

THE DEVELOPMENT OF HUMAN CAPITAL FOR THE HALAL INDUSTRY: ISLAMIC MANAGEMENT PERSPECTIVE

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Abstract

The basic resource of activity in every industry is humans. The most successful industry managers are those who manage human capital effectively and efficiently. The halal industry must be truly halal in its inputs, processes and products. Because of that, productive Islamic human capital is needed in managing the halal industry. This study aims to: (1) offer an understanding of the importance of Islamic human capital productivity management, (2) discuss the pattern of developing productive human capital in the management of the halal industry. This study uses qualitative analysis of various related literature, so as to produce a normative description. The results of the study concluded: (1) managing the halal industry required Islamic human capital productivity, (2) in its development needed a management pattern derived from Islamic teachings.

Keywords: Human Capital, Halal Products, Islamic Management.

A. Introduction

Halal industry is a process of goods processing activities based on sharia guarantees, so that the products it produces are good (*thayib*), healthy, safe and do not endanger, therefore halal for consumption, enjoyment or use. Because of that, halal industrial products are in great demand not only by Muslims but also non-Muslims in majority population countries and Muslim minorities. Halal industry that is entering market competition includes food and beverages, medicine, tourism, travel, cosmetics, as well as chemical, biological and genetic engineering products.

In this decade, the industry and halal registration have experienced a significant increase in the number of consumers and people's spending power. The results of the *Pew Research Center's Forum on Religion and Public Life 2018*, that the global market development of halal products will continue to increase along with the increasing Muslim population which until 2030 is projected to 2.2 billion from the current 1.6 billion. The growth of the community's need for halal products will increase by an average of 15.5% per year during 2017-2021. The total global halal product market is valued at more than 3.6-5 trillion dollars until 2020. Referring to the latest State of the Global Islamic Economy data that the value of halal product trade in 2019 reached US \$ 3.7 trillion, equivalent to Rp.49,054.11 trillion. At present the global halal market is still dominated by non-Muslim countries, Indonesia is still a target of imports.

From the survey results, (BBC, 2018) consumers of halal products not only come from Muslim communities but also from non-Muslims. The reason, halal products tend to be healthy. This cannot be separated from the principle of

processing halal products, especially food, which is not only halal delicious (*halal by materials*) but also halal process (*halal by process*). Plus halal products must be *thayyib* which means the product is clean, quality, and nutritious (if food).

By having great potential demographic resources, Indonesia has great potential in developing the halal industry as a new economic flow that could potentially drive economic growth in the world. Halal industry products have become a standard for producers to be able to circulate a product marked with the label 'Halal'. This halal standardization is regulated by laws and regulations, namely UU RI No. 33 of 2014 concerning halal product guarantees. The Qur'an has reminded "*O mankind! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil. Lo! he is an open enemy for you.*" (QS.2: 168).

Humans in industrial activities are the main capital that has a strategic role. Without human capital in industrial activities can not produce products. Therefore, productivity of human capital is needed. In economic activities, productivity is defined as the ratio of the size of the output volume to the size of the input use. Human productivity is a positive contribution from a person to the environment where he works for constructive, imaginative, and creative will affect the productivity of an industrial organization. This means that to produce a larger product requires superior human capital productivity. In the Islamic view, productivity is an important aspect of life as an individual as well as socially. Productivity does not only intersect economically with humans, but also has a broad dimension including the dimension of worship as a being towards Khaliqthe Creator.

In general, the goal of production in Islam must rely on the welfare of life both in the world and the hereafter. This must be the ultimate goal of producers as agents of Islamic economics. The aim of maximizing profits is to become the goal of a production, but must also be based on a social and moral framework that is in line with Islamic teachings. Production is the creation of lawful and beneficial utilities for economic prosperity in the perspective of Islamic teachings (Mannan, 1980), and increasing the production of useful goods is one of the conditions for achieving economic prosperity. This can be realized through the maximum utilization of human and material resources. Because the production process must be based on four aspects, namely quality, quantity, maximization and participation.

