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Digital Transformation and Human Resource Development in the Industry 5.0 Era: A Sharia Economic Framework for Sustainable Organizational Innovation

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Abstract: Digital transformation in the Industry 5.0 era has generated a new paradigm in modern organizational management by positioning the integration of intelligent technologies and human-centered innovation as the primary foundation of organizational change. This article aims to examine the digital transformation of modern organizations from a Sharia economic perspective by emphasizing the implementation of *maqāṣid al-sharīʿah* principles in the development of a productive, sustainable, and human-centered industrial ecosystem. This study employs a library research method with a descriptive-analytical approach through a review of relevant literature on Industry 5.0, digital transformation, and Islamic economics. The findings indicate that the adoption of digital technologies, including Artificial Intelligence, big data, blockchain, and the Internet of Things, should be directed toward the realization of social welfare, distributive justice, transparency, and the prevention of exploitative practices. Human resource development constitutes a strategic factor through the enhancement of digital literacy, ethical competencies, and adaptive capabilities. Furthermore, challenges such as digital competency gaps, organizational cultural resistance, and weak Sharia-based technology governance can be addressed through the implementation of Sharia Digital Governance, the ethical optimization of intelligent technologies, the development of digital halal business models, and strengthened collaboration among academics, regulators, and industry practitioners. These practices imply that the Sharia economic perspective can serve as a guiding framework for digital transformation in the Industry 5.0 era, ensuring that technological innovation develops in a sustainable and equitable manner while generating long-term benefits for society.

Keywords: Digital Transformation; Industry 5.0, Islamic Economics, Maqaṣid al-Sharīʿah.

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Abstrak: *Transformasi digital pada era Industri 5.0 telah melahirkan paradigma baru dalam manajemen organisasi modern dengan menempatkan integrasi teknologi cerdas dan inovasi yang berpusat pada manusia sebagai fondasi utama perubahan organisasi. Artikel ini bertujuan untuk mengkaji transformasi digital organisasi modern dari perspektif ekonomi syariah dengan menekankan implementasi prinsip-prinsip maqāṣid al-sharīʿah dalam pengembangan ekosistem industri yang produktif, berkelanjutan, dan berorientasi pada kesejahteraan manusia. Penelitian ini menggunakan metode studi kepustakaan dengan pendekatan deskriptif-analitis melalui telaah berbagai literatur yang relevan mengenai Industri 5.0, transformasi digital, dan ekonomi Islam. Hasil kajian menunjukkan bahwa adopsi teknologi digital, termasuk Artificial Intelligence, big data*, *blockchain,* dan *Internet of Things, perlu diarahkan pada terwujudnya kemaslahatan sosial, keadilan distributif, transparansi, serta pencegahan praktik-praktik eksploitatif. Pengembangan sumber daya manusia menjadi faktor strategis melalui peningkatan literasi digital, kompetensi etis, dan kemampuan adaptif. Sementara itu, tantangan berupa kesenjangan kompetensi digital, resistensi budaya organisasi, dan lemahnya tata kelola teknologi berbasis syariah dapat diatasi melalui penerapan* syariah digital governance*, optimalisasi teknologi berlandaskan etika, pengembangan bisnis halal digital, serta penguatan kolaborasi antara akademisi, regulator, dan pelaku industri. Praktik ini memberikan implikasi bahwa perspektif ekonomi syariah dapat berfungsi untuk mengarahkan transformasi digital pada era Industri 5.0, sehingga inovasi teknologi dapat berkembang secara berkelanjutan, berkeadilan, dan memberikan manfaat jangka panjang bagi masyarakat.*
Kata Kunci: *Transformasi Digital, Industri 5.0, Ekonomi Syariah, Maqāṣid al-Sharīʿah*

Introduction

The rapid digital transformation of the past two decades has brought fundamental changes to the global economic structure, work patterns, and the dynamics of modern organizations. The Industry 4.0 wave, characterized by automation, artificial intelligence (AI), big data analytics, and the Internet of Things (IoT), has accelerated digitalization in nearly all sectors.[1] Entering the Industry 5.0 era, the focus is no longer solely on automation and efficiency, but on the synergy between intelligent technology and human-centric innovation, namely the ability to place humans at the core of industrial and organizational processes.[2] This paradigm demands a new perspective that is not only technological, but also ethical and values-based, thus embracing Islamic

[1]Klaus Schwab, *The Fourth Industrial Revolution* (Geneva: WEF, 2016), p. 7–25.

[2]European Commission, *Industry 5.0: Towards a Sustainable, Human-Centric Futup. re* (Brussels, 2021), p. 5–8.

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economics as a relevant normative framework to guide this transformation process.[3]

Globally, various reports indicate that digital transformation presents both significant opportunities and serious challenges for the world of work. The World Economic Forum (WEF) notes that human skills such as empathy, values-based leadership, and integrity are increasingly important because they cannot be completely replaced by machines.[4] Meanwhile, the development of digital technology has given rise to a digital capability gap, causing some workers to lag behind in adapting to technology.[5] This phenomenon is not only occurring globally but is also glaring in many organizations in Indonesia, which experience a digital literacy gap and weak ethical integration in technology adoption.

At the micro-organizational level, there is a growing concern that digitalization is often interpreted solely as the use of technology-based tools or devices, without accompanying character building and equitable governance.[6] Consequently, many digital transformation processes fail to significantly improve service quality, productivity, or human relations within organizations. In fact, several studies have identified the potential for user data misuse, algorithmic bias, and exploitation in digital work models.[7] This situation demonstrates the urgent need to incorporate ethical, humanitarian, and moral values into digital innovation.

As a discipline, Islamic economics offers principles that can guide the use of technology toward the benefit (maslahah), justice ('adl), transparency (tabligh), and protection from harm (darar).[8] Symptoms of an ethical crisis in the digital era, such as information manipulation, data exploitation, and the commercialization of humans as digital commodities, demonstrate the urgency of Islamic thought in providing normative guidelines.[9]

Furthermore, many organizations face serious challenges related to inadequate human resource (HR) development, which is not keeping pace with

[3]Antonio Syafi'i, *Bank Syariah: Dari Teori Ke Praktik* (Jakarta: Gema Insani, 2011), p. p. 34–40.

[4]World Economic Forum, *Future of Jobs Report* (Geneva: WEF, 2020); Schwab, Klaus, and Saadia Zahidi, *The Future of Jobs Report 2020* (Geneva: World Economic Forum, 2020), p. 35–38.

[5]Harari and Yuval Noah, *21 Lessons for the 21st Century* (London: Jonathan Cape, 2018), p. 24–32.

[6]Don Tapscott, *The Digital Economy: Promise and Peril in the Age of Networked Intelligence* (New York: McGraw-Hill, 1995), p. 45–67.

[7]Cathy O'Neil, *Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy* (New York: Crown Publishing Group, 2016), p. 16–66.

[8]Abu Hamid Al-Ghazali, *Al Mustasfa Min Ilm Al-Ushl* (Beirut: Ar-Risalah, 1997).

[9]Hafas Furqani, Gunawan Adnan, and Ratna Mulyany, "Ethics in Islamic Economics: Microfoundations for an Ethical Endogeneity," *International Journal of Ethics and Systems* 36, no. 3 (2020), p. 449–463

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the rapid pace of technological change. HR is required not only to master technical skills, but also moral literacy, digital literacy, and the ability to adapt to change.[10] Companies that fail in the digital transformation process are generally those that neglect HR development and focus solely on technology investments.[11]

The digital divide is becoming increasingly visible, not only between developed and developing countries, but also between industrial sectors, regions, and workforce groups.[12] In the context of modern organizations, this gap creates unequal productivity and reduces the effectiveness of digitalization. An approach that integrates Sharia values offers potential solutions through the principles of inclusivity, equitable access, and fair distribution of digital capabilities.

