires human capital that is not only technically proficient, but also understands the maqashid (Islamic legal principles) as a whole. Ideal human resources in this context can be said to be those who are able to translate sharia values into a modern organizational framework.

On the other side, there is a tendency that training and development in Islamic organizations has not been directed to form the personality of *Insan Kamil* as the ideal goal of Islamic Human Capital. The focus of training tends to still be on improving technical skills alone without touching aspects of personality and spirituality. According to Nasr (1993), excellence in classical Islamic civilization rests on the quality of human beings who are integrated between intellect, morality, and spirituality. If this aspect is ignored in the formation of human capital, then the essence of Islamic values in business will only be a slogan without any real influence on organizational performance.

The implementation of Islamic values in Islamic organizations should be seen as a culture-building process, not just an administrative activity. This requires visionary leadership that is able to make these values an integral part of the daily managerial process. The reality shows that many Islamic organizations do not have a structured and sustainable value internalization system. This is where the importance of research and scientific research to reveal the extent to which Islamic Human Capital can act as a foundation in building Islamic organizations with integrity and sustainability.

Attention to spiritual and ethical values in the management of human capital in Islamic business has the potential to have a major impact on organizational stability. When human capital understands the aim of life and work not only for worldly achievements, but also for the *ukhrawi* dimension, it will form a stronger loyalty and commitment to the company's vision and mission. This is the advantage of the Islamic Human Capital concept, which unfortunately is still marginalized in current business practices.

This research needs to be done because a correct understanding of Islamic Human Capital will make a major contribution to the development of human capital management in the Islamic-based economic sector. In the Islamic system, humans are not just economic objects, but the main subjects of development who carry moral and social responsibilities. Researching this approach will help build critical awareness of the importance of integrating spiritual values in the professional world. By doing so, a business model that is not only competitive, but also ethical and justice can be established.

This topic holds great potential to bridge the inequality between the ideals of Islamic and the reality of contemporary organizational practices. When modern management systems are enriched with authentic Islamic values, there will be a balance between efficiency and blessings (Khan et al., 2010). This study is expected to be an entry point for building Islamic Human Capital theory and practice that is in line with the challenges of the times without losing its spiritual roots.

This research aims to examine the implementation of the Islamic Human Capital concept in human capital management practices in Islamic companies. The focus is on the extent to which Islamic values are internalized in the organizational system, starting from workforce planning, capacity building, to performance evaluation. This research is expected to provide a scientific contribution to the development of an Islamic-based human capital system that is not only managerially efficient, but also reflects deep and applicative Islamic ethical principles.

RESEARCH METHOD

This research uses a literature study approach as the main method to examine the implementation of the Islamic Human Capital concept in Islamic-based companies. This approach was chosen because it allows researchers to comprehensively explore various theories, concepts, and empirical findings from relevant academic literature without being bound to one specific field scope. Literature studies also provide space to analyze and synthesize ideas from various sources such as scientific journals, classic and contemporary books, and institutional policy reports that have discussed human capital management in an Islamic perspective. As explained by Machi and McEvoy (2009), literature study is not simply a review of the contents of the literature, but a scientific process that involves the construction of critical arguments based on available conceptual and empirical evidence.

Data collection in this research was conducted through a systematic search of relevant literature using keywords such as Islamic Human Capital, Islamic human capital management, and Islamic business ethics. The data were analyzed using a thematic synthesis approach that allows researchers to group ideas based on similar themes and establish relationships between concepts to build a more complete conceptual framework. This study refers to the guidelines outlined by Hart (1998), who emphasizes that a good literature study not only presents information, but also evaluates, compares, and provides a clear theoretical position on the topic under examination. This method is considered the most appropriate to answer the research focus related to the theoretical construction and practice of Islamic Human Capital implementation in the Islamic business world.

RESULT AND DISCUSSION

In the developing business world, especially in the Islamic economic sector, the concept of human capital management has increasingly complex challenges. In the midst of changing market dynamics and technological advances, companies are required to not only focus on efficiency and profitability, but also on achieving broader sustainability. The approach to human resource management should be more strategic, flexible and adaptive (Do et al., 2016). This is where the important role of human capital based on Islamic values is increasingly visible. Given that the human factor is the most important asset in the organization, the success of the company is highly dependent on the ability to manage human potential effectively and in accordance with the correct moral principles. The concept of human capital in Islamic economics emphasizes the importance of ethical values, social responsibility, and spirituality in human resource development.

