

# Improving Competitiveness of Islamic Banking Through Human Resources (SDI) Development Strategy

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## Abstract

*This paper aims to analyse the good strategy in improving the human resource that should be used by the banking institutions to be better compared to others. This paper based on primary data from the book, journal and online database. The result of the study shows that one way and strategy to develop human resources in banking is by improving their knowledge, abilities, attitudes and so on. Also, good strategy can provide an overview of the main actions and decision patterns chosen to realize the goals of the organization and a company institution and in order for development to be carried out properly, a human resource development program must first be established. And with that, the quality (superior) Human Resources will be able to provide more service and trust compared to others.*

**Keywords:** *Development Strategy, SDI, Islamic Bank, Competition.*

## Introduction

In the day-to-day life of the bank it works very well for the public transaction process, especially for business people. The main function of modern banking is to receive deposits, distribute funds, and transfer funds as part of Muslim life, even since the time of the Rasulullah SAW.<sup>1</sup>

The growth of Islamic banking in Indonesia so far has been very rapid. This can be seen by one of them with the emergence of Islamic banks and conventional banks opening Islamic business units and many BPRS emerging, as Adnan Ganto has stated in the *Tribun News*, "Indonesia's total Islamic bank in 2018 reached 196 units, comprising 13 sharia compliant banks (BUS), 23 sharia compliant business

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<sup>1</sup>Edi Wibowo, *Mengapa Memilih Bank Syariah?* (Bogor: Ghalia Indonesia, 2005), 10.

units (UUS) and 160 BPRS.”<sup>2</sup>

Currently, bank are only focusing on high bank income irrespective of workers’ rights as executives of the program, this is reflected in the I ncrease in ROA from year to year from 2014 to 2015, up 0.49% with 977 profits, 2015 to 2016 up 0.63% with profit 1.426, 2016 to 2017 up 0.63% with profit 1.697, 2017 to 2018 position January 0.42 with profit 1.190.<sup>3</sup>

For this reason, one solution to this is to increase human resources to maintain the quality of banking in the form of assets or growth and health.

Along with the number of Islamic banking institutions in Indonesia, many strategies are required to become a superior banking institution. And, one of the strategy to deal with competitors is to improve and develop the existing human resources. Because, good human resources will help the improvement of the bank and the end of the day it aslo will build community trust. Hence, when public trust is built, assest and traffic owned by banks will increase.<sup>4</sup>

## The Definition of Strategy in Islam

There are a lot of definitions from strategy in human resource, among others are as follows:

Panji Anoraga defines strategy as the key policies and decisions used by management, which have a large impact on financial performance. These policies and decisions usually involve important resources and cannot be easily replaced.<sup>5</sup>

In another words, strategy comes from the Greek “*strategos*” taken from the word *stratos* which means military and *ag* which means lead. So, strategy in this initial context is defined as general ship which means something that is done by the general in making plans to conquer the enemy and win the war.<sup>6</sup>

<sup>2</sup>Adnan Ganto, “Meningkatkan Daya Saing Bank Syariah,” *Aceh Tribun News*, January 3, 2018, <http://aceh.tribunnews.com/2018/03/01>. See too: “Data Statistik Perbankan Syariah” (OJK, 01, 2018), <https://www.ojk.go.id/id>.

<sup>3</sup>Data Statistik Perbankan Syariah.

<sup>4</sup>“Membangun Kepercayaan,” *Jakarta Consulting*, n.d., <http://www.jakartaconsulting.com/publications/articles/organization-development-behavior/membangun-kepercayaan>.

<sup>5</sup>Panji Anoraga, *Manajemen Bisnis* (Jakarta: PT. Asdi Mahasatya, 2004), 339.

<sup>6</sup>Setiawan Hari Purnomo, *Manajemen Strategi: Sebuah Konsep Pengantar* (Jakarta: Fakultas Ekonomi Universitas Indonesia, 1996), 8.

According to general term, strategy is a set of managerial decisions and actions that determine long-term of company's performance. As strategy management includes environmental observation, strategy formulation (strategic planning and long-term planning). Implementation of strategies, evaluation, and control.<sup>7</sup>

In addition, good or bad strategy according to Jatmiko cited by Anwar Arifin in the communication strategy book mentioned that strategy can be influenced by several factors including the external environment, internal resources and capabilities as well as the objectives to be achieved. In essence, an organizational strategy provides the basic understanding of how the organization will compete and survive.<sup>8</sup>

Thus, the researcher concludes that the strategy in human resource is the stage that must be passed towards the expected target and can not be separated from the rules/*syariat* of Islamic law.