Given the above phenomena, there is a significant research gap between the reality and the ideal of Sharia norms that should be implemented. The digital transformation undertaken by many organizations is oriented more toward efficiency and short-term economic gain without considering ethical aspects, justice, and social impact.[13]

Sharia economics demands the application of technology that upholds the principles of *maslahah* (benefit), social justice, and human protection.[14] Some organizations still neglect comprehensive human resource development; upskilling programs emphasize technical skills over attitudes, moral values, and integrity.[15] Sharia economics emphasizes holistic human development, encompassing spiritual, moral, and intellectual aspects.[16] The lack of implementation of the principles of trustworthiness, transparency, and fairness in the use of data, algorithms, and digital systems. Many organizations lack an ethical framework.[17]

[10]Bernard Marr, *Future Skills: The 20 Skills and Competencies Everyone Needs to Succeed in a Digital World* (Hoboken: NJ: Wiley, 2022), p. 19–34.

[11]Thomas H. Davenport and Jeanne G. Harris, *Competing on Analytics: The New Science of Winning* (Boston: Harvard Business School Press, 2007), p. 85–116.

[12]United Nations Development Programme (UNDP), *The Evolving Digital Divide* (New York: UNDP, 2021).

[13]Shoshana Zuboff, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power* (New York: PublicAffairs, 2019).

[14] M. Umer. Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah (Islamic Development Bank)* (Jeddah: Islamic Research and Training Institute, 2008).

[15]P. F. Drucker, *Management Challenges for the 21st Century* (New York: HarperBusiness, 1999).

[16]Seyyed Hossein Nasr, *Islam and the Plight of Modern Man* (London: Routledge, 1993).

[17]Frank Pasquale, *The Black Box Society: The Secret Algorithms That Control Money and Information* (Cambridge: Harvard University Press, 2015).

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Sharia offers a framework for Sharia Digital Governance, namely, digital governance that is ethical, responsible, and ensures the welfare of all.[18]
This research gap highlights the need for studies that integrate a Sharia economic perspective with the Industry 5.0 concept, particularly regarding digital transformation and human resource development. While numerous studies address digitalization from an Islamic perspective, studies specifically integrating sharia principles, smart technology, and human resource development within the context of modern organizations are still very limited. This is the research niche this research aims to fill.

The integration of sharia principles, smart technology, and human resource development is a strategic foundation for modern organizations seeking to build an ethical, efficient, and sustainable work ecosystem. Sharia principles essentially provide a normative framework governing how technology is used to maintain alignment with the values of welfare, justice, and transparency, which are the core tenets of Islamic teachings.[19] This framework ensures that today's rapidly evolving digital innovations not only pursue operational effectiveness but also address their moral and social consequences.

Intelligent technologies, including artificial intelligence, big data analytics, machine learning, and automation, help organizations accelerate information management, improve decision accuracy, and maximize efficiency in various managerial processes.[20] However, without moral values as a foundation, technology can deviate from its ethical goals. This is where the maqāṣid al-syarī'ah (objectives of Islamic law) plays a role as a philosophical guide, directing the application of technology to the public good and preventing potential harm (mafsadah) that may arise from uncontrolled digitalization.[21]

In this context, strengthening human resources is a key element in uniting Sharia values and smart technology. Superior human resources are required not only to master digital skills but also to possess integrity, moral maturity, and spiritual commitment to their work.[22] Sharia-based human resource development in the modern technological era emphasizes a balance between hard skills, such as digital literacy, analytical understanding, and the ability to operate smart technology, and soft skills, such as trustworthiness,

[18] Zainudin, Muhammad. "Digital Governance in Islamic Organizations." Journal of Islamic Management, (2022).

[19] Al-Qaradawi, Yusuf. *Fiqh Maqashid al-Syariah*, (1999)

[20] Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies* (New York: W. W. Norton & Company, 2014).

[21] Jasser Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law: A Systems Approach* (London: IIIT, 2008).

[22] Sedarmayanti, *Manajemen Sumber Daya Manusia Dan Produktivitas Kerja* (Bandung: Mandar Maju, 2017).

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responsibility, honesty, and the ability to maintain ethics in every decision.[23] With this combination, human resources becomes the primary driver to ensure technology remains within the correct values.

When these three aspects are well integrated, modern organizations are able to create governance that is not only oriented towards innovation but also prioritizes humanitarian values and sustainability. The integration of Sharia, smart technology, and human resources will produce an organization that is adaptable to global competition while maintaining its moral identity. This is a form of organizational transformation that emphasizes not only economic achievement but also a tangible contribution to social welfare and the formation of a more ethical and humane work culture.[24]

The researcher's interest in this theme arose from direct observation of organizations both public and private sectors—facing the pressures of digitalization but lacking a clear direction in integrating Sharia ethics into their transformation processes. Many organizations remain trapped in the paradigm of technology as an end in itself, rather than as a tool for improving organizational quality. This situation contradicts the Islamic economic perspective, which places humans, not technology, at the center of development.[25]

Furthermore, the literature shows that the human-centered approach in Industry 5.0 aligns with the core teachings of Sharia, which uphold the values of rahmatan lil 'alamin (blessings for all the worlds) and balance (mīzān).[26] However, there has been limited research that comprehensively examines how these values can become strategies, innovations, and concrete frameworks for action in modern organizations. This reinforces the urgency of this research.

This study is built upon the assumption that digital transformation serves as a strategic driver of organizational change and performance improvement. Digital transformation refers to the integration of digital technologies into organizational processes, services, and decision-making systems to enhance efficiency, innovation, and competitiveness. However, the effectiveness of digital transformation is not determined solely by technological adoption but also by organizational capabilities and governance mechanisms.

In this framework, Human Resources Development (HRD) plays a crucial role in supporting digital transformation. The successful implementation of digital technologies requires employees to possess adequate digital

[23]Zohar, Danah, and Ian Marshall, *Spiritual Capital: Wealth We Can Live* (San Francisco: Berrett-Koehler Publishers, 2004).

[24]Robert S. Kaplan and David P. Norton, *Strategy Maps: Converting Intangible Assets into Tangible Outcomes* (Boston: Harvard Business School Press, 2004).

[25]Irfan Syauqi Beik and Laily Dwi Arsyianti, *Ekonomi Pembangunan Syariah* (Jakarta: Rajawali Pers, 2016).

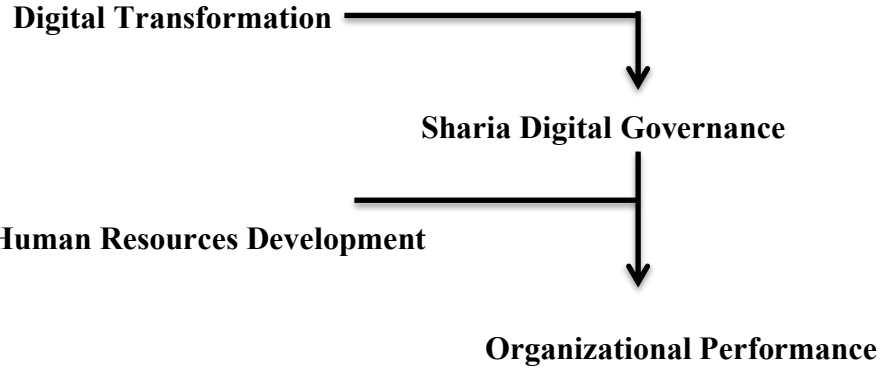
[26]Ziauddin Sardar, *Islam, Postmodernism and Other Futures: A Ziauddin Sardar Reader* (London: Pluto Press, 2003).