An approach that only assesses human performance based on technical skills and expertise is starting to feel inadequate. The world of work, which tends to be pragmatic and materialistic, demands a balance between the achievement of economic goals and attention to ethical and moral aspects (Michaelson et al., 2014). With the development of Islamic-based companies, Islamic principles provide a strong foundation for shaping a work culture that is not only oriented towards financial gain, but also on deep moral values, such as honesty, justice, and social responsibility. There is a need for a more comprehensive concept in human capital management that can cover all dimensions of human existence.

Islamic Human Capital emerged as an answer to this need. This concept emphasizes that human capital does not only consist of physical or intellectual aspects, but also involves spiritual and social dimensions (Nasr, 2001). This approach brings Islamic values based on the belief that humans are caliphs on earth, with a moral responsibility to manage this world in accordance with the principles established by God. Islamic Human Capital offers a more comprehensive approach, by incorporating Islamic values as the basis for shaping the character and behavior of human resources in the organization. Islamic Human Capital encourages the development of individuals who are not only technically and intellectually competent, but also have high moral and ethical awareness. In this case, companies operating under Islamic principles have the opportunity to emphasize more holistic human capital development, which includes not only skills and competencies but also morals and character. Islamic Human Capital is a strategic foundation in creating organizations that are not only competitive, but also ethical and meaningful.

By implementing Islamic values in human capital management, companies can create a more meaningful and productive work environment. Values such as honesty, trustworthiness, sincerity, and hard work become the moral foundation that strengthens relationships between individuals in the organization. Islamic Human Capital is not only a tool to improve organizational efficiency, but also a means to ensure that every individual involved in the organization is on the right track in accordance with religious guidance. This approach views work as a form of devotion to God, not merely as a professional obligation. Islamic Human Capital management not only leads to increasing the capacity of individuals to work, but also forms an environment that is conducive to the achievement of higher social and spiritual goals.

An understanding of Islamic Human Capital is particularly relevant, as it links business success with moral and spiritual goodness. The implementation of this concept brings a new paradigm in human capital management that emphasizes integrity and ethics in every business step. In Islamic perspective, true success is measured not only by material achievement but by adherence to values of goodness and blessings. Islamic-based companies, with this approach, do not only pursue profits, but also ensure that they operate with fair principles and bring benefits to humanity at large. Islamic Human Capital emphasizes the importance of building humans as individuals who are balanced between intellectual, emotional, and spiritual intelligence.

The implementation of Islamic Human Capital requires a human capital management structure that explicitly integrates Islamic values in the entire employee management cycle, from the recruitment process to career development. In the recruitment process, for example, Islamic companies ideally consider not only the applicant's technical expertise, but also the commitment to Islamic ethical principles, such as honesty, discipline and responsibility. By screening prospective employees through the lens of these values, companies not only obtain a competent workforce, but also individuals who are in line with the spiritual vision and ethics of the organization. This approach is in line with the concepts of "al-amanah" and "al-ihsan" which are the pillars of morals in the world of work according to Islamic teachings. If this is implemented consistently, it will create a work environment that is not only efficient, but also oriented towards spiritual blessings and sustainability. A work culture that grows will be filled with a spirit of collaboration, mutual respect, and motivation that stems from spiritual values, not just material incentives. Sharia-based HR management is an important element in building an organization that is not only efficient, but also blessed and oriented towards the benefit of the people.

One important aspect of Islamic Human Capital is employee education and training that is not only oriented towards increasing technical skills, but also strengthening understanding of Islamic values in business practices. Islamic companies need to develop training programs that cover the dimensions of fiqh muamalah, Islamic work ethics, and Islamic governance principles. This kind of training will not only improve employees' Islamic literacy, but also shape professional behavior that is in line with the vision and mission of Islamic-based companies.