In order to truly produce halal products, it is important for the industry to understand the production management system by preparing productive human capital as taught in the Qur'an and the Hadith. One of the criteria for a halal product guarantee system requires that top management establish a halal management team, which includes all parts involved in critical activities and has clear duties, responsibilities and authority. Therefore, this study aims to provide an understanding of the importance of productivity management of human capital sourced from the Qur'an and hadith, as well as its development patterns in the management of the halal product industry that are effective and efficient sourced from Islamic teachings.

B. Literature Review

Has been widely discussed how the importance of human capital in the activities of an industry, as many human resource theories in the context of

production activities. Theodore Schultz, Gary Becker and Jacob Mincer introduced the idea that people invest in education and training to increase the supply of human abilities that can be formed by combining innate abilities with investments in humans (Babalola, 2000). Human capital refers to the knowledge, expertise, and skills that are accumulated through education and training (Becker, GS. 1993). Human capital theory views school and training as investments in skills and competencies (Becker, 1964; Schultz, 1961 and Schultz, 1960). Interaction between education level / workforce skills and measurement of technological activity (Nelson and Phelps, 1966). That organizational effectiveness significantly depends on staff motivation, effort and leadership abilities. Thus, knowledge, skills, and incentives are very important for human capital materials (Yalokwu, 2002).

Lucas (1988) emphasizes that education, training, health and work experience are investments that can increase knowledge and productivity so as to produce returns in the future (Becker, 1994). Human capital corresponds to the stock of knowledge or whatever characteristics workers possess (innate or acquired) that contribute to "productivity". Human capital is directly useful in the production process. More explicitly, human capital increases worker productivity in all tasks, although it may differ in different tasks, organizations and situations.

Basically, human capital theory shows how education and training lead to increased worker productivity and efficiency by increasing the level of their cognitive skills. Human capital is defined as the ability of people to innovate to create new products and services in an effort to improve business (Stewart, 1997), as an application of intellectual capital (knowledge, skills and talents) plus relational capital (relationships with customers, colleagues, vendors, and partners external) in achieving organizational goals (TO Davenport, 1999). Whereas Derek Stockley () said that human capital is the person in the organization and business as the most important assets that contribute to development and growth as well as the physical assets of machines and money. Human collective attitudes, skills and abilities on organizational performance and productivity. Human capital includes knowledge, skills, innovation, and the ability to fulfill tasks and show their main characteristics (Cabrita and Bontis, 2008), with internal structures that include: (1) knowledge: Making references to the knowledge people have about things to do his duties successfully. This knowledge is an accumulation of formal education, special training, experience and personal development, (2) abilities; make reference to the types of knowledge related to how to do things (know-how). It collects all the utilities, dexterity and talent developed as a result of his experience and practice. These variables include individual learning, collaborative teamwork, communication and leadership, (3) behavior: representing knowledge about initial sources that direct individuals to do their jobs properly, including mental models, paradigms, beliefs, and referring to feelings, having commitment, self motivation, job satisfaction, friendship, flexibility and creativity (M. Hossein et al, 2013).

Romer (1999) states that human capital is a fundamental source of economic productivity. Human capital is also an investment made by humans to increase productivity (Rosen, 1999). Frank & Bemanke (2007) argues that human capital is a combination of education, experience, training, skills, habits, health, energy and initiatives that affect human productivity. Schultz (1961) states that

human capital is one important factor in increasing economic productivity in a country. Todaro (2000) revealed that human capital can be measured through education and health. Education and training can be an added value to humans.

