

Human Resource Management Based on Sharia: How Employees Determine Sharia Law in the Context of Islamic Finance (Case Study: Bank Syariah Indonesia in Malang City, East Java)

Bambang Ragil^{1*}, Eko Priyo Purnomo², and Ernani Hadiyati¹

¹Department of Management Universitas Gajayana Malang, Malang, Indonesia

²Department of Government Affairs and Administration Universitas Muhammadiyah Yogyakarta,
Yogyakarta, Indonesia

Abstract. *This research explores employee perceptions of Sharia principles in the context of Human Resource Management (HRM) at Bank Syariah Indonesia in Malang City, East Java. The study employs a case study design with a qualitative approach, chosen for its ability to provide an in-depth understanding of how employees perceive and apply Sharia principles within the framework of Sharia-oriented HRM at the bank. Data were collected through in-depth interviews, direct observation, and document analysis involving a purposive sample of 15 employees from various positions within the bank, including staff and managers, with diverse lengths of service and demographic characteristics. The findings suggest that education and training focused on Sharia principles are crucial in shaping employees' understanding and attitudes. Additionally, a Sharia-oriented organizational culture positively influences employee behaviors and attitudes, aligning them more closely with the institution's values. These results offer practical implications for Islamic financial institutions, emphasizing the need to strengthen educational programs and enhance organizational culture to foster Sharia-compliant human resources. Furthermore, the study highlights opportunities for better employee development, particularly in developing technical skills and integrating Islamic ethical values. In conclusion, this research significantly contributes to the literature on Islamic-oriented HRM and provides valuable insights for practitioners and researchers in the field.*

Keywords: *Human Resource Management (HRM), sharia principles, employee perception, islamic finance*

Abstrak. *Penelitian ini mengeksplorasi persepsi karyawan terhadap prinsip-prinsip Syariah dalam konteks Manajemen Sumber Daya Manusia (MSDM) di Bank Syariah Indonesia di Kota Malang, Jawa Timur. Penelitian ini menggunakan desain studi kasus dengan pendekatan kualitatif, yang dipilih karena kemampuannya untuk memberikan pemahaman yang mendalam tentang bagaimana karyawan memandang dan menerapkan prinsip-prinsip Syariah dalam kerangka kerja MSDM yang berorientasi Syariah di bank tersebut. Data dikumpulkan melalui wawancara mendalam, observasi langsung, dan analisis dokumen yang melibatkan sampel purposif sebanyak 15 karyawan dari berbagai posisi di bank, termasuk staf dan manajer, dengan masa kerja dan karakteristik demografis yang beragam. Temuan menunjukkan bahwa pendidikan dan pelatihan yang berfokus pada prinsip-prinsip Syariah sangat penting dalam membentuk pemahaman dan sikap karyawan. Selain itu, budaya organisasi yang berorientasi pada Syariah secara positif mempengaruhi perilaku dan sikap karyawan, menyelaraskan mereka lebih dekat dengan nilai-nilai institusi. Hasil penelitian ini memberikan implikasi praktis bagi lembaga keuangan syariah, yang menekankan perlunya memperkuat program pendidikan dan meningkatkan budaya organisasi untuk membina sumber daya manusia yang patuh terhadap Syariah. Selain itu, penelitian ini menyoroti peluang untuk pengembangan karyawan yang lebih baik, terutama dalam mengembangkan keterampilan teknis dan mengintegrasikan nilai-nilai etika Islam. Kesimpulannya, penelitian ini memberikan kontribusi yang signifikan terhadap literatur tentang HRM berorientasi Islam dan memberikan wawasan yang berharga bagi para praktisi dan peneliti di lapangan.*

Kata kunci: *Manajemen Sumber Daya Manusia (MSDM), prinsip-prinsip syariah, persepsi karyawan, keuangan syariah*

*Corresponding author. Email: bambang.ragil@gmail.com

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Introduction

This research analyzes the complexity of Sharia-oriented human resource management (HRM), especially within the scope of Islamic financial institutions (Sholihun & Jamilah, 2023). Amid increasingly strong globalization, the sustainability of Islamic financial institutions is no longer just an option but a necessity that demands sensitivity and readiness to the dynamics of the global market (Olimov, 2018). In this context, Bank Syariah Indonesia (BSI) in Malang City, East Java, is the center of research attention as the main case study.

