

Perspectives and practices of Islamic Bank management in relation to stakeholders

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Annotation: This qualitative research aims to explore the perspectives, concepts, and management practices of Islamic financial institution management in relation to their stakeholders. Data were explored through in-depth interviews. The respondents were managers of Islamic banks and Islamic microfinance institutions (baltul maal and tamvil) at various levels of government. This study showed that among the employees of the Islamic Bank, they have different but not in-depth and comprehensive knowledge about stakeholders. This perception was influenced by the level of education, the level of management, and the distribution of responsibilities. This has led management to have difficulty mapping and managing its stakeholders.

Keywords: UN3, financing, Sharia criteria, respondent, shareholders, financial institutions, depository, insurance.

Introduction

In general, stakeholders are very interested in the economic and financial performance of an economic entity. The same is true with Islamic financial institutions. Shareholders are always interested in increasing share value and preventing losses: governments care about taxes and the economic stability produced by businesses; environmental activists finance environmental protection and this indicates that all stakeholders, not limited to shareholders, management, owners and workers, are interested in the economic consequences of the Shariah financial entity, openly or indirectly, directly or indirectly, from others. The theory of stakeholders is derived from this. The need to analyze the impact of interactions between financial institutions and their social environments According to Alam (2006), stakeholder theory is based on at least several social theories, in particular social contract theory, social legality theory, ethical theory, and institutional theory. The discussion of this theory revolves around who the stakeholders are, what interests they pursue, and the stakeholder management strategy of the management. al-Shamali, Sharif, Irani (2013) described the stakeholder theory as based on the assumption that in addition to shareholders and management, there are other parties who have interests and rights that affect the financial entity. , both business entities are social institutions. They stand in the middle of society. Thus, it can be said that all the activities of financial entities affect the social life and the stakeholders in which the organization is located. The lack of additional research on what stakeholders are from an Islamic perspective and who stakeholders are and how it should govern stakeholders in Islam provides a platform for discussion for the development of science and practice. As a financial institution that uses Sharia as its basis, the Shariah should be the starting point, spirit and goal of the Shariah Bank's stakeholder management activities. Thus, in relation to the achievement of the goal of Shariah by Shariah financial entities, especially *maslahah al maal* (Kameel, Meera and Larbani, 2006; Alam Laldin and Furqani, 2013; Alam Choudhury and Nurul Alam, 2013; Salma Sairally, 2013), which will be important. To study the idea of how Islamic banking management defines stakeholders and their interests, and how Islamic banking governs the interests of stakeholders. Philosophically and practically, Islamic financial institutions are different from traditional financial institutions, so they naturally have a different foundation of strategy in stakeholder management. The results of this study are expected to contribute to the strategy of how Islamic financial institutions should train their

management in managing their stakeholders, especially in Indonesia, a country with the largest number of Muslims in the developing world of Islamic financial institutions.

Undoubtedly, the first is, of course, the client (depositor), because the bank is a financial institution that collects funds from the society to return to the society in the form of financing. (in our institution) the client is the first stakeholder. then there are partners, insurance, notaries, many partners. The top management of the Islamic Bank in South Sumatra said the Financial Services Authority (FSA) is the main organization. The reason was that the OJC had the power to manage and set banking policy, and could even close the bank. bS3 also considered OJC to be the strongest stakeholder. Respondent BS2, which is a lower level of management, trusted Java. the main stakeholder was the depositor.

There are a lot of rich people in South Sumatra. especially in Palembang and in areas with excellent goods, competition for “Services” has a big impact on the future. They have a huge impact on us. If they are disappointed, they are not happy to raise their own funds! perhaps fairer in Java, the higher the level of awareness. sharia. In fact, there are many customers in several Islamic banks who do not want to take a profit share. believes that the character of the population of southern Sumatra, especially Islamic banking customers, is significantly different compared to Islamic banking customers in Java. According to him, customers in Java have a better understanding of Islamic banking and Sharia law. According to the UN, Islamic financial institutions should indeed prioritize the rights of Allah through the development and implementation of policies based on Islamic law or Sharia law. because if the rights and rulings of Allah Subhanahu wa Ta’ala are the first thing that must be fulfilled, these institutions can be called Islamic financial institutions. as for the level of education, BM13 is not a graduate of business and management education, but only small and medium business entities. UN3 actively participated in jurisprudence trainings and paid tuition fees at his own expense.

