



INVESTING IN PEOPLE: THE IMPORTANCE OF HUMAN RESOURCE DEVELOPMENT IN THE DIGITAL AGE OF ISLAMIC BANKING

Asep Ghofir Ali ¹, Agus Rahayu ², Lili Adi Wibowo ³, Mokh Adib Sultan ⁴

Article History: Received: 01.02.2023

Revised: 07.03.2023

Accepted: 10.04.2023

Abstract

Human Resource Development (HRD) programs are crucial in ensuring the success of digital banking initiatives. This study aims to investigate the effectiveness of an HRD program implemented in a digital banking organization. The research design employed was an explanatory survey, which was chosen to explore the cause-and-effect relationship between the HRD program and the performance of digital banking staff. The study population consisted of digital banking 34 staff who participated in the HRD program, and data was collected through questionnaires and analyzed using statistical techniques. The findings of this study will provide insights into the impact of HRD programs on the performance of digital banking staff and inform the development of more effective HRD strategies for organizations in the digital banking industry.

Key words: digital banking, Human Resource Development, Islamic Banking

ghofir67@upi.edu¹

Universitas Pendidikan Indonesia^{1, 2, 3, 4}

DOI: 10.31838/ecb/2023.12.s1.025

Introduction

In recent years, there has been an increasing interest in the implementation of digital banking programs in the banking industry. The benefits of digital banking programs include increased efficiency, improved customer experience, and cost savings (Chauhan et al., 2022; Khan, 2022; Krisnanto, 2018; Popova, 2021). However, the success of digital banking programs depends on the ability of employees to use digital tools and technologies effectively (Aziz et al., 2021; Nguyen, 2020). Therefore, it is essential for organizations to invest in human resource development (HRD) to equip their employees with the necessary skills and competencies to work in a digital environment (Datta et al., 2020; Rosenbusch, 2020).

Human resource development (HRD) is a vital aspect of an organization's overall strategy (Datta et al., 2020; Emmanuel et al., 2021; Haneef et al., 2015). In today's digital age, the banking industry is also facing challenges to keep up with the rapid pace of technological advancements. With this in mind, the aim of this study is to investigate the implementation of a digital banking program in terms of human resource development. The study employs an explanatory survey design, which is appropriate for understanding the underlying factors that influence the implementation of the program.

Several studies have investigated the relationship between human resources development (HRD) and digitalization in the banking sector. For example, the study conducted by Eleonora et al., (2023) aimed to investigate the impact of digital technologies on employees, managers, and companies and the significance of implementing systematic digital skills development approaches on the strategic level of organizations. The research findings emphasized the growing influence of digital technologies on the workforce and the need for companies to integrate digital skills development as a strategic imperative. Another study by Mahmoodi et al., (2022) studies the impact of new technologies on organizational behavior in a bank, focusing on technology maturity and staff readiness. Results suggest that technology can have both positive and negative effects on factors such as stress, motivation, and personal satisfaction. The study suggests that managing negative effects and promoting positive ones is crucial for

controlling technology's impact on organizational behavior. The findings also indicate that technology can have positive effects on productivity and profits.

These studies provide valuable insights into the importance of HRD in the implementation of digital banking programs. However, there is a lack of research on the specific factors that influence the implementation of digital banking programs in terms of HRD. This study aims to fill this gap in the literature by investigating the implementation of a digital banking program in terms of human resource development using explanatory survey design.

Literature Review

Human Resource Development (HRD) in the digital banking sector in Indonesia has been a focus in recent years as the country's economy continues to grow and digitalization becomes more prevalent in the banking industry. The use of technology in HRD can improve the efficiency and effectiveness of recruitment, training, and employee development programs. By digitizing HR processes, financial institutions can attract and retain top talent, while also reducing administrative costs (Khan, 2022; Kitsios et al., 2021; Krisnanto, 2018).

Digital banking, in general, is also becoming increasingly popular in Indonesia (Kasri et al., 2022; Linawati et al., 2022). With the rise of smartphone usage and internet access, digital banking services such as mobile banking and online banking have become more accessible to a wider range of customers. This has led to an increase in competition among financial institutions to offer digital banking services, as well as a growing need for financial education to educate customers on how to use these services safely and effectively.