Exploration in the framework of Sharia-oriented human resource management is significant because the dynamics of Islamic finance are not only limited to banking transactions and policies but also include ethical dimensions and Sharia values in every aspect of its operations (Iswanaji, 2018). A deeper understanding of how Sharia principles are integrated and interpreted into HR policies can open the door to the effectiveness and sustainability of Islamic financial institutions (N A Mohd Ali, Shafii, & Shahimi, 2020). The era of globalization brings challenges and opportunities that must be addressed by financial institutions, especially those operating in the context of sharia (N A Mohd Ali et al., 2020).

Sustainability is about economic resilience and compliance with the Sharia principles that are the foundation of Islamic financial institutions (Khalid, Dan, & Khalid, 2020). In this context, a case study on BSI in Malang City is considered relevant and strategic for further investigation. As a growing entity in the Islamic finance ecosystem in East Java, BSI is an appropriate choice as the center of research attention to exploring the dynamics of Sharia-oriented human resource management.

The Islamic financial landscape in Indonesia has experienced significant development in recent years. Government support and public awareness of Sharia principles have solidified the position of Islamic finance as an attractive option for many individuals and companies (Az-zaakiyyah, Hidayat, & ..., 2022). In this context, sharia-oriented human resource management becomes crucial to ensure the smooth operation of Islamic financial institutions. Bank Syariah Indonesia (BSI), as one of the major players in Indonesia's Islamic finance industry, has significantly contributed to supporting this sector's growth (Maulida & Rusydiana, 2023). With its operational center in Malang City, BSI plays an essential role in the Islamic finance ecosystem in East Java. Therefore, an in-depth understanding of how Sharia-oriented human resource management at BSI is interpreted by employees provides a foundation for a study rich in insight and practical relevance.

Table 1.

Indicators of the Development of Islamic Financial Institutions in East Java 2018-2023

Indicators	2018	2019	2020	2021	2022	2023
Number of Islamic financial institutions	117	117	117	117	118	118
Islamic financial industry assets (IDR trillion)	365,54	405,57	444,45	479,94	520,23	486,57
Market share of Islamic finance industry (%)	18,37	19,05	19,64	20,23	20,83	19,91
Islamic financial inclusion (%)	15,61	16,16	16,72	17,27	17,83	17,30

Source. Indonesian Bank, 2023

Table 1 shows that the Islamic finance industry in East Java is experiencing growth. This positive dynamic cannot be separated from several vital factors that synergize and provide a significant impetus for the progress of the Islamic financial industry in this region. First, the increasing awareness of East Java people towards sharia values is one of the main drivers. People increasingly realize the importance of applying sharia principles in their daily lives, including financial management. Growth is also driven by the increasing need of East Java people for fairer and more affordable access to finance (Annisa, Widodo, & Fachrunnisa, 2023). More individuals must utilize Sharia-compliant financial services, emphasizing fairness and sustainability in financial transactions. This factor reflects a positive response to the efforts of the Islamic finance industry in providing alternatives that meet the unique needs and ethics of the people of East Java.

In addition, the East Java government plays a positive role and is also an important contributor to advancing the Islamic finance industry in the region. The government's increasing support for developing and implementing sharia principles in financial services provides a strong foundation for the sector's growth. The East Java government actively supports and encourages the development of the Islamic finance industry as part of a sustainable economic development strategy.

Shariah-oriented human resource management brings Shariah's ethical dimension and values into HR policies and practices in Islamic financial institutions (Khan & Khan, 2018). This includes recruitment and training processes, performance evaluation, and career development in line with sharia principles. In Islamic finance, where fairness, sustainability, and business ethics have a significant role, shariah-oriented human resource management becomes the cornerstone for achieving organizational goals and positively contributing to society (Ichsan & Muda, 2022).