Based on the above definition, it is clear that strategy is required in the company. Because it is the key to enhance and improve the quality of company from time to time. Without a strategy, a company will be left behind by other corporate institutions. Strategy is closely related to the existing human resources. Therefore, human resources and a good strategy must always go hand in hand. In the view of Islam itself, the strategy will be more perfect and optimal when the human resources that run do not forget the elements of *syariat* and the religious teachings. Because, when human resources are always adhering to the *syariat* then the mandate to carry out a company's strategy will be implemented with full responsibility. And vice versa, when the employer is guided by the *syariat*, he will always pay intention to the rights of his employees. As a result, the strategy within the company will run optimally and there will be no exploitation in the working world.

A good strategy will provide an overview of the the main actions and decision patterns that will be chosen to make organizational goals and corporate institution real. Strategy is also a formulation of the vision and mission of an organization or company. In a good strategy, there are stages that must be passed, and the stages are as follows:

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<sup>7</sup>David Hunger and Thomas L. Wheelen, *Manajemen Strategi* (Yogyakarta: Andi, 2003).

<sup>8</sup>Anwar Arifin, *Strategi Komunikasi* (Bandung: Armilo, 1984), 59.

## 1. Formulation

The strategy formulation is the process of formulating steps forward that is intended in building vision and mission, strategic objectives and designing strategies to achieve these goals in order to provide the best customer value.<sup>9</sup>

To formulate a strategy there are several techniques, which can be done by using the bottom up method which exploring the potential or condition of the strategy object, and in this technique, there are 3 phases as in the column below:

Environmental Assessment	Strategy Development	Strategy Implementation
<ul style="list-style-type: none"> <li>· Do a research about the internal and external environment.</li> <li>· Assess the strengths, weaknesses, hopes and challenges (SWOT).</li> <li>· Define the key capabilities and competitive benefits.</li> <li>· Define the strategic issues.</li> </ul>	<ul style="list-style-type: none"> <li>· Review and revise the vision and mission.</li> <li>· Arrange the strategic objectives.</li> <li>· Develop the activities's plan.</li> <li>· Allocate its resources.</li> </ul>	<ul style="list-style-type: none"> <li>· Align the organizational expectations, personnel and management capabilities.</li> <li>· Apply the system and technology.</li> <li>· Evaluate the activities.</li> </ul>

And, it could be by using the top down strategy, i.e the leader immediately formulates the strategy regardless of the situation and condition of the object.<sup>10</sup>

Therefore, one of the solution for this is by increasing human resources in order to maintain the quality of banking in the form of assets or its growth and stability

Along with the number of Islamic banking institutions in Indonesia, there are many strategies are needed to become a superior banking institution. One of the strategy to deal with competitors is by developing and improving the existing human resources. With

<sup>9</sup>Bambang Hariadi, *Strategi Manajemen* (Malang: Banyu Media Publisher, 2005), 6.

<sup>10</sup>"Merumuskan Strategi Manajemen Sumber Daya Manusia," *Finansialku*, n.d., <https://www.finansialku.com/>.

good human resources, the management of bank will improve and as a result it automatically builds community trust.

## 2. Implementation

After completing strategy formulation stage, the next crucial stage in the corporate/banking strategy is its implementation.

Strategy implementation is the process by which the strategy and policy are carried out through structure and program development, also budget and implementation procedures. In addition, this part is the most difficult stage in the strategy process considering that there are many factors that can affect the implementation and may not be in accordance with the initial forecast.

According to the author, in order to make the implementation of the strategy optimally succeed, it must be supported by a capable company with a solid leader, an adequate allocation of resources, appropriate policies, culture, situations and conducive conditions for the success of a strategy implementation.

## Human Resource Development

An organization, agency, department and some others develop in accordance with the development of society and nation.<sup>11</sup> A good organization is the one which able to anticipate the future, so it must be trained in composing/arranging activities programs that are in accordance with organizational problems. In other words, the organization must grow and develop.

To obtain organizational growth and development in line with the current development, it must be supported by an adequate quality members, and for this reason human resources development is needed.

Development is the process of developing actions.<sup>12</sup> Human resources development is related to the availability of the opportunities and development of learning, creating training programs that include planning, organizing and evaluating these programs.<sup>13</sup>

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<sup>11</sup>Soundang P. Siaglan, *Manajemen Sumber Daya Manusia* (Jakarta: Balai Pustaka, 1993), 96.