Islamic banking is a form of banking that adheres to the principles of Islamic law, also known as sharia. It has been growing in popularity in Indonesia in recent years, as it offers an alternative to conventional banking for those who wish to align their financial practices with their religious beliefs. The Central Bank of Indonesia has also implemented regulations to support the growth of Islamic banking in the country (Kasri et al., 2022). Islamic banking products and services have also been developed to cater the needs of

muslim customer in Indonesia, such as Islamic Credit card, Islamic Mutual Funds and Islamic Insurance. These products and services are have their own unique characteristics and shariah compliance which attract more customer to the industry.

Overall, the banking sector in Indonesia is going through a period of transformation, as the country's economy continues to grow and technology continues to play a larger role in the industry. Human Resource Development in digital banking and the growth of Islamic banking are important areas of focus in the country, as they can help to improve the efficiency, accessibility, and inclusivity of financial services in Indonesia.

Methods

In the process of research, the explanatory survey, descriptive and verification research methods were used to determine the specifics of the Human Resource Development (HRD) in digital banking to understand and explain a phenomenon. In this method, researchers collect data through surveys or interviews with a sample of participants, and then use statistical analysis to identify patterns and relationships between variables (Maulana et al., 2019; Suharto et al., 2022). The data collected is then used to develop explanations or hypotheses about the phenomenon being studied. Additionally, the data collected will be cross-validated with other sources. This method is effective in providing a detailed understanding of the complex phenomenon in the context of digital banking and HRD, and can help organizations make informed decisions about how to improve their processes and practices.

The stages of the explanatory survey method in both descriptive and verification research are as follows:

1. Defining the research question and objectives: This is the first step in conducting any research. In the case of explanatory survey, the research question should focus on understanding the relationship between different factors and how they affect a particular phenomenon.
2. Designing the research methodology: This involves deciding on the type of data to be collected, the sampling technique to be used, and the type of statistical analysis to be applied. It is important to design a methodology that will enable the researcher to achieve the research objectives.
3. Data collection: This involves recruiting participants, administering questionnaires, or conducting interviews. It is important to ensure that the data collected is valid and reliable.
4. Data analysis: Once the data is collected, it must be analyzed. Descriptive statistics are used to summarize and describe the data, while inferential statistics are used to test hypotheses and draw conclusions about the population from the sample data.
5. Interpretation and reporting of results: The last step is to interpret the findings and draw conclusions based on the data analysis. The results are then reported in a clear and concise manner, usually in the form of a research report or article.
6. Concluding the Research: Research concludes by summarizing the findings and providing recommendations for future research based on the current study's results.

Results

The development of Human Resources Development Program in Islamic banking continues to grow rapidly. This shows a strong commitment from Islamic banking in improving the quality of human resources they have. Islamic banking has adopted new and innovative approaches and means to enhance the competency and performance of their employees.

Programs aimed at improving the quality of individuals and the organization are part of Islamic banking's efforts to improve the quality of human resources they have. These programs include providing training and workshops related to the employees' field of work, providing opportunities to improve competencies through career development, and providing programs specifically designed to enhance individual competencies through training, coaching, or mentoring. Thus, Islamic banking can improve the quality of its human resources and enhance the overall performance of the company.

Table 1. Reliability Test Result

No	Statement	$C\alpha_{\text{calculate}}$	$C\alpha_{\text{table}}$	Conclusion
1	Digital Banking Program	0,946	0,700	Reliable
2	HR Development Program	0,972	0,700	Reliable

The results of the validity test for each item of the Digital Banking Program and HR Development Program variables show that 23 question items are all declared valid. This is determined based on the rhitung value obtained for each item, which is greater than the rtable value (0.381). Thus, the 23 indicators forming each variable can be used as a valid measuring tool in this research. The validity quality of each item is expected to provide reliable results and can be accurately interpreted in the data analysis to be conducted.

In Table 2, it shows the scores of Human

Resources Development Program obtained by Islamic banks for each dimension measured. The dimension of Organization showed the highest score with a value of 63.27%. This indicates that Islamic banks pay attention to the development of human resources in their organizations and have a good development system. This can be seen from the efforts made by Islamic banks in creating a conducive environment for employee development, such as providing training and workshops related to the employees' field of work, and providing opportunities to improve competencies through career development.

