Islamic Banking Management's Perspectives and Practices on Stakeholders

Achmad Soediro, and Inten Meutia
Department of Accounting, Economic Faculty, Universitas Sriwijaya, South Sumatra, Indonesia

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Abstract: This qualitative study aimed to explore the perspectives, understandings, and management practices of the management of Islamic financial institutions on their stakeholders. Information was explored with in-depth interviews. The respondents were the managers of Islamic banking at different levels of management, and Islamic microfinance institutions (*baitul maal wa tamwil*). This study found that there was a diverse but not deep and comprehensive knowledge about stakeholders are among the personnel of Islamic banking. This understanding was influenced by the level of education, level of management and division of tasks. This caused management to have difficulty in mapping and managing their stakeholders. Another finding was that a good and deep understanding of *aqeeda* and *mu'amala* provided awareness and sense of responsibility to the management to always pursue the benefit for all stakeholders even without the understanding of secular-based stakeholders. The goal of managing stakeholders in Islamic financial institutions must be in accordance with the objectives of sharia, namely *maslaha*.

1 INTRODUCTION

Generally, stakeholders are very interested in economic and financial performance of an economic entity (Moneva, Rivera-Lirio and Muñoz-Torres, 2007; Akisik and Gal, 2017; Theodoulidis *et al.*, 2017; Barghathi, Collison and Crawford, 2018). So is the case with Islamic financial entities. Hasan & Asutay (2017) recorded the interests of the stakeholders of the sharia business entities that were concerned only with economic interests. Shareholders will always have an interest in increasing share value and avoiding losses; governments concern about taxes and economic stability generated by business entities; environmental activists concern about the funding for a nature conservation and. This indicates that all stakeholders, not limited to shareholders, management, owners and workers, have an interest in the economic performance of a sharia financial entity, explicit or implicit, direct or indirect others (Mallin, Farag and Ow-Yong, 2014; Zain, Darus and Ramli, 2015; Lassoued, Attia and Sassi, 2018; Zainuldin and Lui, 2018)

It is undeniable that every operation of the financial entity has an impact on the social life of the community. This condition also occurs in Islamic financial institutions (Wajdi Dusuki, 2008; Di Bella and Al-Fayoumi, 2016; Al-Kayed, 2017; Islam and Rahman, 2017). Stakeholder theory was born from the need to analyse the impact of interactions between financial institutions and their social environments. According to Alam (2006) stakeholder theory is at least based on several social theories, namely social contract theory, the theory of social legitimacy, ethical theory, and institutional theory where the discussion of this theory revolves around who the stakeholders are, what interests they pursue, and how the management's strategy for managing stakeholders. Al-Shamali, Sharif, & Irani (2013) defined that the theory of stakeholders is built on the assumption that there are other parties besides shareholders and management who have interests and rights that impact the financial entity. Furthermore, business entities are also social institutions that stand and are in the midst of society. So it can be said that all activities of financial entities will have an impact on social life and stakeholders where the entity is located (Oruc and Sarikaya, 2011; Tse, 2011; Wagner Mainardes,

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Alves and Raposo, 2011; Ditlev-Simonsen and Wenstøp, 2013)

The absence of further exploration of what stakeholder is and who stakeholders are from the view of Islam and how it should manage stakeholders in Islam provides discussion space for the benefit of the development of science and practical applications. As a financial entity that uses sharia as a foundation, it should be maslahah in maqasid syariah to become the initial foundation, spirit and purpose of operation of sharia banking entity in managing its stakeholders (Abdullah, 2012; Akram Laldin and Furqani, 2013; Shehu, Ahmad and Al-Aidaros, 2015; Shinkafi and Ali, 2017; Soediro and Meutia, 2018; Zaman *et al.*, 2018). So in relation to the achievement of maqasid shariah especially maslahah al maal by sharia financial entities (Kameel, Meera and Larbani, 2006; Akram Laldin and Furqani, 2013; Alam Choudhury and Nurul Alam, 2013; Salma Sairally, 2013), it becomes essential to explore the idea of how Islamic banking managements define stakeholders and their interests; and how Islamic banking manages the interests of its stakeholders. Philosophically and practically, Islamic financial institutions are different from conventional financial institutions, so naturally it has a different foundation of strategy in managing stakeholders. The results of this study are expected to contribute to the strategy of how Islamic financial institutions should be able to prepare their management in managing their stakeholders, especially in Indonesia as the country with the largest number of Moslems in the world with developing Islamic financial institutions.

