

## Leadership in Islamic economics and finance 4.0

Dian Masyita

University of Padjadjaran Indonesia

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### ABSTRACT

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New technology drives companies to be more efficient in production, seek new markets, and utilize millennials' emergence in an increasingly digital world. Given the situation in Indonesia, Islamic economics and finance are an alternative to develop in Indonesia. The number of human resources for this field is in sufficient quantity. Indonesia is the most rapidly increasing nation in the world. Even so, Indonesia's rankings in Islamic economics and finance are still far from what they should be. To improve Indonesia's position in the world, it is necessary to have young leaders who can move Islamic economics and finance towards the aspirations and achieve the main goal of improving people's welfare, reducing poverty, and making Islam a *rahmatan lil'alamiin*.

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### Introduction

Life is full of uncertainty and let's prepare to identify problems well. There are so many problems faced by the community, including the younger generation. The younger generation faces challenges that are far different both in scale and variety from the previous generation. The question is, is the younger generation now ready to face this disruption? How can youth become agents of change? What do young people need to become agents of change? ACer all, youth must be able to transform themselves. ACer being able to transform themselves, then they can transform the group/organization/business or others. Youths are expected to become leaders who can change the world and life for the better than before. That is not an easy task.

In this conference, we will discuss how a leader can become an agent of change, leader 4.0. A leader who can make the change as agent of change, LEADER 4.0. The current condition cannot be separated from digitalization, volatility, uncertainty, complexity, ambiguous (VUCA) where there are very high competition and very complex problems. For that, we need a leader who is adaptive to digital, oCen called leadership 4.0. VUCA begins to be felt in various layers of life. It takes a strong

character from youth and leaders 4.0. They must be resilient and dare to try. Dare to try and fail. Elon Musk has often stated that "A failure is an option here. If things are not failing, you are not innovating enough. Persistence is very important. You should not give up unless you are forced to give up". But overall, getting a strong leader 4.0 is not easy, talent is not enough, but character and personality are the most important things. A good heart is very important as said by Elon Musk "My biggest mistake is probably weighing too much on someone's talent and not someone's personality. I think it matters whether someone has a good heart".

### Why do we need leadership 4.0?

The Industrial Revolution 4.0 makes companies seek to take advantage of the emergence of "new technologies" to achieve high levels of efficiency in production, expand new markets, and be able to compete with an increasingly global consumer based millennial generations who use digital facilities. A condition where there is a switching of a process that requires human power to turn into a process that uses machines or technology. A situation like this "forces" leaders in all industries to formulate a "strategy" for a workforce that is ready to face this "new era challenge" of accelerating change and innovation.

Why do we need leaders who are tough, creative, and smart? John Chambers - Executive Chairman, Cisco Systems said that "At least 40% of all business will die in the next 10 years ... if they don't figure out how to change their entire company to accommodate new technologies". Economy and business cannot be separated from technology. The economy and business in Indonesia, which is a country with the largest Muslim population, is the motor that drives people's lives. As the country with the largest Muslim population in Indonesia, the sharia economy and business have become a hot topic and an important topic of conversation, from the government to the grassroots. It is not surprising that various government policies are directed to support the Islamic economy and finance in the country. At the same time, technology is growing rapidly and is beyond our imagination. The rapid changes and conditions of VUCA created the economic situation and sharia businesses had to be able to adjust.

Therefore, in this conference it is interesting to discuss and answer some of the basic questions below: (1) What is the work plan of the younger generation to make Indonesia the center of the Islamic economy in the world?; (2) How to prepare young people to learn well and help create an economy that brings prosperity to society?; (3) Technology, IoT, artificial intelligent (AI) are growing rapidly, at the same time, Covid 19 changes the world! Are we ready?; (4) The world economy and finance are also transforming and adapting to new technological developments and human behavior due to the Covid 19 pandemic, what should we do??

In this conference, we tried to answer the questions above. We also learned about the journey of the Industrial Revolution from the first revolution (1st industrial revolution) in 1784 until the fourth generation of revolution, industrial 4.0. We then learned about the development of leadership theory from leadership 1.0 until 4.0.

### **How to prepare to be a leader 4.0 for Youth as Agents of Change?**

Almost all sectors must prepare in terms of human resources and systems that support these changes, such as digital employee systems, knowledge management systems, i-flow, smart sharing and learning, to talent management systems. With these changes, conditions in all industrial sectors have undergone very rapid and very dynamic changes so that many people say that this situation is very fragile; volatile, uncertain, complex, and unclear/ambiguous (VUCA). In a VUCA situation, leaders are required to have a clear long-term vision but flexible and adaptive with a short response duration, because the human resources faced in their work environment are the younger generation who want everything fast and dynamic. The phenomenon of corporate pressure due to the VUCA turmoil has occurred in various industries and levels of society. To deal with all of this, leaders must be prepared and continuously improve their personal competitiveness and be ready to become agents for change in supporting their respective businesses.

In this event, we discussed about Molecular Leadership 4.0 Competency Model. There are Five Competency Model for Leadership 4.0 according to Mdluli dan Makhupe, 2017: (1) Emotional Quotient (EQ); self-awareness, self-regulation, motivation, empathy, & social skills; (2) Digital Quotient (DQ); apply the individual characteristics of a leader with the digital evolution of the organization. Culture: mindset and behavior accommodating to digital change. Strategy: vision, goals and organizational strategy to accommodate business digital aspirations in the short, medium and long term. Capabilities: ability to use systems, tools and technology to achieve digital strategy goals Organization and Talent: the use of systems, tools and technology to achieve digital strategy goals (1) Agility and Adaptability Quotient (AAQ); innovating, performing, reflecting, risking, & defending; (2) Socio-cultural Quotient (SCQ); cultural knowledge, cross-cultural skills, cultural metacognition (Mindfulness), & social aspects; (1) Creativity and innovative Quotient (CIQ); keep up with the speed and depth of changes that occur due to digital developments.

Based on the situation that has developed in Indonesia recently, Islamic economics and finance are increasingly being felt to be alternative solutions to develop in Indonesia. The number of human resources engaged in this field has begun and is of sufficient quality. This can be seen from the increasing ranking of Indonesia in the world. Even so, Indonesia's ranking in the field of Islamic economics and finance in the world is still far from what it should be. According to "Global Islamic

Economy Indicator, Indonesia obtained a Rank score no. 4, Halal food industry no 4, Islamic Finance no. 6, Muslim Friendly Travel no. 6. The market share of Islamic Finance is 9.63%, and Islamic Banking 6.18% (June 2020). In order to improve Indonesia's position in the world, it is necessary to have young leaders who are able to move Islamic economics and finance towards the aspirations and achieve the main goal of improving people's welfare, reducing poverty, and making Islam a rahmatan lil'alamiin.