Table 2. Recapitulation of Islamic Banking Responses to the Human Resources Development Programme Dimension

Dimension	Total Scores	Item	Score Average	Minimum Scores	Ideal Scores	%
Individual	472	5	94.40	27	135	62.41
Organization	286	3	95.33	27	135	63.27
Total	758	8	189.73	54	270	125.68

Meanwhile, the dimension of Individual showed the lowest score with a value of 62.41%. This indicates that Islamic banks still need to improve their efforts to develop individuals within their team. This can be done by providing programs specifically designed to enhance individual competencies, such as training, coaching or mentoring. In addition,

Islamic banks should also provide opportunities for employees to develop creativity and innovation through programs aimed at improving individual performance. Thus, Islamic banks can improve the quality of their human resources and enhance the overall performance of the company.

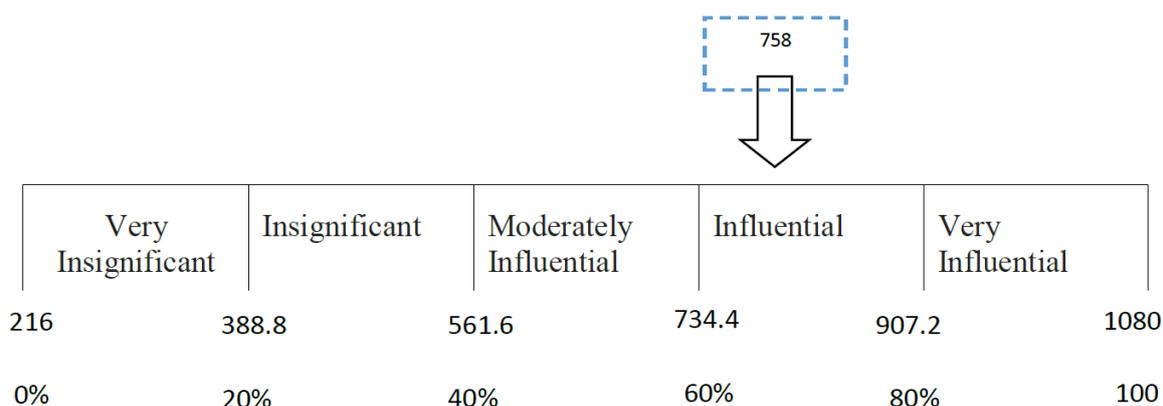


Figure 1. Human Resources Development Programme Variable Continuum Line

The Human Resources Development Program scores can be described as a continuum through Figure 1, Continuum Line of the Human Resources Development Program Variable. Based on the results of the minimum score interpolation of 216 and the ideal score of 1,080, it can be determined that the score obtained from the Human Resources Development Program is 758 or 62.73%. This indicates that the Human Resources Development Program has a relatively good impact but is still in the category of moderately influential.

The representation of the scores in a continuum line can provide a clearer visualization of the condition of the Human Resources Development Program and can be used as a reference for evaluating the performance of human resource development in Islamic banking. This analysis can be used to determine the direction and improvement strategies needed to enhance the quality of human resource development in Islamic banking.

Figure 1 shows that the Human Resources Development Program has a positive impact on Islamic banking, both in the development of individuals and organizations. To improve the performance of the company, more efficient and professional human resource management is required. There are six key elements in

human resource management that can help companies improve performance and competitiveness, namely recruitment, training and development, performance management, career development, compensation and recognition, and culture and work environment.

Companies should focus on improving culture and work environment, as well as managing change. Kotter, John P. & Heskett, James L. (1997) placed organizational culture as the main factor that conditions other factors, so it can be said that organizational culture has a close relationship to the success of an organization. Harvey and Bowin (1996) in their book reveal that it is increasingly clear that only companies with effective corporate culture can create increased productivity, improve employee sense of ownership, and ultimately increase company profits (Rahmisyari, 2016).

The score of digital banking program can be described in a continuum, as illustrated in Figure 2. The continuum for the digital banking program variable shows a score of 1,480 or 66.36% of the minimum interpolation score of 405 and the ideal score of 2,025. Therefore, the digital banking program is considered to have a relatively high level of influence, but still nearing the threshold of having a significant level of influence.