2 METHODS

Qualitative interpretative strategy (W.L. Neuman and Alex, 2004; Lye, Perera and Rahman, 2006) and in-depth interviews (Berg, 2004; Boyce and Neale, 2006; Bryman, 2008) was conducted on a number of respondents consisting of respondents from sharia banking management, respondents from non-bank Islamic micro-finance institutions (*baitul maal wa tamwil)* as comparative respondents, Islamic banking customers in South Sumatra, Indonesia. Interview questions were directed to capture information related to the three parts of the framework in this research, i.e. Stakeholder Definition and Mapping; Defining stakeholder Interests; and Stakeholder Management. Actors in Islamic banking institutions are the main targets of extracting this information.

Respondents in this study consisted of ten respondents with a background in Islamic banking management, five respondents with backgrounds in non-bank Islamic microfinance institutions (*baitul maal wa tamwil*), and five Islamic banking customers. Respondents came from different levels of management and tasks in their institutions. Interviews were conducted with a span of one to two hours. Especially for respondents from the management of Islamic financial institutions, interviews were conducted to gather information about their understanding, experience and opinions about stakeholders and how they managed them. For the convenience and security of the respondents, their real names and identities were not published in this publication. Interviews were recorded with a recording device; some respondents were not willing to be recorded. Note taking important things was also done during the interview. The results of the interviews were analyzed thematically to harvest the expected research results.

3 FINDINGS AND DISCUSSIONS

3.1 Findings

3.1.1 Defining and Mapping Stakeholders

In general, respondents explain that stakeholders are parties who have interests to the institution where the respondents operate. In depth, there is a difference in the range of what they define as stakeholders. Respondents at lower-level management positions define stakeholders as depositor customers (person or institution who save or deposit their money in the bank). In mid-level management there is an addition as presented by Respondent BS1:

> *Surely the first is definitely the customer (depositor), because the bank is a financial institution that collects funds from the community to be channelled back to the community in the form of financing. ...... (at our institution) the customer is the first stakeholder. Then partners,…there are many partners, from the insurance, notary, …*

Respondent BS3, a top management at an Islamic bank in South Sumatra, said that the Financial Services Authority (OJK) was the primary stakeholder and is considered the most important. The reason was OJK had the power to direct and determine the policy of the bank even could close the bank. BS3 also considered OJK to be the most powerful stakeholders. While Respondent BS2 which was lower level management believed that the primary stakeholders was the depositor.

3.1.2 Defining Stakeholders Interest

With regard to stakeholder interests in Islamic banking, all respondents have the same experience that they consider the interests of the economic and financial performance of the institution are the most demanded by the stakeholders. This can be seen from the information from Respondent BS2 that in many cases, depositors often ask for negotiations on the amount of profit sharing they can get. Depositors always compare the amount of profit sharing from Islamic banks with the interest rate they can get if their funds are placed in interest-based banks. Respondent BS1 also added that the similar phenomenon. Respondent N1 who was a customer of an Islamic bank even did not understand about what Islamic banking, Islamic financial system, Islamic contract (*aqad*), and profit-sharing are. This phenomenon is also found in other Islamic banking customers who become respondents of this research. The economic and financial performance of Islamic banking that have an impact on increasing the economic benefits of customers are the main thing for customers although customers do not understand well the difference between sharia contract and conventional agreement. As explained by Respondent BS1:

> *Well, sometimes they (customers) usually associate with conventional, 7%, 8%, especially if we say "Mam, last month the range was 7-7.5%, but we cannot guarantee it will be the same because it depends on the profit that we get”...... .. There are still many who think the same (same between Islamic banking and conventional banking).*

One thing that is considered specifically from Respondent BS2 that related to the interests of customers for the economic performance of Islamic banking in South Sumatra:

> *In South Sumatra there are many rich people. Especially in Palembang and in areas that have excellent commodities. ..... Competition in "service" greatly affects the prospective customer in placing their funds. Perhaps in Java is fairer, with a high level of awareness of sharia. In fact there are many customers who do not want to take their portion of the profit sharing in several Islamic banking in Java*.

Respondent BS2 considered that the character of the people of South Sumatra, especially the customers of Islamic banking, differed considerably compared with Islamic banking customers in Java. He considered that customers in Java have a higher awareness of Islamic banking and sharia law. In South Sumatra, according to him, there were mental barriers that must be solved in first stage so that Islamic banking was well developed.