Although Shariah-oriented human resource management is recognized as an important element in achieving the success of Islamic financial institutions, understanding how employees respond to and internalize Shariah principles in the work environment still needs enlightenment. This understanding is fundamental because employees are policy executors and agents of change who can shape organizational culture.

Employees' perception of Sharia principles in the context of HR management can shape their actions and attitudes in the organization. Whether Sharia principles are perceived as an integral aspect of the work culture or as a formal obligation will affect how Sharia principles are implemented and carried out in the organization's daily life (Putrini & Satrya, 2023). This study aims to answer several key issues regarding sharia-oriented human resource management in Bank Syariah Indonesia, particularly Malang City. First, how are Sharia principles interpreted by employees, and to what extent are these principles reflected in human resource management policies and practices? Second, what is the impact on organizational dynamics, including employee motivation, performance, and satisfaction with work and the organization? Finally, how do employees respond to management's efforts to implement sharia principles, and to what extent do employees feel involved in this process?

The selection of Bank Syariah Indonesia (BSI) as the main case study is not only based on its strategic role in the Islamic finance industry in Indonesia but also because its presence and activities in Malang City provide a local dimension that can enrich the understanding of the implementation of sharia-oriented human resource management at the community level. This locality factor is important in capturing the unique nuances and dynamics that may influence employees' perceptions of Sharia principles, the extent to which these principles are internalized in the organizational culture, and how this implementation positively impacts the local community.

This research aims to fill the knowledge gap in the context of sharia-oriented human resource management (HRM), focusing on employee perceptions at Bank Syariah Indonesia in Malang City, East Java. While previous research has addressed the implementation of Sharia principles in Islamic financial institutions, this study details how employees respond to and internalize the principles in their daily lives at work. The knowledge gap lies in the need for an in-depth understanding of how Sharia principles are integrated into HR management and how this is reflected in employees' perceptions and actions. This research aims to explore Sharia-oriented HR management practices in general and highlight the organization's internal dynamics, where employees as the main implementation agents become the focus in explaining how Sharia values are reflected in the daily work culture.

The novelty of this research lies in the in-depth qualitative approach to employee perceptions, which has yet to be comprehensively explored in the context of sharia oriented HRM. In a case study of Bank Syariah Indonesia in Malang City, this research understands how Sharia principles are not only part of formal policies but also an integral part of employees' identity and daily work practices. Therefore, this research contributes significantly to the literature by exploring the psychological and cultural dimensions of Sharia-oriented HRM implementation, which can serve as a foundation for developing more effective practices and policies in the future.

In this context, this study aims to address the following research question: How do employees at Bank Syariah Indonesia interpret and integrate Sharia principles into their daily HR practices, and what impact does this have on the overall effectiveness of the institution? Through this case study, it is hoped that the research can explore how Sharia principles are reflected in human resource management policies and practices at BSI and how employees perceive their implementation. This can provide a better understanding of how sharia-oriented HR policies affect

organizational dynamics, employee motivation, and the contribution of Islamic financial institutions to the local community. In the context of Sharia-oriented human resource management, the case study at Bank Syariah Indonesia in Malang City is relevant because it provides real insight into how employees apply and interpret Sharia principles in their daily context. Explaining the context, urgency, key issues, and benefits of this research can provide a deep and sustainable understanding of the complexities of Sharia-oriented human resource management, especially in Islamic financial institutions in Indonesia.

Research Methodology

This research adopts a case study design with a qualitative approach. This approach was chosen because it allows an in-depth understanding of employees' perceptions of sharia principles in the context of sharia-based human resource management at Bank Syariah Indonesia (BSI) in Malang City. Case studies allow exploration of complex phenomena, while a qualitative approach provides an opportunity to understand employees' experiences and views (Rijali, 2019).

The research methods used included in-depth interviews, direct observation, and document analysis. In-depth interviews were used to explore employees' views and understanding of sharia principles in human resource management. Direct observation was conducted to observe the real practice of sharia-based human resource management. Meanwhile, document analysis focused on HR policies and employee guidelines implemented by Bank Syariah Indonesia.