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competencies, adaptive skills, and a continuous learning orientation. Therefore, human resources development strengthens the organization's capacity to utilize digital technologies effectively, thereby contributing to improved organizational performance.

Furthermore, Sharia Digital Governance functions as a governance mechanism that ensures digital transformation is implemented in accordance with Sharia principles, including justice, accountability, transparency, ethics, and public welfare (*maslahah*). Sharia digital governance directs organizations to balance technological innovation and economic objectives with moral and social responsibilities. Consequently, governance based on Sharia values can enhance the quality and sustainability of organizational performance.

Based on this theoretical framework, digital transformation is expected to influence organizational performance both directly and indirectly through the mediating roles of human resources development and Sharia digital governance. Organizations that successfully integrate digital transformation with competent human resources and effective Sharia-based governance are more likely to achieve superior and sustainable organizational performance.



Digital Transformation from the Perspective of Islamic Economics

Research findings indicate that digital transformation is not simply the adoption of technology, but a paradigm shift that must align with Sharia values. The principles of maslahah (benefit), justice ('adl), and responsibility (amanah) are the three main pillars in viewing digitalization.[27] In a Sharia economy, digital transformation must ensure the achievement of benefits for society and avoid all forms of harm (mafsadah).[28] In many organizations, digital transformation tends to solely pursue efficiency—for example, through

[27]Muhammad Umer Chapra, Shiraz Khan, and Anas Al Shaikh-Ali, "The Islamic Vision of Development in the Light of Maqasid Al-Shari'ah (Occasional Papers Series 15), p." *Occasional Papers Series 15* No 235 (2008).

[28]Al-Ghazali, *Al Mustasfa Min Ilm Al-Ushl*.

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automation, digital onboarding, and the use of AI in operations management. However, this research found an ethical gap: the use of technology is often not accompanied by data security policies, algorithm transparency, or worker protection from the impacts of technological substitution.[29] This condition is a major criticism from a Sharia perspective, as Sharia regulates economic activity not only on efficiency but also on moral and social sustainability.[30]

Furthermore, the concept of Industry 5.0, which places humans at the center of innovation, aligns with Sharia values, which position humans as dignified beings and caliphs on earth.[31] Therefore, the integration of Sharia and technology is not only possible but also ideal for building a just digital transformation.

A sharia-based strategic framework must depart from maqāṣid al-syarī'ah, namely the goals of Islamic sharia which include the protection of religion, reason, life, descendants, property, and the environment.[32] In the context of digital transformation, maqāṣid functions as a moral compass that directs the use of technology so that it does not harm humans, does not cause injustice, does not damage social life or the environment, and brings benefits to organizations and society. In the digital era, the principles of ḥifẓ al-'aql (protecting reason) and ḥifẓ al-māl (protecting wealth) become very relevant to ensure that technology is used ethically, safely, and is not misused.

The integration of maqāṣid into digital transformation strategies has been adopted by several global Islamic financial institutions in the form of a sharia technological risk framework and digital ethical governance, proven to reduce the risk of technology misuse and increase public trust.[33]

The relationship between digital transformation and Sharia values

Digital transformation, characterized by the use of technologies such as artificial intelligence (AI), big data, automation, and digital platforms, fundamentally aims to improve process effectiveness and service quality. From a sharia perspective, this goal strongly aligns with the principles of maqāṣid al-syarī'ah, which mandates the preservation of religion, life, intellect, posterity, and wealth as the foundation of human well-being.[34] Therefore, the correct implementation of digitalization can be a strategic instrument for realizing Islamic values in modern governance.

[29]Zuboff, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power*.

[30]Beik and Arsyianti, *Ekonomi Pembangunan Syariah*.

[31] European Commission. Industry 5.0 Report , (2021)

[32]Al-Ghazali, *Al Mustasfa Min Ilm Al-Ushl*.

[33]Islamic Financial Service Board, *Guiding Principles on Sharia Governance Systems for Institutions Offering Islamic Financial Services, Point 35*, 2009.

[34]Al-Ghazali, *Al Mustasfa Min Ilm Al-Ushl*.

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Digital transformation also strengthens the principle of justice ('adl) through data transparency, information accuracy, and systems that minimize fraud. Blockchain technology, for example, supports the principle of open transactions and reduces the potential for manipulation that conflicts with Sharia ethics.[35] This transparency reinforces the concept of hisbah, an Islamic oversight system aimed at maintaining justice and preventing society from unethical practices.[36] With a digital database, auditing, reporting, and supervision processes can be more objective, faster, and traceable, thereby strengthening a culture of trustworthiness within the organization.

Furthermore, digitalization also promotes efficiency, which is part of the principle of itqan (professionalism and precision in work). The Prophet Muhammad (peace be upon him) emphasized that Allah loves His servants who perform their work professionally and perfectly.[37] Technology facilitates this through process automation, artificial intelligence that aids decision-making, and information systems that minimize human error. Thus, digital transformation not only supports organizational productivity but also serves as a means of implementing the spiritual value of work excellence.

On the other hand, Sharia values regarding public welfare (maslahah) encourage the use of technology for the public good. The use of digital systems in public services, such as online zakat (alms), digital waqf (waqf), online education, and app-based healthcare services, directly expands public access to goodness. This aligns with the view of Islamic scholars that all innovations that bring benefits and do not conflict with Sharia principles are acceptable as al-maslahah al-mursalah (beneficial benefit)[38]. Digital transformation aimed at social justice, equity, and economic empowerment, therefore, aligns with the Sharia vision of public welfare.

The principles of honesty (ṣidq) and responsibility (amanah) also have strong relevance in the digital era. Personal data management, system security, and ethical use of technology require adherence to these values. Sharia mandates safeguarding the property of others, including digital information, which is now a highly valued commodity. The Quran reminds humans to deliver trusts to those entitled to them and to establish justice.[39] In the digital context, this commandment means maintaining data confidentiality, avoiding information leaks, and using technology ethically and without harming others.

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[35]Almira Z. Nagimova, "Islamic Fintech: Digitalization Of Global Islamic Finance," *World Economy and International Relations* 66, no. 5 (2022).

[36]Ibn Taymiyyah, *Al-Hisbah Fi Al-Islam Aw Wazifat Al-Hukumah Al-Islamiyyah* (Kairo: Dar al-Sha'b, 1983).

[37] HR. Al-Baihaqi dalam *Syu'ab al-Iman*, hadis tentang itqan (profesionalitas).

[38]Al-Syatibi, *Al-Muwafaqat Fi Ushul Al-Ahkam*, II (Beirut: Dar Al-Fikr, n.d.).

[39] QS. An-Nisa: 58

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Digital transformation also strengthens the values of openness and deliberation (shūrā) within organizations. Digital collaboration platforms facilitate discussion, joint decision-making, and collective participation. From a sharia perspective, deliberation is a crucial mechanism for reaching the best decisions and avoiding unfair authoritarian actions.[40] Digital collaboration allows information to flow more quickly and equitably, giving every stakeholder the opportunity to contribute to the development of organizational policies.