In the language of the Qur'an, the term human is often expressed by the word *Insan*. In Islamic terminology, *Insan* is the most special creature of Allah (Surah Al-Tin: 4) and he is blessed with reason. With his reason, the position of humans (*Insan*) makes the most superior creatures among all God's creations, thus making them the only creatures who are ready to become caliphs on this earth (Surah Al-Baqarah: 30). Therefore, humans (*Insan*), in the perspective of Islam, are people who have superior personalities, with mastery of knowledge and skills in the context of the duties and responsibilities entrusted to him as *khalifatullah fil ard*. Ibnu Khladun (Wan Kamal M. 2006: 76) pays attention to the role of *Insan* (humans) in shaping the nation's civilization through the development of economic, social and political stability in a country.

In an Islamic perspective, the development of human capital is not just an emphasis on intellectual and emotional development, but also involves spiritual and moral development. The concept of Islam is able to penetrate the human dimension as well as the Divine dimension. Because Islam is not a religion that only deals with vertical problems, but also addresses issues that are horizontal. Islam is a religion of *Shamil* (complete), which deals with all aspects of human life. Islam is a religion '*amali*, a religion that prioritizes the values of productivity perfectly and well, both productive in the sense of producing a work or productive in the sense of producing an increase and improvement of self, family, and society. In practice, to become a productive person must be managed (management) and developed its potential. Management (*Idarah*) is a special activity related to leadership, direction, personal development, planning and supervision of work related to the main elements in a project (Al-Jurjani, 1403: 105). Management 'knows where to go, what difficulties must be avoided, what forces are carried out, and how to steer your ship and members as well as possible without wasting time in the process of doing it' (Mahmud Al-Hawary, 1976) From this sense it gives a description that management is a certain activity, process and procedure to achieve the ultimate goal by maximizing working together in a work group in accordance with their respective functions.

As a basis for management practices in Islam, it refers to the business management behavior carried out by the Messenger of Allah, that the Prophet Muhammad was a fair and fair trader in making business agreements. He never made his customers complain. He often keeps his promises and delivers ordered items on time. He always shows a great sense of responsibility and high integrity with anyone. His reputation as an honest and true trader has been widely known since he was young (Afzalur Rahman, 1997: 216). The implications of the main models of Islamic Management are *Ihsan*, *Istiqomah*, *Amanah*, *Ikhlash* and *Fair*. This is the basis on which the building of an Islamic management system is erected as a tower. These models are very helpful for developing human relationships in the work environment, which does not allow anyone to exploit other people as in other systems that are normally done. Islamic management of human capital development has promoted a holistic approach and includes moral responsibility, intellectual talent, knowledge and individual skills (Afzalur Rahman, 1997: 217).

C. Research Methods

The study analyzes the concept of Islamic management in an effort to find patterns of developing productive human capital through training, coaching and empowerment. In its implementation, it is implemented by internalizing the behavior of human religiosity of industry players through education and training in realizing halal products. The study was conducted through a literature review and previous research journals, analyzing various literature related to the topic of this discussion, to produce a normative description of the human resource development model in the company. This study is qualitative in nature with a document approach based on secondary data analyzed from the verses of the Qur'an and Hadith, book and internet sources, in formulating a conceptual framework developed for practical policy in business.

D. Results and Discussion

The concept of developing human resources in the halal product industry emphasizes the implementation of sharia-based management. This sharia principle departs from the typology of Maqhasid al-shariah, which in fiqh rules is based on five basic principles (qawaid al khams). Implementatively, the management of sharia principles emphasizes five basic principles, namely trust, the principle of limited ownership, the principle of cooperation in goodness, the principle of social responsibility, the principle of shared ownership, the principle of economic distribution and the principle of justice.

Islam teaches that human capital in industrial activities is one of capital, not as a cost unit. Thus, the handling of humans as human capital, is not something new in Islamic economic activities. The Qur'anic standard for the appropriateness of a job is based on one's expertise and competence in the field. This is an important thing, because without competence and honesty, we can be sure that no efficiency will be born from someone. Therefore, it is an obligation for the management of a halal industry organization to place a person according to his competence.