Population and Sample

The population in this study were all employees of Bank Syariah Indonesia in Malang City. In Malang City, there are 17 Islamic bank branch offices, which provide variation in terms of size and type of organization in the Islamic banking sector (Malang City Statistics Bureau, 2024).

Although this population includes various Islamic banking institutions, this research will specifically focus on Bank Syariah Indonesia (BSI) in Malang City. This is because BSI is considered to represent a rapidly growing Islamic banking institution and has sharia-based HR management practices that are relevant to analyze.

The sample selection technique used is purposive sampling, where participants are selected based on certain criteria relevant to the research topic, namely experience and knowledge of sharia-based human resource management. This purposive sampling technique ensures that the selected participants have an in-depth understanding of the application of sharia principles in HR management policies and practices.

Participant selection criteria include:

1. Employees who are directly involved in sharia-based HR management policies and practices.
2. Employees who have experience in attending training or programs related to sharia principles.
3. Varied employee positions within the organization, such as managers, administrative staff, and operational staff, to reflect diverse perspectives within the organization.

The sample size was 15 employees from Bank Syariah Indonesia in Malang City, who met the above criteria. This sample was selected to cover a range of perspectives and experiences from different levels within the organization. By using purposive sampling technique, this study can ensure that the information obtained is relevant and in-depth regarding the application of sharia principles in HRM in Islamic financial institutions.

Interview Process

The in-depth interview process was the main method of data collection. Interviews were conducted using a pre-prepared interview guideline, consisting of open-ended questions designed to explore employees' views regarding the application of sharia principles in

human resource management. Interviews were conducted individually, and each interview was estimated to last 45-60 minutes.

Sample Interview Questions:

1. How do you understand sharia principles in the context of human resource management at Bank Syariah Indonesia?
2. What are the HR policies that you believe best reflect sharia principles?
3. How does sharia-based training affect your attitude and behavior in your daily work?
4. What challenges do you face in applying sharia principles in HR management in the workplace?

Document Analysis

Document analysis was conducted on the HR policies and employee guidelines implemented by Bank Syariah Indonesia. These documents are an important source of information to understand the organization's framework and expectations of employees in the context of sharia-based human resource management. The focus of this analysis was to assess how sharia principles are integrated and applied in existing HR policies and procedures.

Data Analysis

Data analysis was conducted using a thematic approach, which is particularly suited to qualitative research. Data obtained from interviews, observations, and document analysis were analyzed to identify thematic patterns, relationships, and meanings relating to employees' perceptions of sharia principles in HR management.

The coding process was conducted in the following steps:

1. Initial Coding: The researcher read the interview transcripts and observation notes thoroughly, then coded segments of the text that were relevant to the research topic.
2. Theme Identification: Text segments that were similar or related were grouped to form main themes.

These themes include:

- a. Understanding of Shariah principles: How employees understand and interpret sharia principles in the context of HR management.
 - b. Application of sharia principles in HR policies and practices: How sharia principles are applied in policies and daily actions in HR management.
 - c. The effect of sharia training on employee attitudes and behavior: The impact of shariah training and education on employee behavior in the workplace.
 - d. Challenges in the application of sharia principles: Obstacles and challenges faced by employees in implementing sharia principles.
3. Theme Refinement: Once the main themes are identified, the researcher will categorize and refine the themes to ensure they accurately reflect the data.
4. Inter-Coder Reliability: To ensure the reliability of the coding results, two researchers will independently code the same piece of data. The coding results will be compared to reach consensus and ensure accuracy. If needed, the study may also use reliability checking techniques such as code repetition or joint discussion.

With this approach, this research is expected to produce an in-depth and valid understanding of how sharia principles are reflected in human resource management practices at Bank Syariah Indonesia, Malang City.

Results and Discussion

Profile of Bank Syariah Indonesia

The history of Bank Syariah Indonesia (BSI) in Malang City reflects the evolution and integration of three leading Islamic banks in Indonesia, namely PT Bank BRI Syariah Tbk, PT Bank Syariah Mandiri, and PT Bank BNI Syariah. This merger, which officially took place on February 1, 2021, involved joining forces of three Islamic banking entities belonging to the State Bank Association (Himbara).