At the ethical level, where technology has the potential for misuse, Sharia values serve as a moral compass to ensure that digitalization does not exceed the boundaries of utility. For example, the use of AI must consider aspects of justice, avoid bias, and not harm certain groups. Islamic ethical perspectives emphasize the concept of la *darar wa la dirar*, which prohibits causing harm or mutual harm. [41]Therefore, digital innovation must be directed toward good, not exploitation, manipulation, or injustice that harms society.

This relationship is strengthened when organizations combine digital transformation with the principles of social responsibility and sustainability. Islamic economics has, from its inception, promoted an inclusive and environmentally friendly development model through the concept of khalifah fil ardh (humans as guardians of the earth).[42] Digital technology enables energy savings, waste reduction, resource optimization, and more appropriate environmental management. Therefore, digitalization can be a key facilitator for organizations seeking to implement sustainability principles in accordance with Sharia guidelines.

Given this interconnectedness, it can be concluded that digital transformation is not a threat to Sharia values, but rather an effective means to revitalize and expand their application in a modern context. As long as technology is used ethically, responsibly, and with a focus on the common good, it will be an instrument aligned with the maqāṣid al-Shari'ah (the objectives of Sharia) in building a just, efficient, and dignified organizational and societal order.

Digital transformation is not just a technical change (implementation of AI, big data, IoT, blockchain), but a paradigm shift in how organizations carry out economic functions, governance, and human development. From a sharia economic perspective, every innovation and technology must be tested against sharia principles such as amanah (trust), maslahah (benefit), 'adl (justice), ihsan (goodness/excellence), ilm (knowledge), and shura (deliberation). These

[40] QS. Ash-Shura: 38

[41]Imam Malik bin Anas, *Al-Muwaththa', Tahqiq Ali Hasan Ali* (Damascus: Muassasah al-Risalah Nasyirun, 2013).

[42] Al-Qur'an, Sūrah. Al-Baqarah: 30 tentang manusia sebagai khalifah di bumi.

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principles serve as benchmarks for assessing whether digital transformation advances maslahah or actually causes mafsadah (harm).[43]

The Qur'anic evidence that serves as the normative basis a) Amanah and justice (Al-Nisa' 4:58) Allah commands the handing over of trusts and the ruling of cases with justice:
"*Indeed, Allah commands you to deliver trusts to those entitled to them, and when you judge between people, that you judge with justice…" (An-Nisa' 4:58).*[44] Implication: The use of data, algorithms, and automation mechanisms must be managed as a trust—subject data and decisions that impact human beings are a trust that must be ethically accounted for. b) The status of knowledge and science (Al-Mujādilah 58:11) Allah exalts the believers and those who are given knowledge: "*Allah will exalt those who believe among you and those who are given knowledge by degrees."* (Al-Mujādilah 58:11).[45]
Implication: Human resource development (capacity building, digital literacy) is not just a technical need, but a religious mandate that must be encouraged by organizations based on Sharia principles. c) Consultation / participatory governance (Ash-Shūrā 42:38). The characteristics of believers include deliberation: "*…and their affairs (are decided) by consultation among them…"* (Ash-Shūrā 42:38).[46] Implication: Digital policy design and AI governance must be inclusive and based on consultation (stakeholder engagement) not merely technocratic decisions. d) Prohibition of acting without knowledge (Al-Isrā' 17:36) warns against following something without knowledge: *"O you who believe, do not say (what you do not do) and do not follow your own desires, for they will never lead you astray from the truth.* And do not follow that of which you have no knowledge…" (Al-Isrā' 17:36).[47] Implication: The application of automated technology without audit, scientific verification, and understanding of its limitations (e.g., algorithmic bias) contradicts this principle. e) Humanitarian framework and prohibition of harm (al-Mā'idah 5:2; al-Ḥujurāt 49:13) encouragement to act for the benefit of humanity and recognition of equal human worth.[48]

From these verses, it is clear that the Islamic normative framework favors: (1) caution in the use of technology; (2) upholding social justice and the distribution of benefits; (3) developing human capabilities; and (4) participatory governance.

[43]Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah (Islamic Development Bank)*; Syafi'i, *Bank Syariah: Dari Teori Ke Praktik*.
[44] Al-Qur'an, Sūrah An-Nisā' (4:58).
[45]Al-Qur'an, Sūrah Al-Mujādilah (58:11).
[46]Al-Qur'an, Sūrah Ash-Shūrā (42:38).
[47]Al-Qur'an, Sūrah Al-Isrā' (17:36).
[48]Al-Qur'an, Sūrah Al-Mā'idah (5:2); Sūrah Al-Ḥujurāt (49:13).

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Relevant Hadith as Operational Principles

a) The Obligation of Knowledge: "*Talaab al-'ilm faridhah 'ala kulli muslim*" (Seeking knowledge is an obligation for every Muslim). Main narration: Sunan Ibn Majah (there are differences in the classification of authenticity among scholars; however, this hadith is commonly cited in educational fiqh literature). Practical meaning: Sharia organizations are obligated to facilitate education and improve digital competency for their human resources.
b) The principle of responsibility (every leader is a shepherd): "*Kullukum rā'in wa kullukum mas'ūl ʻan raʻiyyatihi*" (All of you are shepherds, and every shepherd will be held accountable for his companions). This hadith is narrated in *Ṣaḥīḥ al-Bukhārī* and *Ṣaḥīḥ Muslim*. Practical meaning: Management and developers of digital products are responsible for the impact of their decisions on employees, customers, and society.
c) The principle of no harm (*La ḍarr wa la ḍirār*) "There must be no harm and no harm to each other." History: Ibn Mājah/told by many narrators; used as a principle of maqāṣid al-shariah in the context of avoiding mafsadah. Practical meaning: Digital system design must avoid harm (e.g. data leaks, algorithmic discrimination, exploitation of gig workers**).** The combination of these postulates forms a sharia ethical framework which demands that digital transformation must: increase knowledge & capabilities, maintain trust & privacy, prevent losses, ensure distributive justice, and involve stakeholder deliberation.

Analysis of Related Research Findings (Synchronizing Empirical Data With the Evidence)

Based on the research results (see the complete results section above), there are several key findings that I connect to the evidence above:

Finding A — Human Resource Capability Gap

Finding: In the era of digital transformation, many organizations tend to prioritize investment in technology over holistic human resource development. This phenomenon aligns with findings in the World Economic Forum's Future of Jobs Report 2025, which confirms that the skills gap is a major obstacle to global business transformation, with approximately 63% of companies identifying a lack of human resource competencies as a major obstacle, and nearly 40% of job skills projected to change by 2030.

Furthermore, the literature on future skills, presented by Bernard Marr in his work “Future Skills”, emphasizes that organizational success in the digital era is determined not only by technological mastery but also by the integration of technical, cognitive, and ethical skills. Skills such as critical thinking, creativity, adaptability, and responsible use of technology are key elements inseparable from digital competence.

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From an Islamic economic perspective, the thinking of M. Umer Chapra (particularly in contemporary works such as "Islam and the Economic Challenge" and its development through the 2010s) and Muhammad Syafii Antonio (circa 2011–2019 in the study of modern Islamic economics) emphasizes that human development must be based on moral and ethical values (akhlaq), not solely on material efficiency. Within this framework, technology should be an instrument of maslahah (benefit), so human resource development must encompass spiritual, ethical, and social responsibility dimensions.