Islamic Human Capital Management wants to re-realize the concept of man as a caliph on earth who has great potential in determining human values as human resources to be able to make a major contribution in shaping human beings to become kaffah, istiqomah, consistent and have integrity in upholding the banner. Islam in life. Bearing in mind, however good a system the company has, but its implementation is highly dependent on the quality and expertise of the people themselves.

Islam commands that humans have superior productivity. A productive person is someone who produces more than he receives. The Messenger of Allah has asserted that "*Truly I hate someone who is unemployed, does not work for the benefit of the world nor for the benefit of the hereafter.*" H.R. At Thabrani in the book of Al Kabir (2005).

Productive human capital requires competence, creativity, skill, honesty, trust / integrity, tawadhu, strong soul / commitment, and self-control: 'Allah accepts the good deeds of His servants' (QS. 46: 16). In the context of humanity must be productive, the Messenger of Allah said: "*Verily, Allah loves believers who work (productive produce various goodness).*" HR. Thabrani from Ibn Umar. While the skills and creativity as the Prophet said: *A person's best work is what is*

done based on his skills, ... as well as good business is what is an expression of his skills. H.R. Ibn Majah.

Human capital in terms of competence (expert) which refers to the juristic term about eligibility to hold a duty and validity has a legal right. In Islam, human development is not only directed to produce people with better technical knowledge, skills and social values, but also with a better soul. Islam calls for a holistic approach to human development while placing spiritual and material incentives for individual growth in the fields of religion, moral discipline, education, skills, employment, and health. This is explained in the qualities of intelligence, knowledge, free will, and guidance, which Allah gave to humans in order to carry out their duties to become khalifah on earth. Human development is in turn regulated to produce resources with good moral values; and is characterized by dynamics, innovation and creativity, knowledge, and self-confidence.

In an effort to develop human capital (productive human capital), it can be done with a culture of Literacy (understanding), which is to do the habit of thinking taken by the process of reading, writing to create works (UNESCO, 2018). Literacy is a basic human right which is fundamental for lifelong learning, fully for social and human development in its ability to change lives.

Literacy culture can be done through training (training), coaching and empowerment of employees with the aim of developing employee competencies and technical abilities in carrying out their work responsibilities based on religious guidance. The Prophet gave training to those who were appointed to take care of the problems of the Muslims, and provide them with advice and some guidance. Islam as a complete and perfect religion teaches morality and morality for humanity to become a better human being.

Halal industry players in order to have superior productive human capital, in the application of human development management literacy culture is needed for planting (internalization) and habituation of Ihsan, istiqamah, sincere, trustful / integrity, commitment and fair behavior, through training, coaching and empowerment . It is this nature and behavior that is expected to encourage the growing awareness of producers in realizing halal products that provide benefits, are safe and do not endanger their users.

Figure 1. Literacy Culture Model in the Development of Human Capital for the Halal Industry

Behavior	Dimension	Point / Implications
Ihsan	Do good in the reconnaissance of God.	Feeling afraid of doing irregularities in work.
Istiqamah	Continues to uphold the truth.	Work discipline
Ikhlas	Do and work with sincerity.	Tendency to produce quality performance
Amanah/ Integrity	Reliable in running the tasks that must be done.	Dare to be invited to crime.
Commitment	Reflecting voluntary actions and behavior.	A sense of responsibility in the task

'Adil	Act proportionally in all respects.	Do the best
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By owning and actualizing the six traits and behaviors as described above, a consistent and creative attitude in producing a production system that is truly halal is maintained from the nature of the lies in carrying out work that can mislead or harm the users of the product. Through literacy and habituation to do each of these characteristics can encourage the formation of belief and obedience to his Lord, and this is productive human capital.

Ihsan from the word 'Ahsana' (giving pleasure or kindness to others). "Verily Allah tells you to be fair and do Ihsan (virtue) (QS. 16: 90). Ihsan is "you worship Allah as if you saw Him. If you cannot see Him, surely He (Allah) sees you." (Muslim, 1389). This understanding ensures that every human doing any action must always feel monitored by God. Man cannot do a lie, and he must fear God's rebuke.