According to Respondent BMT3, Islamic financial institutions should prioritize the rights of Allah through policy making and implementation of operations that are really based on Islamic law or sharia. It is because the rights and rules of Allah SWT are the first and foremost thing to be fulfilled, then it can be said that these institutions are Islamic financial institutions. In terms of educational background, BMT3 is not a graduate of business and management education but he is only SMEs business actors. The BMT3 had attended *fiqh muamala* training intensively and paid the training fee from his personal funds. BMT3 admitted that from that training he gained awareness and understanding of the purpose of Islamic shari’a (*maqasid al shari’a*) and the obligation to fulfil what he called the rights of Allah SWT. BMT3 cannot fully clarify the term of stakeholder academically but he well explain that in Islam man has the obligation to give benefit to all parties around him as a form of worship to Allah especially to the parties who are called as stakeholders. The main purpose is the benefit based on the guidance of Allah SWT in the form of Islamic *shari'a* to all parties concerned in Islamic finance such as customers, members of BMT, management, investors, Sharia supervisory board, and government agencies.

3.1.3 Stakeholder Interest Management

For Islamic banking managements, customers are the main stakeholders, at least that is the conclusion of the explanation of some related respondents. Therefore, the interests of customers are considered as the main thing to be managed and accommodated. Some respondents eagerly share how their agency's strategy in managing their key stakeholder demands. This is as explained by Respondent BS1 below:

They have a very great impact on us. If they are disappointed, not happy with the related services, then they can reduce their funds, of course this will affect the bank's assets.

In order to maintain the financial interests of customers, Respondent BS1 explains:

Like financial reports, our headquarters are published every 6 months in the middle of the year ... Usually in printed media.... Islamic banking products must be owned by customers and can be enjoyed by all customers.

This is done to give customers confidence that the funds deposited in the Islamic bank are not only safe but also provide satisfactory results. Respondent BS2 explained that giving the opportunity to negotiate related to the percentage of profit sharing on priority customers is their strategy to keep customers with a large amount of funds. At certain times when the bank is in need of it (fresh money), the bank may provide a higher profit-sharing percentage of the standard to one or more customers in order to meet the bank's need for fresh funds.

For the Islamic banking's costumers, economic and financial interests are not based on an understanding of the concept of halal and haram possessions. This is evident in some respondents who have backgrounds of Islamic bank customers, for example Respondent N1 was currently back borrowing money from a conventional bank on the grounds that interest in conventional banks was smaller than the Islamic bank. Also, Respondent N2 who assumed that there was no problem in borrowing some funds from Islamic or conventional banks. For him, all the same, both in terms of requirements, as well as instalments those are not much different. When they were asked why most people in the region were reluctant to use the Islamic banks financing, Respondent N2 argued that most people did not know the mechanism of contract and financing in Islamic banking. The same thing happened to Respondent N4 still considered that the margin given by Islamic bank was similar to the interest in conventional bank though he said that "interest" in sharia bank could be negotiated, as what he said below:

… depending on the size of the loan, if the loan is above 100 million, interest rate 1.2%, if the loan is below 100 million interest rate 0.9%, and I can negotiate with the bank how much the interest rate that I and the bank want, win-win solution…

All respondents who have background of Islamic banking management claim that the problem of unfamiliarity about sharia banking and its contracts is a great barrier for the development of Islamic financial institutions, primarily for Islamic banking. Unfortunately from their acknowledgments the effort to educate customers and potential customers is a tough thing and is not considered their duty to do so. Respondent BS2 considered that it took a long time to educate people, especially Moslems to understand about the differences between Islamic and conventional banking. When asked about whether there had ever been an effort to raise awareness and understanding of the Moslem community especially the prospective customer and how the strategy, BS2 explained:

... Never, just does not seem to have an impact because it takes a long time, still we give the standard approach, we give the ordinary understanding so, we have a good product then we offer.

3.2 Discussions

The data obtained related to the understanding of stakeholders shows that there is a diversity of understanding about what is the stakeholders among the management of Islamic financial institutions. Unfortunately this diversity is without a deep and comprehensive understanding of stakeholders, but a general unstructured knowledge. This description can be seen from the explanations of each respondent when asked to provide an explanation of stakeholders according to them.