Thus, these findings indicate a serious gap between the potential of technology and the resulting social benefits. When organizations focus solely on technology adoption without balancing it with comprehensive human resource training covering technical, cognitive, and ethical aspects digital transformation tends to produce false efficiencies rather than sustainable benefits for society.

Analysis: Referring to the verse about elevating the status of those who have knowledge (58:11) and the obligation to seek knowledge (hadith of Ibn Majah), there is a normative demand that organizations prioritize human resource education as part of technology implementation.[49]

Finding B — Risk of breach of trust and privacy

Finding: In the era of big data and artificial intelligence (AI), organizations face serious risks of breaches of trust and privacy if technology implementation is not accompanied by adequate governance. Shoshana Zuboff, in The Age of Surveillance Capitalism, explains that the practice of massive data collection and exploitation has given rise to a business model that commodifies individual data, often without the consent and full understanding of the data owner. This has the potential to undermine public trust as individuals lose control over their personal information.

Similarly, Cathy O'Neil, in Weapons of Math Destruction, highlighted how opaque algorithms can produce biased and discriminatory decisions, especially when used in critical sectors such as finance, employment, and public services. The closed nature of these algorithmic systems exacerbates the risk of injustice because users lack access to understand, correct, or challenge the resulting decisions.

Furthermore, Frank Pasquale, in The Black Box Society, emphasized that the dominance of "black box" systems in the digital economy creates information asymmetry between technology providers and users. The lack of transparency and accountability in data management and AI-based decision-making processes opens up opportunities for abuse of power, information manipulation, and exploitation of business models that harm society.

[49]Schwab, Klaus, and Zahidi, *The Future of Jobs Report 2020*; Marr, *Future Skills: The 20 Skills and Competencies Everyone Needs to Succeed in a Digital World*, 2022.

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Thus, without a robust data governance framework—encompassing transparency, accountability, privacy protection, and ethical use of AI—the implementation of digital technology not only risks data breaches but can also erode public trust and widen social inequality. Therefore, strengthening data governance is a key prerequisite for ensuring digital transformation remains aligned with the principles of justice and the protection of individual rights.
Sharia Analysis: The principle of trust directly demands the protection of data as a trust; the hadith prohibiting harm supports restrictions on practices that harm users. Therefore, organizations are obliged to implement the principles of privacy by design and accountability.[50]

Finding C — The Imperative for Participatory Governance
Finding:

In the context of digital transformation, a centralized (top-down) decision-making approach often fails to accommodate the diversity of local values, cultures, and needs, potentially leading to social resistance. This aligns with Zainudin, Muhammad's study in "Digital Governance in Islamic Organizations", which emphasizes that effective digital governance in Islamic organizations must be inclusive and participatory, involving various stakeholders in policy formulation and technology implementation.

The concept of Sharia Digital Governance emphasizes the importance of deliberation (*shura*), justice (*'adl*), and public benefit (*maslahah*) in technology management. Within this framework, digital decisions are not solely based on technocratic efficiency but must also consider community aspirations, local values, and potential social impacts. Several policy papers from Islamic institutions related to technology also indicate that failure to integrate public participation into digital governance can trigger distrust, rejection, and even social conflict.

Thus, participatory governance is key to ensuring that digital transformation is not only technically successful but also socially accepted. Active involvement of the community, religious scholars, academics, and practitioners in the decision-making process will strengthen legitimacy, increase accountability, and ensure that technology is truly oriented towards the common good.
Sharia Analysis: The verse on consultation (42:38) emphasizes the importance of involving stakeholders (employees, customers, communities) in the formulation of digital policies to ensure they align with the common good.[51]

[50]Zuboff, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power*.

[51] Zainudin, Muhammad. "Digital Governance in Islamic Organizations." Journal of Islamic Management, serta makalah kebijakan dari lembaga Islam tentang teknologi (2022)

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Finding D — The Gap between Technology and the Maqasid (Objectives of Sharia)

Finding:

In the development of digital innovation, many organizations have not systematically evaluated technology based on the framework of maqāṣid al-sharī'ah, namely the main objectives of sharia which include the protection of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), reason (*ḥifẓ al-'aql*), descendants (*ḥifẓ al-nasl)*, and property (*ḥifẓ al-māl*). In fact, as emphasized by M. Umer Chapra in The Islamic Vision of Development in the Light of *Maqasid al-Shariah*, development including in the field of technology must be oriented towards the welfare of humanity as a whole, not merely economic efficiency or material progress.

Contemporary maqāṣid studies also emphasize that every innovation needs to be assessed based on its impact on individual and social well-being, including aspects of ethics, justice, and sustainability. However, in practice, many digital innovations such as big data, artificial intelligence, and digital economic platforms focus more on optimizing profits and efficiency, without considering the potential negative impacts on privacy (ḥifẓ al-māl and ḥifẓ al-nafs), the quality of human thinking (*ḥifẓ al-'aql*), and moral and social values (*ḥifẓ al-dīn and ḥifẓ al-nasl*).

As a result, a gap has emerged between technological progress and the objectives of sharia, where innovations that should be a means of achieving maslahah (benefit) actually have the potential to cause harm. Therefore, integrating the maqāṣid al-sharī'ah framework into technology evaluation and development is crucial to ensure that digital transformation is not only technically superior but also aligned with the values of justice, ethics, and the welfare of the community. Sharia Analysis: The Maqasid approach encourages evaluating the impact of technology on five primary objectives—meaning, for example, that algorithms that increase profits but harm the mind (e.g., misinformation) or the soul (e.g., work stress) should be rejected or reformed.[52]

Operational Recommendations Based on Evidence

Based on the above analysis, several operational recommendations are rooted in the texts of the Qur'an and Hadith as well as modern practices:

1. **Sharia Digital Governance Framework**

Based on the previous analysis, an operational and binding Sharia-based digital governance framework is needed to ensure that technology utilization is in line with the principles of justice, trustworthiness, and welfare. The normative basis refers to (An-Nisā':58)[53] which emphasizes the obligation to fulfill trusts

[52]Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah (Islamic Development Bank)*.

[53]Nasr, *Islam and the Plight of Modern Man*.

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fairly, as well as the principle of the hadith "lā ḍarar wa lā ḍirār" (should not cause harm and should not harm each other), which forms the ethical basis for managing technological risk.

In its implementation, this framework encompasses three main aspects. First, an ethical audit of algorithms, a systematic evaluation process of AI and big data models to ensure transparency, fairness, and freedom from bias that harms certain individuals or groups. Second, a trust-based privacy policy, which places personal data protection as a form of trust, ensuring data management is carried out transparently, responsibly, and with clear user consent. Third, a remedial mechanism, a system that allows for correction, compensation, and restitution in the event of violations or losses resulting from the use of technology.

Thus, this recommendation emphasizes that digital governance must not be based solely on technical compliance but must be grounded in Sharia values that prioritize humans. This approach is expected to strengthen public trust, minimize ethical risks, and ensure that digital transformation truly generates sustainable benefits.

2. Maqāsid-Based Capacity Building

The maqāṣid al-sharī'ah-based capacity building training program is designed as a holistic approach to human resource development, emphasizing not only mastery of technical skills such as data science and cyber security, but also the integration of sharia ethical values, maqāṣid awareness, and change management capabilities. Its normative basis refers to (al-Mujādilah:11), which emphasizes the virtue of knowledge and the elevation of the status of those who have knowledge, as well as the Prophet's hadith on the obligation to seek knowledge for every Muslim, which indicates that competence must be built sustainably and has the value of worship.[54]

In its implementation, this program integrates three main dimensions. First, technical competence, namely mastery of relevant digital technologies so that human resources can adapt to industrial developments. Second, ethical-spiritual competence, namely understanding the principles of maqāṣid (protection of religion, life, intellect, descendants, and property) as a framework for assessing the moral and social impact of technology. Third, adaptive capacity, namely the ability to manage organizational and social change wisely, inclusively, and with a focus on the welfare of the community.