Each bank has made important contributions to the development of the Islamic finance industry in Malang since the early 1990s. With its long history, Bank BRI Syariah Tbk has pioneered Islamic banking in Malang since 1992. By focusing on the principles of Islamic finance, this bank has succeeded in building public trust in banking services based on Islamic teachings (Malik & Yuli, 2019). In 2004, Bank Syariah Mandiri enriched the diversity of Islamic financial services in Malang City. BNI Syariah followed in 2005, enriching the Sharia financial ecosystem in the region. The existence of these three banks became an important pillar for the advancement of Sharia-based financial services in Malang City.

After the monumental merger, BSI in Malang City developed into an entity that strategically provided Sharia-based financial services. The bank's main branch, KCU Malang, is located at Jl. Kawi No. 111, Klojen, Malang City, is a center of activity that serves the community with integrity and sharia financial principles. The vision of BSI in Malang City, "To be the community's preferred Islamic bank that excels in service and performance," reflects a commitment to being a leading provider of Islamic financial services and prioritizing excellence in service and performance. The bank's mission is elaborated into several objectives, including providing excellent and quality Islamic financial services, developing Islamic financial products and services that meet the needs of the community, empowering the community through sustainable financing and investment, and becoming a strategic partner of the government in realizing a prosperous society.

Malang City, the second largest metropolitan city in East Java, plays an important role in the region's economy and development of Islamic finance. The potential for BSI development in Malang City is supported by several key factors, including increased public awareness of Islamic finance, the increasing need for access to Islamic finance, and the potential for large economic growth. With a Sharia-based approach, BSI in Malang City offers a range of

Sharia financial products and services that include savings (savings, current accounts, and deposits), financing (consumptive, working capital, and investment), investment (Sharia mutual funds and sharia bonds), as well as digital banking, funds transfer, and payment services. This selection of products and services reflects a commitment to meeting the community's financial needs while ensuring compliance with Sharia principles. Not only focusing on routine services, BSI in Malang City also implements special programs for the community. For example, the Islamic financial literacy program aims to improve the community's understanding of Islamic finance and promote financial inclusion among a wider audience. Meanwhile, the community empowerment program supports business development, encouraging local economic growth and improving living standards.

Corporate social responsibility (CSR) is also integral to BSI's contribution to Malang City. The bank seeks to provide tangible benefits to the community and the surrounding

environment through its CSR programs, creating a broader positive impact beyond financial services. In the context of potential development in Malang City, Bank Syariah Indonesia has a great opportunity to catalyze the growth of the Islamic economy in the region. The growing public awareness of Islamic finance creates a solid foundation for the bank to develop innovative products and services that suit local needs. Moreover, Bank Syariah Indonesia can strategically support economic development in Malang City through sustainable financing and investment. Bank Syariah Indonesia in Malang City is a financial institution and an economic and social development partner. With a long history and strong commitment to Sharia principles, the bank continues to grow as a highly competitive entity and plays an active role in shaping an inclusive and sustainable Sharia financial ecosystem.

Demographic Respondents

Tabel 2.
Karakteristik Responden

No.	Characteristics	Frequency (f)	Percentage (%)
1.	Gender		
	Men	9	60%
	Women	6	40%
2.	Age		
	25 – 30	6	40%
	31 – 35	4	26.67%
	36 – 40	3	20%
	41 - 45	2	13.33%
3	Tenure (Years)		
	1-3	4	26.67%
	4-7	6	40%
	8-12	5	33.33%
3	Position		
	Staff	8	53.33%
	Manager	7	46.67%

Table 2 shows the diversity in age, gender, tenure and position. Most respondents are 25-30 years old (40%), with most being at the beginning of their careers. Respondents aged 31-35 years followed with 26.67%, while those aged 36-40 years and 41-45 years accounted for 20% and 13.33% respectively. In terms of gender, 60% of respondents were male and 40% female, reflecting a balanced gender composition.