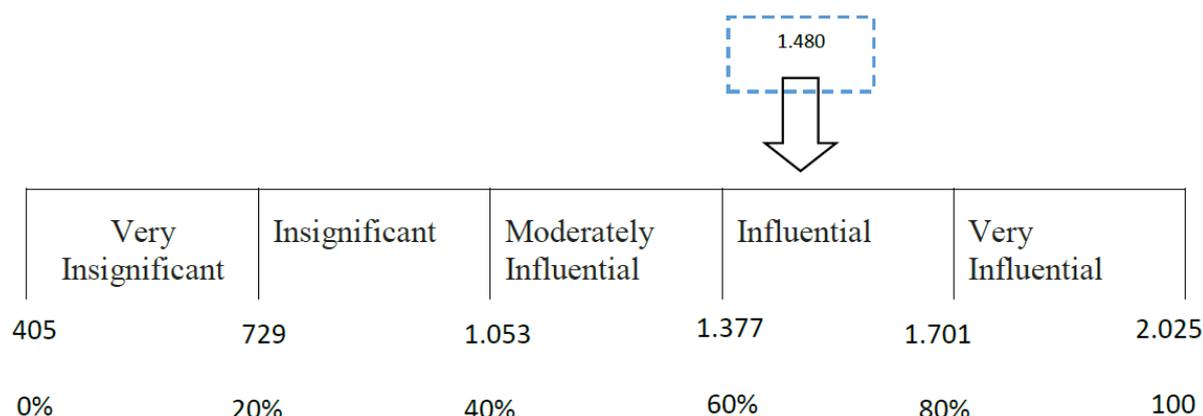


Figure 2. Digital Banking Program Variable Continuum Line

The score is placed in the continuum as follows: scores between 405 and 1,480 are considered to have a low level of influence; scores between 1,480 and 2,025 are considered to have a moderate level of influence; and scores above 2,025 are considered to have a high level of

influence. Placing scores on the continuum can provide a clear visual representation of the level of influence of the program and can be used to make informative decisions about program development and implementation in the future.

Description	Original Sample	Sample Mean (O)	Standard Deviation (STDEV)	T Statistics	P Values
HRDP →DBP	0.241	0.302	0.187	1.288	0.198

Table 3. Hypotheses Testing

Based on Table 3 shown, it can be seen that the relationship between Human Resources Development Program (HRDP) and Digital Banking Program (DBP) is not significant. This is indicated by the T-statistic value of 1.288, which is smaller than 1.96. Additionally, the p-value is also greater than 0.05, indicating that there is no significant difference between the two programs.

However, the positive original sample estimate value, which is 0.241, indicates that the direction of the relationship between HRDP and DBP is positive. But, since there is no significant difference between the two programs, then the H1 hypothesis in this research which states that "Human Resources Development Program affects Digital Banking Program" is rejected.

Conclusion

The conclusion from this research is that the human resource development (HRD) program

in Islamic banking in Indonesia has a relatively influential impact on the HRD Program variable. The HRD development indicator obtained the highest value, this proves that the human resources development program supports the change of mindset of employees in the digital economy has an impact on the Human Resources Development Program variable. However, the HRD program does not have a significant impact on the digital banking program.

Meanwhile, the digital banking program is measured through the dimensions of strategy, ease, and trust is in a position of influence but approaching moderately influential. The ease of access to information indicator obtained the highest value. This shows that the level of ease of accessing bank information through the digital banking provided by the bank has an impact on the Digital Banking Program variable. Banks need to develop business strategies that focus on digital banking services

to enhance operational efficiency and improve the quality of bank services to customers.

In addition, the fulfillment of three main factors as criteria for choosing Islamic banks which are indicators of customer satisfaction such as efficiency (corporal efficiency), speed, and friendliness are also crucial in enhancing digital banking services. Islamic banks must pay attention to these factors in improving their digital services to satisfy customers and maintain customer trust in Islamic banks.