Istiqomah is an attitude of dedication in doing a job or struggle to uphold the truth without feeling disappointed, weak spirit, or despair. "Those who say, 'Our Lord is Allah, then they remain istiqamah, so there is no fear for them, nor are they sad.'" (Qur'an, 46:13). "Our Lord is Allah; then they affirm their stand (istiqamah) ..." (Qur'an 41: al-Ahqaf]: 30), "And those who keep the message and their promise, ... and those who hold fast to his testimony (QS. 70: 32-33).

With the attitude of istiqamah, humans can work comfortably and are moved only to gain the pleasure of Allah, can not be influenced by the desires that lead to deviant deeds, because they already have a firm stand for truth.

Ikhlas means pure, not mixed with others. Iklas is doing good deeds solely because of Allah. Doing acts does not want to be seen by someone. "Say, verily, I am commanded to worship Allah fully in obedience to Him in religion" (Qur'an 39: 11). Doing sincerely can produce quality jobs, because in working with sincerity without anyone burdening his feelings and thoughts, only one determination so that the results of his work provide benefits to others.

Amanah has the meaning of being trusted or trusted. In aqidah and Islamic law, trust is everything that must be accounted for and related to other people or other parties. Trust can be in the form of objects, jobs, words, or beliefs. Then, the mandate can be in any form that will ultimately be held responsible. "Indeed, Allah tells you to deliver the mandate to those who are entitled to receive it, and if you establish a law among men you should determine it fairly." (Qur'an, 4: 58).

Commitment is a condition in which a person makes an agreement (attachment), both to oneself and to others which is reflected in certain actions / behaviors that are carried out voluntarily or forced. Commitment is a form of obligation that binds someone with something, both themselves and others, certain actions or things. Commitment is a loyal attitude and responsibility of someone towards something, both themselves, others, and organizations. "... except for those who repent of self-improvement and hold fast to the religion of Allah and sincerely ..." (Qur'an, 4: 146).

Adil (Fair), meaning equal or balanced (proportional). Fair puts things in their place, gives or receives things according to their rights, and punishes evil according to their rights, and punishes evil in accordance with their mistakes and violators. "Verily, Allah tells you to be fair ..." (Qur'an 16: 90).

Islam strongly emphasizes a just attitude in all aspects of life. Behave fairly himself and others. The Qur'an views that justice is at the core of Islamic

teachings which cover all aspects of life. The principle of justice brought by the Qur'an is very contextual and relevant to be applied in religious, family and social life. Justice gives rights to others. "Verily, Allah has commanded you to be just and do good (Ihsan), and forbid vile and evil deeds ..." (Qur'an 16: 90). The expected implication of this fair behavior is that the halal industry does not force its will to fulfill its own interests.

E. Conclusion

The halal product business is a noble job, because halal products tend to be healthy and safe from negative effects for its users. Consuming halal products is the command of the Qur'an and the Sunnah of the Prophet. To produce truly halal products, it is important for producers to understand the production management system by preparing productive human capital as taught in the Qur'an and the Hadith. This sharia principle is an embodiment of Maqhasid al-shariah, which in fiqh rules is based on five basic principles (qawaid al khams). Both the Qur'an and the hadith have taught how humans must have superior productivity in carrying out their business work. Developing human capital productivity can be done with a literacy culture for internalization and habituation to practice Ihsan, istiqamah, sincere, trust / integrity, commitment and fair behavior, through training, coaching and empowerment. With Ihsan's behavior embedded in his life he always felt afraid of doing irregularities in work. As a result of this Ihsan behavior can lead to a tendency to work discipline, have a commitment to the tasks assigned, dare to avoid actions that can harm others, have a sense of responsibility in the task to produce quality performance. If all of these behaviors have been embedded in every industry, it is certain that they can raise awareness in realizing products that are truly halal as taught by Islamic Sharia.

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