From the response given, there is no effort or special program of Islamic financial institutions to provide a complete understanding of the stakeholders to the management personnel. It is acknowledged by some respondents that an understanding of stakeholders is obtained by what they are and it is not the result of a particular program organized by the institution in which they work. The information and knowledge they get come from several sources such as information they have learned at a glance while in college, and other informal information. Knowledge of stakeholders gained during lectures, according to the respondents, is not a complete and in-depth knowledge that specifically deals with stakeholders but rather to sporadically obtained information from certain lecture materials. This also seems to occur a lot in Islamic banking management (Cader *et al.*, 2013; Awais Ahmad Tipu, 2014; Ben Abd El Afou, 2017; Ali *et al.*, 2018). The phenomenon produces an incomplete understanding of respondents about stakeholders. In addition, while working in Islamic financial institutions, some respondents claim that they have never been specifically given a deep understanding of stakeholders, both in training and education programs. They are required to work on and from materials published by the institutions they worked for. Therefore, from the above discussion it can be said that the level of education, both formal and informal education and; specific reading materials and discussions, as well as the length of working age of the respondents can be considered as factors that determine the depth and diversity of respondents' understanding of stakeholders. So the higher the education level of the respondents, the more reading material and loose discussion on the topics that pertain to a bit about stakeholders, and the longer the working age of the respondents the better their understanding of stakeholders. Nevertheless, their understanding of stakeholders is still not profound. This is because there are no special programs from Islamic financial institutions that provide discussion and understanding about stakeholders and all things related to it in detail and in depth, especially those related to stakeholders of their institutions. In fact, continuing training and education are important for strengthening the quality of Islamic banking management (Estiri *et al.*, 2011; Ishaq Bhatti *et al.*, 2011; Asrar Mirza and Riaz, 2012; Bailey, Albassami and Al-Meshal, 2016)

The lack of understanding above also occurs when respondents are asked about the views of Islam on stakeholders, how Islam defines stakeholders and who are stakeholders in the view of Islam. Almost all respondents answers that stakeholders in Islam are the same as stakeholders in secular views. From some respondents who background management on sharia financial institutions, only Respondent BMT3 who firmly says that the main party to serve its interests is Allah. BMT3 assumes that sharia financial institution is an Islamic sharia-based institution and must embody its work in order to achieve the goals of the institution by staying and always aligning to the sharia and Islamic principles. BMT3 defines that all human works are worship which is mandatory command from Allah. Consequently, this is also the mandatory for human as a servant of Allah and also sharia financial institutions as a business entity to always give the best work; and place the command of Allah as the ultimate goal. Similarly, in the operational of sharia financial institutions, according to BMT3, the main stakeholder and the first must be fulfilled his demands and interests is Allah. From the above explanation it is clear that good understanding of Islam especially *fiqih muamalah* and *aqeeda* is able to give awareness to *Moslem* businessman (in this case management of Islamic financial institution) to always be able to bring *maslaha* to all stakeholders as a whole in frame *maqasid sharia*. According to BMT3 this kind of awareness is not obtained from formal education that can be completed in a few years, but from continuous learning and spiritual activities accompanied by the commitment of the practice of the knowledge acquired till the end of life or what he termed as a *madal hayah* (lifelong education) (Leader, 2003; Hager, 2004; Agee, 2005; Boyadjieva and Petkova, 2005; Brendle-Moczuk, 2006; Williams, 2007; Eve, de Groot and Schmidt, 2007; Ahlgren and Engel, 2011; Isaksson *et al.*, 2015; Thayaparan *et al.*, 2015; Corrales-Herrero and Rodríguez-Prado, 2018).

From the fact above, it also can be concluded that without the knowledge of secular based-stakeholders, the management of sharia financial institutions can have an awareness to serve the interests of its stakeholders. This awareness comes from deep knowledge and understanding; good and continuous practices of the teachings of Islam, especially in Islamic business and financial institutions. The very important knowledge and understanding are primarily on Islamic *fiqh muamala* and *aqeeda*. *Fiqh muamala* delivers an understanding of prohibitions and obligations, while *aqeeda* provides the awareness of servitude to Allah. This will produce the spirit to serve fellow human beings and the universe as a form of ultimate mission as caliph (Allah representative on earth) to achieve *maslaha* in the world and the hereafter. The synthesis of the science, understanding and awareness of *shari'a* and aqeeda that is continuously reinforced can direct human beings (operators of sharia financial institutions) into efforts to serve their stakeholders. It will create an effort to understand who the stakeholders are, what their interests are, what strategies and how far the operator can try to meet the interests and demands of its stakeholders without injuring the interests and demands of its main stakeholders, Allah. Inadequate understanding of stakeholders on a conventional secularist basis should not be an obstacle for operators of sharia financial institutions to map out, strategize and fulfil the mandate, demands and interests of stakeholders in accordance with what