Never, it just doesn’t work because it takes a long time, but we give a standard approach, we give a simple understanding, so we have a good product, then we offer.

The data obtained related to stakeholder understanding show what concepts exist between stakeholders. management of Islamic financial institutions. unfortunately, this diversity does not have a deep and comprehensive understanding of stakeholders, but is a general unstructured knowledge. This description can be seen from the explanations of each respondent who asked them to provide explanations of the stakeholders according to them. when respondents were asked about Islam’s views on stakeholders, how Islam defines stakeholders, and who the stakeholders are from an Islamic perspective. almost all respondents answer that stakeholders in Islam are the same as stakeholders in secular views. out of some respondents with knowledge of managing sharia financial institutions, only UN3 respondents are adamant that the main party serving their interests is Allah.

From the above fact, it can be concluded that without the knowledge of secular stakeholders, the management of Sharia financial institutions can be aware of serving the interests of its stakeholders. This awareness stems from a deep knowledge and understanding of the teachings of Islam, as well as good and consistent practice. especially in Islamic business and financial institutions. Important knowledge and concepts are primarily related to the problem and creed of Islamic jurisprudence. Muamala fiqh provides an understanding of the prohibitions and fards, while the aqeedah provides an understanding of the servitude to Allah. It creates a spirit of service to people and the universe as a caliph (Allah’s representative on earth) to seek advice in this world and in the hereafter. The ever-strengthening synthesis of understanding and comprehension of science, Sharia and belief can lead people (operators of Sharia financial institutions) to efforts to serve stakeholders. This creates an effort to understand who the stakeholders are, what their interests are, what strategies and the operator can do to meet the interests and demands of the stakeholders without compromising its core stakeholders, God’s interests and demands. Insufficient understanding of stakeholders on a traditional secular basis should not preclude operators of Sharia financial institutions from planning, strategizing, and implementing stakeholder mandates, requirements, and interests.

So, it is natural that some respondents who are borrowers or depositors of Islamic banking do not understand what is the difference between Islamic and traditional banking activities. They don’t understand contracts and products. provides detailed information on Islamic banking activities, which are quite different from traditional banking products. They see the margin in Islamic banking as a percentage; both are considered the same, but differ in dhikr. In fact, borrowers prefer traditional banks because the interest

rates are lower than the interest rates of Islamic banks. Depositors have a similar concept, interest and margin are the same thing.

Conclusion

From the above discussion, it can be concluded that there is a diversity of stakeholder understanding among the staff of the Islamic Financial Institute. Unfortunately, this diversity comes without a deep and comprehensive understanding of stakeholders, but general unstructured knowledge. Due to a lack of knowledge, employees of Islamic financial institutions have difficulty mapping the stakeholders of their institutions and managing stakeholder interests. Each manager in Islamic financial institutions has each definition and relevance according to the important thing about the stakeholder related to their work, and then manages the stakeholders as they see fit. The above problems are related to the lack of special programs of Islamic financial institutions for employees involved in stakeholder management. This program can take the form of special training related to stakeholder management. In addition, discussion activities and the provision of materials (printed and electronic) are also programs that can be implemented by institutions. Allah (as the ultimate beneficiary) commands in the Shari'ah. This is because being a good Muslim and following the commands of Allah in accordance with the rules of the Shari'ah will undoubtedly lead to the behavior that Islamic financial institutions expect. This behavior is primarily an attitude of serving the interests of the stakeholders and is a symbol of the Muslim caliphate duty on earth.

The goal of stakeholder management in Islamic financial institutions should be in line with the goals of Sharia, i.e. consultation. Maslaha al maal, in particular, is the main goal of the economic and financial activities of Islamic financial institutions. For Islamic financial institutions, good stakeholder governance should begin with the preparation of good governance resources in accordance with Islamic Sharia and maqam Sharia guidelines. Unlike traditional financial institutions that only aim to make a profit, the management of Islamic financial institutions must guarantee the strategy and ensure how these benefits are obtained so as not to violate the prohibition in Sharia. Therefore, the management of Islamic financial institutions should be selected, educated and prepared not only from the point of view of secularism, but also from the point of view of Islamic ideology. Having a sustainable education in management and a deep understanding of the Islamic faith will make the expected contribution. Empirical research is needed with a wider range of respondents to learn about the impact of teaching and understanding the Mualla and the Islamic creed on achieving the goals of Islamic financial institutions.

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