Thus, this program not only produces a technically competent workforce but also individuals with integrity, responsibility, and the ability to ensure that technology utilization aligns with sharia objectives. This approach is key to

[54] Al Quran, Surah Al-Mujādilah 58:11.

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bridging the gap between digital advancement and just and sustainable human values.

3. **Digital Consultation (Digital Shura)**

The initiators of the Digital Shūrā policy are key actors in ensuring that the digital decision-making process is not exclusive and centralized, but inclusive, transparent, and oriented towards the public interest. Based on the principle of (Ash-Shūrā:38)[55] which emphasizes the importance of deliberation in every matter, this policy requires organizations to facilitate active consultation with various stakeholders, including employees, users, regulators, as well as academics and ethicists.

In practice, Digital Shura is implemented through participatory mechanisms such as public consultation forums, stakeholder engagement, policy testing, and open feedback channels. This approach aims to capture diverse perspectives, identify potential social and ethical risks early on, and ensure that the resulting digital policies reflect the values of justice, transparency, and the common good.

Thus, the role of Digital Shura policy initiators is not only as regulatory designers but also as facilitators of dialogue that bridge the interests of various parties. This will strengthen policy legitimacy, increase public trust, and ensure that digital transformation is inclusive and aligned with Sharia principles.

4. **Maqāsid Measurement Instruments** Digital transformation KPIs

The Maqāṣid KPI measurement instrument in digital transformation is a performance evaluation framework that integrates technical indicators with sharia values, so that success is measured not only by efficiency and profitability, but also by the level of benefit generated. This approach places maqāṣid al-sharī‘ah as the basis for formulating comprehensive and people-oriented Key Performance Indicators (KPIs).

Operationally, this instrument includes five main indicators. First, privacy protection (amanah), which measures the extent to which an organization maintains data security and confidentiality as a form of moral responsibility. Second, equity of access ('adl), which ensures that technology is accessible inclusively without discrimination. Third, welfare improvement (maslahah), which assesses the contribution of technology to individual and societal well-being. Fourth, knowledge development ('ilm), which measures the increase in intellectual capacity and digital literacy of human resources. Fifth, harm prevention (lā ḍarar),[56] which assesses the system's ability to minimize risks, both technically and socially.

[55] Prinsip musyawarah (Ash-Shūrā 42:38) sebagai dasar partisipasi stakeholder; juga dibahas dalam literatur governance Islam (2022)

[56]Chapra, Khan, and Al Shaikh-Ali, “The Islamic Vision of Development in the Light of Maqasid Al-Shari’ah (Occasional Papers Series 15).”

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Thus, the Maqāṣid KPIs serve as a strategic instrument to ensure that digital transformation not only produces superior performance but also aligns with the principles of justice, ethics, and sustainability. This approach strengthens the orientation of organizational policies and practices toward responsible and socially just digital development.

5. **Accountability and Responsibility (managerial Taklif)**

Accountability and responsibility (managerial taklīf) in digital transformation affirms that every leader, policymaker, and engineer has a moral and professional obligation for the impact of the systems they design and operate. This principle is based on the hadith "*kullukum rā'in wa kullukum mas'ūlun 'an ra'iyyatihi*" (each of you is a leader and will be held accountable for those he leads), which places responsibility not only on the results, but also on the process and consequences of every decision.

In practice, accountability is realized through systematic and transparent documentation of decision-making processes, from algorithm design and data management to digital policy implementation. This documentation must be auditable (audit trail), allowing for evaluation of aspects of fairness, security, and ethical compliance. Furthermore, clear lines of responsibility are required so that any potential risks or violations can be traced and addressed appropriately.

Thus, managerial taklīf ensures that digital transformation does not proceed anonymously or without control, but rather within a clear, transparent, and beneficial accountability framework. This approach not only strengthens organizational integrity but also builds public trust in the digital systems being developed.

Sharia-Based Human Resource Development in the Industry 5.0 Era

Sharia-based human resource development in the Industry 5.0 era is a strategic effort to develop individuals who are not only technologically competent but also possess strong moral, spiritual, and ethical foundations. The Industry 5.0 era emphasizes the harmony between humans and technology, placing humanitarian values at the center of innovation through collaboration between human intelligence and artificial intelligence. From a sharia perspective, this orientation aligns with the principle of maqāṣid al-syarī'ah, which emphasizes safeguarding the soul, mind, wealth, and dignity of humanity as the foundation of civilization.[57] Therefore, human resource development in this era must integrate digital competency with Islamic values so that technology does not diminish the ethical dimension that is the soul of human life.

In the context of competency development, sharia emphasizes the importance of continuous self-improvement (tazkiyatun nafs and ta'dib), where humans are commanded to learn, think critically, and master knowledge. The

[57]Al-Ghazali, *Al Mustasfa Min Ilm Al-Ushl*.

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Quran explains that Allah elevates the status of those who have knowledge (Al-Mujadilah: 11), demonstrating that human resource development is an integral part of Islamic teachings. In the 5.0 era, digital competencies such as data literacy, artificial intelligence, automation, and cyber technology are in demand, but mastery must be framed with etiquette and morals. This concept aligns with Al-Attas's view of education as a process of instilling etiquette so that humans can position science and technology in their proper place.[58]

In addition to technical competence, Sharia-based human resource development emphasizes the values of integrity, trustworthiness, and professionalism (*itqan*) as pillars of work character. The Prophet's hadith affirms that Allah loves those who, when working, perform their work professionally and thoroughly.[59] In the era of Industry 5.0, marked by technological acceleration, the value of itqan is highly relevant to ensure that technology is used correctly, accurately, and responsibly. Human resources are not only required to be proficient in using technology but also to possess moral principles in managing data, maintaining privacy, and avoiding misuse of technology that could harm society.

Sharia also provides a strong foundation for developing creative and innovative human resources. The principles of islah (improvement) and ihsan (doing things with the best quality) encourage people to go beyond work to develop innovations that add value to society.[60] In the era of Industry 5.0, creativity is a key strength, particularly in the integration of personalized technology, collaborative robots, empathetic artificial intelligence, and data-driven solutions that humanize technology. Human resources developed with the value of ihsan will be able to utilize technology as a tool for the common good, not as an instrument of exploitation.

On the social side, Sharia-based human resource development emphasizes the importance of collaboration, social awareness, and responsibility. Industry 5.0 demands multidisciplinary collaboration that places humans at the center of innovation. Sharia values such as deliberation (ash-Shura: 38), mutual assistance in good deeds.[61] The prohibition of harming others and the principle of non-harming are ethical principles that guide interactions between individuals in modern organizations. This is crucial for creating a harmonious work culture amidst the increasingly dominant use of technology. This collaborative ethic ensures that human resources do not fall into unhealthy competition or data manipulation that contradicts the principle of justice.

[58]F. Al-Attas, "Tawhid and Knowledge: Unifying Religious and Scientific Understanding," *Islamic Studies Review* 23, no. 1 (2023), p. 12–27.