<sup>12</sup>Departemen Pendidikan dan Kebudayaan, *Kamus Besar Bahasa Indonesia* (Jakarta: Balai Pustaka, 1998), 16.

<sup>13</sup>Sudarmiyanti, *Sumber Daya Manusia dan Produktivitas* (Bandung: Manjar Maju, 2001), 28.

Human resource development can be defined as a set of systematic and planned activities designed to facilitate its employees with the skills needed to meet the demands of work, both now and in the future.<sup>14</sup>

Human resource development is a planned and ongoing effort undertaken by the organization in improving employee competence and organizational performance through training, education and development programs.<sup>15</sup>

According to Ponwandira, human resource development is a process to improve skills and expertise, morality and good morals as well as being able to process and manage natural resources, so that they can be used for community welfare as the ultimate goal of development itself.<sup>16</sup> And, according to Sarjawan Muslim, human resources development (SDI) are people in the organization who contribute ideas and do various types of work to achieve organizational goals.<sup>17</sup>

From some of the above explanation, it can be said that human resource development is all activities carried out by organizations or companies in facilitating employees to have the knowledge, expertise and attitude needed in handling current and future work. The activity referred to is not only in the aspects of education and training but also involves aspects of career and organizational and company development. In other words, the development of human resources is closely related to the effort in improving the knowledge, abilities and attitudes of organizational members as well as providing career paths that are supported by organizational flexibility in achieving organizational and corporate goals.

Human resource development needs to be done in a planned and sustainable manner. For development to be carried out properly, then a human resource development program must be established first.

Human resource development programs should be prepared carefully and based on scientific methods and based on the skills

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<sup>14</sup>R.L. Desimone, J. M. Wener, and D. M. Harris, *Human Resource Management* (Fort Worth: Harcourt College Published, 2001), 2.

<sup>15</sup>Mondy and Noe, *Human Resource Management* (Massachusetts: Allyn & Bacon, 1991), 270.

<sup>16</sup>Ponwandira, "Pengembangan Sumber Daya Manusia Bagi Calon Tenaga Kerja Baru Pada Balai Latihan Kerja Industri (BLKI) Kota Balikpapan," *E Jurnal Administrasi Negara Universitas Mulawarman Samarinda*, Vol. 3 No. 3, 2015.

<sup>17</sup>Sadono Sakirno, et. al., *Pengantar Bisnis* (Jakarta: Kencana, 2011), 173.

needed by the company now and in the future. And, its development must have an aims to improve technical, theoretical, conceptual and moral abilities so that their work performance has a good result, achieve optimal result, trust and create *akhlakul karimah* and etc.

Human resource development is considered increasingly important because of the demands of the position or job, as a result of technological advances and the increasingly fierce among similar companies. Human resources within a company are required to work effectively, efficiently and the quality and quantity of their work is good so that the company's competitiveness is getting better. And this development is carried out for non-career as well as career goals for human resources through coaching, training and education.

Human resource development itself divided into two, namely human resource development at a macro and micro level. *First*, development of resource at macro level, it is very important in order to effectively achieve development goals. This macro resource development rests on the understanding that the development of targeted and planned human resource accompanied by good management can save natural resources, or at least the management and the use of natural resources can be used appropriately. Because human resource that have been developed in such a way will have enough skills and responsible personality to utilize natural products sustainably.

*Second*, micro human resource development. Micro human resource development is more emphasis on optimizing the result of maximum work targets in a company.

Additionally, both macro and micro, the development of human resources clearly leads to the goal in improving the quality of human resources which will lead to nation-building.

The importance of developing human resources can also be classified according to their benefit for each subject, namely for individual as workers, companies, personal, human relations and policy implementation.

Human development can be interpreted as preparing members to be able to move and play a role in the organization in accordance with the growth, development and change in an organization.<sup>18</sup>

Therefore, member development activities carried out to obtain members who are able to excel and flexible for the organization in

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<sup>18</sup>Mondy and Noe, *Human Resource Management*, ... 8.

its movement into the future. The development of members in an organization is more emphasized in scientific discourse or insight, as in the organization is realized in weekly discussion activities.

Furthermore, after attending the training, the daily board of the organization evaluates how effective the impact of the training has on members and the organization.