Employee performance in the Islamic Human Capital system is not only measured by Key Performance Indicator (KPI) which is quantitative, but also through qualitative indicators such as akhlakul karimah, work ethic, and contribution to social balance. This kind of assessment encourages the formation of employee characters who are not only professional, but also moral and aware of their social responsibilities, in line with the Islamic goal of forming people who are balanced in this world and the hereafter. Performance management must reflect the principle of justice ('adl), unbiased, and emphasize evaluations that educate, not punish. Here, the role of leaders with Islamic character is central in fostering a participatory work environment and upholding the value of deliberation, shura, as a collective approach to decision-making.

Islamic Human Capital also emphasizes the importance of “niyyah” or intention as an ethical basis in every work activity. This concept gives a spiritual dimension to the work done, making every activity not only of worldly value but also worship. This conception builds strong intrinsic motivation among workers and encourages an orientation towards long-term success, not just momentary material achievements. The value of intention in Islam reinforces individual accountability to Allah, not just to superiors or institutions.

From an Islamic perspective, the relationship between companies and employees is not merely a transactional relationship, but also a bond of social and spiritual responsibility. The principle of balance (mizan) demands that companies do not exploit labor, but rather treat them as partners in seeking mutual blessings. This affects remuneration policies, job protection, and work flexibility that consider employees' spiritual needs such as time for worship. The implementation of Islamic Human Capital brings a broader dimension of social justice in industrial relations.

The transformation of organizational culture through the Islamic Human Capital approach will only be successful if it is supported by leadership that is consistent in applying Islamic principles as a whole. Leaders not only serve as policy makers, but also as role models (uswah hasanah) in terms of integrity, sincerity, and dedication (Hashi, 2011). A leader in an Islamic company should show a fair, wise, and communicative attitude, so as to create an organizational climate that is supportive of Islamic values in daily operations (Beekun, 1997).

The main challenge in implementing Islamic Human Capital is how to harmonize modern management standards with normative Islamic principles. In this case, it is important to develop adaptive systems and instruments, such as Islamic performance evaluation systems, fairness-based incentive policies, and employee retention programs that pay attention to spiritual and psychological aspects. This approach will help create a more flexible human capital system that remains grounded in strong Islamic values.

The implementation of this concept should also consider differences in cultural backgrounds, religious understanding, and employee aspirations. A humanistic approach based on maqashid (Islamic legal principles) - namely protecting religion, soul, mind, offspring, and property - can be used as a framework for designing human capital policies that are inclusive but still consistent with basic Islamic values. In this case, Islamic companies must be adaptive in accommodating diversity while not losing their ideological direction.

Islamic Human Capital is also closely related to sustainable development. Spiritually and intellectually empowered employees are more sensitive to social, environmental and collective welfare issues. This creates a double contribution: strengthening the company's competitiveness and participating in realizing social justice as envisioned in the Islamic economic system. This approach has far-reaching implications not only for the company, but also for society in general.

In the developing Islamic-based economy, Islamic Human Capital is attractive to the younger generation of Muslims who want a work environment that is in line with their spiritual values. This becomes an effective recruitment strategy and strengthens the employer branding of Islamic-based companies. Companies that implement this system consistently will find it easier to attract and retain top talent.

Based on the various dimensions that have been described, it can be concluded that the implementation of Islamic Human Capital is an approach that is not only relevant but also urgent to be implemented as a whole in Islamic companies. The success of implementing this concept depends on the consistency of values, leadership integrity, and organizational commitment in making Islamic principles the foundation of human capital management.

Strengthening Islamic Human Capital must be a strategic agenda for Islamic companies, both in managerial policies, organizational culture, and individual development. Synergy between academics, practitioners, and regulators is needed to enrich this concept with best practices and build a solid theoretical framework for the sustainability of quality Islamic business.

CONCLUSION

The implementation of Islamic Human Capital in human capital management of Islamic companies is a comprehensive effort that not only emphasizes efficiency and technical competence, but also makes Islamic values the main foundation in character building, work ethic, and organizational culture. Islamic-based human capital management raises principles such as trust, ihsan, justice, and maqashid (Islamic legal principles) as the main orientation in every managerial policy. With this approach, Islamic companies are able to build a system that is not only economically profitable, but also creates blessings and spiritual sustainability in its operations. The whole description shows that Islamic Human Capital is not just an alternative, but an essential need for the long-term success of Islamic businesses.