Allah (ultimate stakeholder) commands in the Islamic Shariah (Al-Aidaros, Shamsudin and Idris, 2013; Khan and Rasheed, 2015; Attahiru, Al-Adairos and Yusof, 2016; Zakiah and Al-Aidaros, 2017; Hassan and Aliyu, 2018). This is in fact consistent with the idea of the Islamic stakeholder theory according to Hasan and Asutay (2017) which is based on four basic principles of *tawheed*, *shura*, ownership rights and commitment to both implisit and explicit contractual, which control the economic and social behaviour of individuals of society include '*adl*, *rububiyah*, and *tazkiyah*.

Both of the issues have definitely contributed greatly to the problem of stakeholder mapping in sharia financial institutions. Due to inadequate understanding, the management actors in sharia financial institutions also appear to have difficulties in mapping and managing their stakeholders. For respondents with sharia banking background, the most important stakeholders for them are the stakeholders closest to the tasks they hold. Marketing of Islamic financial institutions considers depositors are the most important stakeholders. This is because depositors will greatly contribute to institutional finances that ultimately bring both career and income benefits to them. For the respondents in charge of debtor customers, the debtor customers are their main stakeholders. This is because when the debtor is treated well then the debtor is expected to provide a good income as well. On the contrary, poor treatment will reduce income and even incur losses for respondent institutions. Revenue from debtors or financing customers (often called margin by respondents) is the main income for Islamic financial institutions. Respondents at upper level management said that the Financial Services Authority (OJK) was the most important for the reason that OJK could close the bank which they found unfavourable. It is seen that the degree of significance of stakeholders is determined by the position, level and responsibility of each personnel in Islamic financial institutions. This can lead to a non-holistic and unplanned approach to stakeholder management. Every management personnel in Islamic financial institutions has each definition and urgency about stakeholders in accordance with what they think is important related to their job, then managing the stakeholders according to what they understand. Islamic financial institutions should have a stakeholder map (Hutt, 2010; Pavlov and Bourne, 2011; Legget, 2012; Looser and Wehrmeyer, 2015) with various interests and management strategies so that operators of Islamic financial institutions will understand in detail and complete who stakeholders are, what the interests of stakeholders are and how to manage them. This can be fulfilled if the organization always provides direction to management personnel about the importance of stakeholders in achieving organizational goals (Smith, 2002; Simmons, 2008; de Bussy and Suprawan, 2012; Park and E. Levy, 2014; Erina, Ozolina-Ozola and Gaile-Sarkane, 2015; Shinbaum, Crandall and O'Bryan, 2016; Chaudhary, 2017; Liu *et al.*, 2018).

The respondents understand that economic and financial performance are the most important thing to be achieved by any financial institution, whether it is Islamic or non-Islamic. The amount of Third Party Funds, profits and increases in the number of assets are some indicators to measure good or bad management performance (Eljelly and Abdelgadir Elobeed, 2013; Ben Slama Zouari and Boulila Taktak, 2014; Erol *et al.*, 2014; Mbama and Ezepue, 2018). From this perspective, the business of achieving economic and financial performance in Islamic financial institutions generally does not differ much from its conventional rivals. This is as explained by respondents with the background of Islamic banking; especially Respondents BS2 which explains that so far efforts to achieve performance targets of Islamic banking is still done in a conventional way. So it is natural that some respondents who are Islamic banking borrowers or depositors do not understand what the differences between Islamic and conventional banking are. They do not understand about the contracts and products of Islamic banking in detail which is much different from conventional banking products. They consider the margin in Islamic banking as the interest; both are considered just the same but different in mentioning. In fact, borrowers consider conventional banks better because the interest rates are smaller than the interest rate of Islamic banks. Depositors also have the same understanding, that interest and margin are the same things. This should not occur and recur if Islamic banking personnel receives adequate, sustainable and evaluated training (Duguay and Korbut, 2002; Daniels, 2003; Pollitt, 2010; Redman, 2011; Ghosh *et al.*, 2011, 2012; Diamantidis and Chatzoglou, 2012; Fawad Latif, 2012; Voegtlin, Boehm and Bruch, 2015; Chukwu, 2016; Mellor *et al.*, 2016; Kucherov and Manokhina, 2017). It is especially in terms of understanding sharia; and transferring the understanding to other stakeholders, primarily to customers.