And, this is in line with one of the main function of managerial leadership, namely: managing, serving and developing subordinates. Because, to ensure that every training and development undertaken can achieve what has been aimed.<sup>19</sup>

### The Objectives of Human Resource Development

The purpose of developing human resource is to ensure that the organization has qualified people to achieve organizational goals, and that is not only to improve the company's growth performance, but also does not leave the right of human beings and always pay attention to the teachings of the *syariat*.<sup>20</sup>

The above objectives can be achieved by ensuring that everyone in the organization has the knowledge and expertise to achieve the lever of ability needed to carry out their work effectively. In addition, it should be noted that the development effort to develop these human resources, individual and group performance are subject to continuous improvement and that the people in the organization are develop in a way that is appropriate to maximize their potential and promotion.

### Development of Human Resource in Facing the Competition Among Islamic Banking Sectors

In facing the competition among other Islamic banking sectors, Islamic banking must demonstrate superior quality in developing its human resources. Because, with the superior and quality human resources able to provide services and good trust compared to the mediocre human resources.

In developing the human resource of Islamic banking to be more qualified for facing the competition, the things can be done

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<sup>19</sup>Bary Cushway, *Human Resource Management (Manajemen Sumber Daya Manusia)* (Jakarta: PT. Alex Media Komputindo Gramedia, 2002),136.

<sup>20</sup>Michael Armstrong, *Seri Pedoman Manajemen, Manajemen Sumber Daya Alam* (Jakarta: Gramedia, 1994), 507.



are as follows:

### 1. Improving Knowledge

There are many categories about improving knowledge in banking institution. However, improving knowledge that carried out both by the banking manager and the quality assurance team are matters related to the banking institution itself with the aim that the banking institution will develop more even become the best banking institution. In this case, the writer concludes one thing that this needs to be supported and balanced with an increase in religious knowledge both manager and banking employees. Because, if only that will improve in order to achieve high banking income, indeed they will lose. And, people who only prioritize material and worldly benefits then he is craving for the material he got. And, among the techniques to improve the religious knowledge which can be implemented with a variety strategies there are:

- a. Changing the system that is not good and has not led to the *syariat*. Because, with a good system can produce good output as well. And this can be done with the most basic things such as, do a routine praying before doing work activities, requiring employees to read the Qur'an at a certain time, and always reminding that in work, customer satisfaction is number one. In short, they can consider that "*my office is my place of worship*".
- b. Conduct a routine religious study for all banking members. With this, it is expected to be able to increase the religious insight of the Islamic banking manager and all the employees

### 2. Capabilty

In developing the ability of human resources, the things that can be done are conducting various training to realize that all results and benefits are the will of Allah and human abilities are very limited. Therefore, in relation to the ability of human resources, it is necessary to be closed to Allah, that is by praying

### 3. Attitude.

The attitude of organization's member is very supportive in the development of an agency. Whether it's attitude when in and out working hours. Implicitly, someone who works at an

institution (bank) wherever he goes he carries the name of that institutions. When someone is considered good by those around him, the institutions he worked for are also good in the eyes of community and vice versa.

The attitude of these members can be good according to the human resources. Among others, namely by forgiving employees when they accidentally made a mistake, not demanding work beyond the capabilities of the employees and other bank members, treating that employees and customers are also partner where the familiarity must always be maintained.

4. Provision of career paths supported by organizational flexibility in achieving organizational and company goals.

According to the writer, human resources who are resilient and diligent in their duties are good, but it is better if human resources in a banking institution are also adhere to the guidelines of life in the Qur'an, Hadith and the *ijtihad* of the scholars.

## Conclusion

Strategy in human resource is the stages that must be passed towards the desired target and can not be separated from the rules of *sharia* in Islam. A good strategy can provide an overview of the main actions and decisions patterns chosen to realize the goals and the organization or a corporate institutions. Strategy is also a formulation of the vision and mission of an organization or company. Human resource development is all activities carried out by the organizations or companies in accordance with the Islamic religious guidelines in facilitating employees to have the knowledge, expertise or attitudes needed in handling current or future work by always balancing their rights and always holding to the teaching of *sharia*. The intended activity is not only in the aspect of education and training but involves the aspects of career and organizational development as well as companies. In other words, the development of human resources is closely related to the efforts in improving the knowledge, abilities and attitudes or organizational members and the provision of career path supported by organizational flexibility in achieving organizational and corporate goals. Last but not least, to develop higher quality of Islamic banking human resources for facing the competition, things can be done as explained above are improving knowledge, abilities,

attitudes and also providing career path supported by organizational flexibility in achieving corporate goals.

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