This research confirms that the implementation of Islamic Human Capital can be a transformative framework in building human capital that are not only productive, but also have high moral awareness and social responsibility. This implies the need to reformulate the human capital management system in Islamic companies in order to synergize spiritual, intellectual and social aspects in employee career development. Consequently, companies are required to formulate policies that are more oriented towards justice, spiritual development, and achieving maqashid (Islamic legal principles) as part of the institutional mission. This implication also encourages the preparation of a more comprehensive evaluation instrument to empirically measure the success of Islamic Human Capital.

To strengthen the implementation of Islamic Human Capital in Islamic-based companies, active collaboration between academics, human capital practitioners, and Islamic financial authorities is needed in developing applicative and standardized guidelines. Companies are also advised to develop specialized training on Islamic values in management and expand employees' understanding of the concept of maqashid (Islamic legal principles) at work. Further research should be conducted to develop evaluative instruments capable of measuring the direct contribution of Islamic human capital to the company's business and social performance. These steps are expected to accelerate the consolidation of Islamic values in increasingly complex contemporary business practices.

REFERENCES

- Beekun, R. I. (1997). *Islamic Business Ethics*. International Institute of Islamic Thought.
- Bakir, M., Sofian, M., Hussin, F., & Othman, K. (2015). Human Capital Development from Islamic Knowledge Management Perspective. *Revelation and Science*, 5(1), 18-26.
- Chapra, M. U. (2000). *The Future of Economics: An Islamic Perspective*. The Islamic Foundation.
- Darmawan, D., Mardikaningsih, R., Sinambela, E. A., Arifin, S., Putra, A. R., Hariani, M., Irfan, M., Al Hakim, Y. R., & Issalillah, F. (2020). The Quality of Human Resources, Job Performance and Employee Loyalty. *International Journal of Psychosocial Rehabilitation*, 24(3), 2580-2592.
- Do, B. R., Yeh, P. W., & Madsen, J. (2016). Exploring the Relationship among Human Resource Flexibility, Organizational Innovation and Adaptability Culture. *Chinese Management Studies*, 10(4), 657-674.
- Hart, C. (1998). *Doing a Literature Review: Releasing the Social Science Research Imagination*. SAGE Publications.
- Hashi, A. A. (2011). Islamic Ethics: An Outline of its Principles and Scope. *Revelation and Science*, 1(3), 122-130.
- Hassi, A. (2012). Islamic Perspectives on Training and Professional Development. *Journal of Management Development*, 31(10), 1035-1045.
- Khan, B., Farooq, A., & Hussain, Z. (2010). Human Resource Management: An Islamic Perspective. *Asia-Pacific Journal of Business Administration*, 2(1), 17-34.
- Machi, L. A., & McEvoy, B. T. (2009). *The Literature Review: Six Steps to Success*. Corwin Press.
- Michaelson, C., Pratt, M. G., Grant, A. M., & Dunn, C. P. (2014). Meaningful Work: Connecting Business Ethics and Organization Studies. *Journal of business ethics*, 121, 77-90.
- Mohammed, J. A. (2013). A Conceptual Framework of Business Ethics in Islam. In *Handbook of the Philosophical Foundations of Business Ethics*. Springer.
- Nasr, S. H. (1993). *The Need for a Sacred Science*. State University of New York Press.
- Nasr, S. H. (2001). *Islam and the Plight of Modern Man*. ABC International Group Publisher.
- Rafiki, A., AlKhalifa, K. M., & Buchari, I. (2014). Islamic Human Capital and Firm Performance: An Evidence of Small and Medium Enterprises in Bahrain. *International Journal of Business and Management*, 9(4), 173.
- Sardar, Z. (2003). *Islamic Futures: The Shape of Ideas to Come*. Mansell.
- Zaman, H. M. F., Khan, S. U., Ahmed, M., & Raja, Y. M. (2015). Islamic Values and Ethical System Towards Business: Does Islam Provide Best Framework to the Corporate World. *International Journal of Economics, Commerce and Management*, 3(2), 1-10.

*Jahroni, & D. Darmawan. (2021). Islamic Human Capital Implementation as Effective Framework in Islamic Human Capital Management, *Journal of Social Science Studies*, 1(1), 239 - 244.