The mapping of stakeholders' interests in an institution, especially financial institutions, is very important for the sustainability of its operations. The mapping must be based on a deep and comprehensive understanding of who stakeholders are and what their interests are towards the institution. The good stakeholders mapping can provides great benefits to the process of managing stakeholders. This can result in trust and legitimacy of operations for institutions from stakeholders; and have a positive impact on financial institutions. This is also applied to Islamic financial institutions.

4 CONCLUSIONS

From the discussion above, it can be concluded that there is a diversity of understanding of stakeholders among Islamic financial institution personnel. Unfortunately this diversity comes without a deep and comprehensive understanding of stakeholders, but a general unstructured knowledge. Because of inadequate knowledge, personnel in Islamic financial institutions has difficulties in mapping the stakeholders of their institutions, moreover managing the interests of their stakeholders. Every management personnel in Islamic financial institutions has each definition and urgency about stakeholders in accordance with what they think it is important related to their job, then managing the stakeholders according to what they understand. The above problems are caused by the absence of special programs from Islamic financial institutions for personnel related to the management of stakeholders. This program can be in the form of special training related to stakeholder management. In addition, discussion activities and the provision of material (printed and electronic) are also programs that can be carried out by institutions. These things must be able to facilitate personnel to define, map and manage stakeholders with all their interests. Furthermore, the above program should be provided early on when Islamic financial institution personnel join the institution, and are provided in a planned, sustainable and evaluated manner, so that all personnel have integrated views and actions even at the level of management.

Furthermore, the respondents who are Islamic financial institution personnel also cannot understand how Islamic financial institutions define, map and manage their stakeholders. The reason is the same as what it is described above. However, lack of understanding of the conventional secularist based stakeholders should not be a barrier for Islamic financial institution personnel to be able to map, strategize and fulfil the mandate, demands and interests of stakeholders in accordance with what Allah (as the ultimate stakeholder) commands in sharia. This is because by being a good Moslem and carrying out the commands of Allah in accordance with the guidance of the sharia, it is certain that it will produce the behaviour expected by Islamic financial institutions. This behaviour is primarily an attitude to serve the interests of stakeholders which are the embodiment of the duty of a Muslim as the caliph on the earth. The behaviour, based on evidence from BMT3 respondents, comes from a deep and comprehensive understanding of Islamic *aqeeda* and *sharia*, especially *fiqh muamala*. Another thing that can be taken from the phenomenon of Respondents BMT3 is that in addition to formal programs from Islamic financial institutions related to stakeholder management, the independent, sustainable and lifelong learning (*madal hayah*) related to *aqeeda* and *fiqh muamala* is very important and fundamental. This will realize the personnels of Islamic financial institutions who are professional and have self-awareness about their purpose as *khilafa fil ardh*, to achieve benefit (maslaha) in the world and the hereafter.

The goal of managing stakeholders in Islamic financial institutions must be in accordance with the objectives of sharia, namely *maslaha*. *Maslaha al maal*, in particular, is the main objective of the economic and financial performance of Islamic financial institutions. If the understanding of *maqasid sharia* specifically *maslahah al maal* is not adequate, then the efforts to achieve economic and financial performance will not reach what is aspired by sharia. This makes Islamic financial institutions have no different from conventional financial institutions; and will surely bring huge losses and slander to Islamic financial institutions. The dimension of *maslaha al maal* does not become a benchmark for the economic and financial performance of Islamic financial institutions because of the constraints of lack of knowledge, understanding and awareness to always be in accordance with the *maqasid shari*a framework which should be derived from a good understanding of *aqeeda* and *fiqh muamalah;* and carried it out continuously.

For Islamic financial institutions, good stakeholder management must begin with the preparation of good management resources, in accordance with Islamic sharia and *maqasid sharia* guidelines. In contrast to conventional financial institutions that only pursue profit targets, management of Islamic financial institutions must be able to guarantee the strategy and how to obtain these benefits to not violate the prohibition in sharia and harmonize with the goal of sharia. Therefore, management of Islamic financial institutions must be chosen, educated and trained not only based on the perspective of secularist feasibility but more than that must also based on the perspective of Islamic ideology. An in-depth understanding of *fiqh muamalah* and *Islamic aqeeda* with sustainable teaching on management will provide the expected contribution.

Further empirical research with a wider range of respondents is needed to acquire information about the impact of teaching and understanding of *fiqh muamalah* and *Islamic aqeeda* for achieving the goals of Islamic financial institutions.

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