Conflict Of Interest

The author declares that there is no conflict of interest for this publication

Reference

1. Aziz, M. R. A., Jali, M. Z., Noor, M. N. M., Sulaiman, S., Harun, M. S., & Mustafar, M. Z. I. (2021). Bibliometric Analysis Of Literatures On Digital Banking And Financial Inclusion Between 2014-2020. *Library Philosophy and Practice*, 2021, 1–31. <https://www.scopus.com/inward/record.uri?eid=2-s2.0-85105802138&partnerID=40&md5=9a63411bb60333194d83b89557ce341d>
2. Chauhan, S., Akhtar, A., & Gupta, A. (2022). Customer experience in digital banking: a review and future research directions. *International Journal of Quality and Service Sciences*, 14(2), 311–348. <https://doi.org/10.1108/IJQSS-02-2021-0027>
3. Datta, A., Vavilapalli, S., Tirumala, P., Harika, P., & Kumari, N. K. (2020). A comparative assessment on implementation of human resource development practices impact on employee productivity in public and private banks-an empirical study on banks in India. *Journal of Advanced Research in Dynamical and Control Systems*, 12(7), 686–696. <https://doi.org/10.5373/JARDCS/V12I7/20202051>
4. Eleonora, Z., Tetiana, R., Ihor, R., Nataliia, P., & Anastasiia, M. (2023). Analysis of digital marketing trends in 2022-2023 of the global fuel and energy complex (experience for Ukraine). *Quality - Access to Success*, 24(192), 360–367. <https://doi.org/10.47750/QAS/24.192.43>
5. Emmanuel, A. A., Mansor, Z. D., Rasdi, R. B. M., Abdullah, A. R., & Hossan, D. (2021). Mediating Role of Empowerment on Green Human Resource Management Practices and Employee Retention in the Nigerian Hotel Industry. *African Journal of Hospitality, Tourism and Leisure*, 10(3), 932–954. <https://doi.org/10.46222/ajhtl.19770720-141>
6. Haneef, M. A., Pramanik, A. H., Mohammed, M. O., Bin Amin, M. F., & Muhammad, A. D. (2015). Integration of waqf-Islamic microfinance model for poverty reduction: The case of Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*, 8(2), 246–270. <https://doi.org/10.1108/IMEFM-03-2014-0029>
7. Kasri, R. A., Indrastomo, B. S., Hendranastiti, N. D., & Prasetyo, M. B. (2022). Digital payment and banking stability in emerging economy with dual banking system. *Heliyon*, 8(11). <https://doi.org/10.1016/j.heliyon.2022.e11198>
8. Khan, I. U. (2022). How does culture influence digital banking? A comparative study based on the unified model. *Technology in Society*, 68. <https://doi.org/10.1016/j.techsoc.2021.101822>
9. Kitsios, F., Giatsidis, I., & Kamariotou, M. (2021). Digital transformation and strategy in the banking sector: Evaluating the acceptance rate of e-services. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(3). <https://doi.org/10.3390/joitmc7030204>
10. Krisnanto, U. (2018). Digital banking made transaction more trusted and secured? *International Journal of Civil Engineering and Technology*, 9(11), 395–407. <https://www.scopus.com/inward/record.uri?eid=2-s2.0-85057841826&partnerID=40&md5=1b4c1f60b6c1ddf882cf3b5141983673>
11. Linawati, N., Moeljadi, Djumahir, & Aisjah, S. (2022). The effect of profitability and bank size on firm value sustainability: The mediating role of

- capital structure. *Investment Management and Financial Innovations*, 19(2), 331–343.
[https://doi.org/10.21511/imfi.19\(2\).2022.29](https://doi.org/10.21511/imfi.19(2).2022.29)
12. Mahmoodi, A., Hashemi, L., Tahan, M. M., Jasemi, M., & Millar, R. C. (2022). Design a technology acceptance model by applying system dynamics: an analysis based on key dimensions of employee behavior. *Journal of Modelling in Management*.
<https://doi.org/10.1108/JM2-12-2021-0306>
13. Maulana, C. Z., Yuyus Suryana, S., Kartini, D., & Febrian, E. (2019). Building corporate reputation through corporate social re-sponsibility (CSR), corporate culture and value creation-in the industry of sharia banking in Indonesia . *Opcion*, 35(89), 2899–2921.
<https://www.scopus.com/inward/record.uri?eid=2-s2.0-85075419662&partnerID=40&md5=720be44b07163825b7ed5d60468db733>
14. Nguyen, O. T. (2020). Factors affecting the intention to use digital banking in Vietnam. *Journal of Asian Finance, Economics and Business*, 7(3), 303–310.
<https://doi.org/10.13106/jafeb.2020.vol7.no3.303>
15. Popova, Y. (2021). Economic Basis of Digital Banking Services Produced by FinTech Company in Smart City. *Journal of Tourism and Services*, 12(23), 86–104.
<https://doi.org/10.29036/JOTS.V12I23.275>
16. Rosenbusch, K. (2020). Technology Intervention: Rethinking the Role of Education and Faculty in the Transformative Digital Environment. *Advances in Developing Human Resources*, 22(1), 87–101.
<https://doi.org/10.1177/1523422319886297>
17. Suharto, S., Sigalingging, M., Ngaliman, N., & Nasikah, D. (2022). Engagement Organizational Justice on Altruism. *Quality - Access to Success*, 23(190), 179–186.
<https://doi.org/10.47750/QAS/23.190.20>