[59] HR. Al-Baihaqi dalam *Syu'ab al-Iman*, hadis tentang itqan (profesionalitas).

[60]Abu al-Fida' Isma'il al-Qurashi al-Dimashqi Ibnu Kasir, *Tafsir Al-Qur'an Al-Azim*, IV (Kairo: Darul-Manar, 1999).

[61] Al Quran Surah Al Maidah: 2.

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In terms of welfare, Islam views workers as a trust whose dignity and rights must be protected. Sharia emphasizes fairness in wages, rewards for performance, and physical and mental protection of workers. In the 5.0 era, when technology offers flexible work practices such as remote work systems, the gig economy, and automation, Sharia-based organizations must ensure there is no injustice, exploitation, or excessive pressure. This approach aligns with the principle of *rahmatan lil 'alamin*, which emphasizes that development must spread blessings to all parties.

Furthermore, Sharia-based human resource development in the Industry 5.0 era includes cultivating ecological awareness. The concept of humans as *khalifah fil ardh* (vicegerents on earth) teaches that the use of technology must be in harmony with environmental sustainability. Modern human resources must understand green technology, energy efficiency, and environmentally friendly innovation to ensure industrial development does not sacrifice nature. Thus, Sharia ethics serve as a foundation for developing holistic, future-oriented human resources.

By integrating technological competencies and spiritual values, it can be concluded that Sharia-based human resource development in the Industry 5.0 era is a comprehensive approach that shapes knowledgeable, moral, professional, innovative, and welfare-oriented individuals. This synergy ensures that technological transformation continues to honor human beings and does not diminish the humanitarian values taught by Islam.

Research shows that human resources are a key factor in the success of digital transformation. However, some organizations still follow the wrong pattern: emphasizing the development of digital hard skills while neglecting soft skills, ethics, and integrity.[62] Sharia emphasizes comprehensive human development, encompassing spiritual, moral, intellectual, and skills aspects.[63]

Research has identified three key indicators for Sharia-based human resource development: 1. Digital literacy & future skills: Mastery of digital skills such as AI literacy, data literacy, and technology adaptation.[64] 2. Moral competence & ethical awareness: Instilling integrity, manners, work ethics, and awareness of the moral impact of technology.[65] 3. Holistic human development: Developing character, morals, spiritual leadership, and social responsibility.[66] Organizations that implement these three aspects tend to be more successful in

[62]B. Marr, *Future Skills: The 20 Skills and Competencies Everyone Needs to Succeed in a Digital World* (John Murray Press, 2022).

[63]Nasr, *Islam and the Plight of Modern Man*.

[64]Schwab, *The Fourth Industrial Revolution*.

[65]Chaudhry Ghafran and Sofia Yasmin, "Ethical Governance: Insight from the Islamic Perspective and an Empirical Enquiry," *Journal of Business Ethics* 167, no. 3 (2020).

[66] Mohamad, Nor. "Human Development in Islamic Economy," (2020).

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implementing digital transformation because their human resources possess both technical and moral readiness.

Challenges of Sharia Economic Integration in Digital Transformation

Research results indicate four main challenges in applying Sharia principles to organizational digital transformation: (a). Technological Ethics Challenges. Phenomena such as data misuse, excessive digital surveillance, and algorithmic opacity often violate the principles of trust and justice.[67] (b). Digital Skills Gap: Most of the workforce lacks adequate digital skills, making it unable to keep pace with rapid technological changes.[68] (c). Lack of a Sharia Digital Governance Framework: Not many organizations have Sharia-based ethical standards governing data privacy, AI ethics, and digital governance.[69] (d). Organizational Cultural Resistance: Legacy mindsets make it difficult for some workers and management to accept new technology-based work arrangements.[70] These four challenges demonstrate the need for an integrative approach that holistically combines digital strategy, Sharia governance, and human resource development.

Sharia-Based Innovation in the Digital Transformation of Modern Organizations

Sharia-based innovation in the digital transformation of modern organizations is a strategic approach that integrates Islamic principles with technological developments to create a fair, transparent, and welfare-oriented system. Digital transformation not only changes organizational operational patterns but also raises ethical challenges related to data security, algorithmic fairness, privacy rights, and social responsibility. From a sharia perspective, ideal innovation is one that brings benefits and prevents harm, in line with the principle of jalb al-maslahah wa dar'u al-mafasid, a pillar of the maqāṣid al-shari'ah (the principles of Islamic principles).[71] Therefore, modern organizations need to implement an innovation model that is not only technologically efficient but also ethical and aligned with Islamic values.

The philosophical basis of Sharia-based innovation can be seen in the teachings of the Quran, which encourage the use of reason and the development of knowledge. The command to read, research, and manage nature as a trust encourages humans to create technology that benefits civilization. In this

[67]Cathy O'Neil, *Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy* (New York: Crown Publishing Group, 2016).

[68]United Nations Development Programme, *Guidance Note on Inclusive Land Governance* (New York: UNDP, 2020).

[69] Zainudin. "Digital Governance in Islamic Organizations" (2022).

[70]Drucker, *Management Challenges for the 21st Century*.

[71]Al-Syatibi, *Al-Muwafaqat Fi Ushul Al-Ahkam*.

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context, digitalization is understood as a human endeavor to simplify activities, expand access to information, and improve the quality of public services. However, this innovation must remain framed within Sharia ethics to prevent misuse or injustice. This aligns with the concept of humans as *khalifah fil ardh (vicegerents on earth)*, responsible for safeguarding the welfare of the earth and preventing harm.

Sharia-based innovation is particularly evident in the application of technology that supports the principles of justice (al-'adl) and trustworthiness. For example, the use of blockchain and smart contracts provides high transparency, reduces the potential for manipulation, and supports accountability in digital transactions.[72] This transparency reflects the Islamic value of hisbah, a moral and economic oversight system to ensure that all activities are conducted in accordance with the principles of honesty and do not harm others.[73] Through the application of this technology, organizations can develop more honest and equitable operational models while increasing public trust.

Sharia innovation is also evident in the development of digital financial systems that adhere to principles free from riba (usury), gharar (gharar), and maysir (risk of gambling). Sharia fintech platforms are a clear example of how technology can be combined with the principles of Islamic jurisprudence (fiqh muamalah) to provide transparent, fair, and ethical financing services. Concepts such as Sharia-compliant peer-to-peer lending, halal digital wallets, and the tokenization of waqf assets are forms of innovation that leverage digital technology without violating Sharia principles.[74] Thus, the digitalization of the Sharia economy confirms that innovation can go hand in hand with adherence to Islamic values.

Beyond the economic aspect, Sharia-based innovation is also evident in human resource management. The digital era requires adaptive, creative, and virtuous human resources. Sharia supports this innovation through the values of itqan (professionalism), trustworthiness, and work etiquette. The Prophet's hadith states that Allah loves those who perform their work professionally and thoroughly,[75] so technological innovation should support improved performance quality, not diminish integrity or obscure responsibility. The use of digital systems for training, competency assessment, and performance management can help organizations develop superior human resources oriented toward Sharia values.

In the social dimension, Sharia-based innovation emphasizes the importance of accessibility and equitable distribution of technological benefits. The principle of social justice in Islam encourages organizations to utilize

[72]Nagimova, "Islamic Fintech: Digitalization Of Global Islamic Finance."
[73]Taymiyyah, *Al-Hisbah Fi Al-Islam Aw Wazifat Al-Hukumah Al-Islamiyyah*.
[74]Ascarya, *Akad Dan Produk Bank Syariah* (RajaGrafindo Persada, 2007).
[75]Ascarya.

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digitalization so that it not only benefits a select few but also provides opportunities for development for the wider community. The implementation of technology for the management of digital zakat, infaq, sedekah, and waqf enables a more efficient and targeted distribution of welfare.[76] This innovation strengthens the social function of Sharia while supporting economic inclusion in the digital era.

Data security is also an integral part of Sharia innovation. Islam commands the safeguarding of trusts, including personal information and digital assets. The Quran emphasizes the importance of delivering trusts to those entitled to them and establishing fair rules.[77] In the context of digital transformation, this value translates into innovations in cyber security, data encryption, and security systems that prevent information misuse. By strengthening Sharia-based security, organizations can ensure that technology is used responsibly and does not violate individual rights.

Ethically, Sharia-based innovation serves as a moral safeguard to prevent technology, including artificial intelligence, big data, and robotics, from being used biasedly or detrimentally to certain groups. The principle of "la darar wa la dirar" (do not harm oneself or others) serves as an important guideline in designing digital innovation. For example, artificial intelligence algorithms must be designed to be non-discriminatory and not exploited for social manipulation. Technology should be a tool for good, not a tool of modern oppression.

Thus, Sharia-based innovation in the digital transformation of modern organizations is a harmonious integration of technological advancements and Islamic values oriented toward justice, welfare, accountability, and ethics. Such innovation not only improves organizational efficiency but also maintains the moral and spiritual integrity of individuals. Digital transformation framed within Sharia will guide organizations toward sustainability, balance, and more dignified progress.

Integration of Findings: A Strategic Framework for Sharia Digital Transformation

1. Foundation of Values: Maqāṣid al-Sharī‘ah as the Basis for Digital Ethics. The foundation of values in sharia digital transformation rests on the principle of maqāṣid al-sharī‘ah which includes the protection of religion, soul, mind, lineage and property. This principle functions as a normative and ethical framework in designing, developing and implementing technology. By making maqāṣid the foundation, organizations are not only oriented towards efficiency and innovation, but also ensure that every digital process is aligned with the values of

[76]Murat Çizakça, *Islamic Capitalism and Finance: Origins, Evolution and the Future* (Cheltenham, UK: Edward Elgar Publishing, 2011).

[77] Al-Qur’an, Sūrah. An-Nisa: 58

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justice, responsibility and benefit. This approach strengthens the position of ethics as the core of transformation, not just a complement

2. Tech Transformation: Technology Transformation: Ethical, Transparent, and Welfare-Oriented Adoption Technology transformation within this framework emphasizes the ethical, transparent, and accountable use of intelligent technologies such as AI and big data. Every system developed must be able to explain its decision-making process (explainability), minimize bias, and ensure the protection of user data. Furthermore, technology is directed towards creating social added value, not just economic gain, thus contributing to improving the welfare of society at large. Thus, technology functions as an instrument of maslahah (prosperity), not merely a tool for operational efficiency.
3. Human Transformation: Human Transformation: Competent, Adaptive, and Integrity-Driven Human Resources. Human transformation emphasizes the importance of developing human resources that balance technical competence and moral integrity. Human resources are not only required to master digital skills such as data analytics and cyber security, but also to possess ethical awareness based on Sharia values. Furthermore, the ability to adapt to change, think critically, and collaborate are crucial aspects in navigating the dynamics of digital transformation. With this approach, humans become not only users of technology, but also stewards, ensuring its responsible use.
4. Organizational Culture Transformation, Agile, innovative, and equitable work culture. Organizational Culture Transformation: Agile, Innovative, and Equitable Organizational culture is a key factor in the success of digital transformation. Within this framework, organizations are encouraged to build an agile, innovative, and inclusive work culture, while remaining grounded in the values of fairness and ethics. The work environment must encourage openness, cross-disciplinary collaboration, and continuous learning. Sharia values such as trustworthiness, honesty, and balance are the foundation for developing a culture that is not only productive but also oriented toward sustainability and shared prosperity.
5. Sharia Governance System Implementation of the Sharia Digital Governance framework. Implementation of the Sharia Governance System: Accountable Digital Sharia Governance

The implementation of Sharia governance is realized through the Digital Sharia Governance framework, which encompasses transparency, accountability, participation (*shūrā*), and continuous oversight. This system regulates how technology is designed, operated, and evaluated to ensure compliance with Sharia principles and global ethical standards. Instruments such as algorithm audits, data protection policies, and complaint and redress mechanisms are integral parts of this system. With strong governance,

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organizations are able to maintain public trust while ensuring that digital transformation is carried out fairly, responsibly, and sustainably.

This research makes a significant scientific contribution by developing an integrative approach between Islamic economic theory and the Industry 5.0 paradigm, which positions technology not merely as a means of production but as a means to improve the quality of human life in a just and sustainable manner. The main novelty of this research lies in the development of the Digital-Shariah HR framework, which combines the technological, human, and maqāṣid al-sharī'ah dimensions within a single, coherent conceptual model.

Furthermore, this research critically maps the ethical challenges of technology such as data privacy, algorithmic bias, and inequality of access using a sharia perspective as the basis of analysis. This approach enriches the literature by offering a normative perspective based not only on efficiency but also on justice and the welfare of the community. Furthermore, this research proposes a digital innovation model based on Islamic values, emphasizing the importance of integrating technological innovation and moral responsibility in every digital transformation process. Thus, this research's contribution is not only theoretical in strengthening the contemporary Islamic economic landscape, but also practical in providing an applicable framework for modern organizations—whether in business, government, education, or the halal industry—to implement digitalization that is dignified, ethical, and oriented towards the welfare of the community.

Conclusion

This study concludes that digital transformation in the Industry 5.0 era has fundamentally reshaped modern organizations, extending beyond technological advancement to encompass ethical, governance, and human resource dimensions. From a Sharia economic perspective, digital transformation should not be viewed merely as a technical or mechanistic process but as a value-driven transformation aimed at promoting welfare, justice, and societal balance. The principles of *maqāṣid al-sharī'ah* the preservation of religion, life, intellect, lineage, and wealth provide a comprehensive normative framework for directing digital innovation toward human-centered and sustainable development. Core values such as trustworthiness, justice, transparency, prudence, and inclusiveness are essential in ensuring that technological progress remains aligned with humanitarian and ethical objectives. The findings highlight that human resource development is a critical determinant of successful digital transformation. Organizations require not only technologically competent employees but also individuals who possess strong ethical values, digital literacy, integrity, and spiritual awareness. Consequently, investments in advanced technologies must be accompanied by continuous human capital development to ensure long-term organizational

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sustainability and competitiveness. This research also identifies several challenges that may hinder effective digital transformation, including disparities in digital literacy, inadequate ethics-based digital governance, organizational resistance to change, and the absence of an integrative framework that bridges Sharia principles and technological advancement. Despite these challenges, significant opportunities exist through the implementation of Sharia Digital Governance, the development of inclusive halal digital ecosystems, and collaborative organizational models grounded in Islamic ethical values. This research affirms that the ideal model of digital transformation in the Industry 5.0 era is one that integrates technological excellence with ethical, spiritual, and social responsibility. The incorporation of Sharia economic values into digital transformation strategies offers a viable pathway for fostering innovation that is beneficial, equitable, human-centered, and sustainable. Future research is encouraged to develop empirical models and measurement frameworks that further examine the relationship between Sharia-based governance, digital innovation, and organizational performance across different industrial contexts.

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