In terms of tenure, 40% of respondents have 4-7 years of experience, while 33.33% have worked between 8-12 years, and 26.67% have only worked 1-3 years. For positions, most respondents are staff (53.33%), with managers accounting for 46.67%, showing a good distribution between operational and decision-making levels.

Differences in perceptions regarding implementing Sharia principles in Human Resource Management (HRM) can be influenced by various demographic factors, such as age, gender, and length of service. Younger employees, particularly those in the 25-30 age group, tend to be more open to Sharia-based policies but may face challenges integrating these principles into daily practices as they are still early in their careers. In contrast, employees in the 31-35 and 36-40 age groups have a more mature understanding of Sharia principles and can better apply them in their work. Employees in the 41-45 years group may be more skeptical of policy changes, given their broader and more diverse experiences. Additionally, gender plays a role in shaping perceptions of Sharia-based HR policies. Women may emphasize Sharia principles' moral and ethical values. At the same time, men may focus more on the efficiency and clarity of policies when making day-to-day decisions.

Length of service also significantly influences employees' perceptions of Sharia principles in HRM. Employees with 1-3 years of service may still be in the adaptation phase and may not fully understand the impact of these principles, whereas those with 4-7 years of experience tend to be more comfortable and familiar with

Sharia-based policies and can assess their effectiveness more readily. Employees with 8-12 years of service, typically in more senior roles, often have a more strategic view of applying Sharia principles in HR management. However, they may also face challenges adapting to policy changes over time. Overall, these demographic factors provide deeper insights into how Sharia principles are received and implemented in the workplace and how individuals' experiences and backgrounds influence their perceptions of Sharia-based policies in the Islamic finance sector.

Implementation of Shariah-Oriented Human Resource Management

Implementing Shariah-oriented human resource management (HRM) involves a series of steps and practices that aim to integrate Islamic principles into the management of the human aspects of the organization (Muhammad & Nugraheni, 2022). In the context of recruitment and selection, the process emphasizes the principles of fairness, transparency, and non-discrimination, using appropriate methods to assess prospective employees' technical competencies and sharia values (Hasan et al., 2019). Training and development programs are also a key focus, covering religious aspects and work ethics to enhance employees' technical skills and strengthen their understanding of Sharia principles in their daily work.

Employee performance evaluation in Shariah-oriented HR management considers how much employees adhere to Shariah principles in carrying out their duties and responsibilities (N. Ali & Atan, 2020). Ethics, honesty, and fairness are integral components of performance appraisal. In addition, sharia-oriented HR management emphasizes the importance of creating a balance between employees' work and personal life, in line with Islamic teachings that encourage life balance and justice in all aspects of life (Fesharaki & Sehhat, 2018). Conflict resolution is also an integral part of implementing Sharia-oriented HR management, with an approach that is fair and under Sharia principles.

Conflict resolution involves negotiation, mediation, and reconciliation efforts, all geared toward considering Islamic ethical values (Saleem, Ashraf, Kashif, & Umair, 2018). Career development in this context is encouraged ethically and under Shariah principles, where promotion and career development are based on competence and positive contribution to the organization and society.

Employee empowerment and involvement are the cornerstones, with Shariah-oriented HR management encouraging the active role of employees in decision-making (Syafrizal & Fitrianiingsih, 2022). Their understanding and support of Sharia principles are considered valuable to the organization. In addition, the compensation and benefits system in Sharia-oriented HR management is designed with the principles of fairness, avoiding elements of usury or practices contrary to Sharia values. It is based on individual performance and responsibility. Through the holistic implementation of Sharia-oriented HR management, organizations are expected to create a work environment based on Islamic principles, positively contribute to individual development, and achieve organizational goals sustainably and by the demands of Islamic ethics. The findings of this study describe the understanding and perceptions of employees at Bank Syariah Indonesia in Malang City towards Sharia principles in the context of Sharia-oriented human resource management (HRM). Based on the results of in-depth interviews, direct observation, and document analysis, several key findings can be identified:

High Awareness of Sharia Principles

Employees of Bank Syariah Indonesia in Malang City demonstrate a high awareness of sharia principles. They generally understand the importance of Islamic values in the context of HR management, and this awareness is reflected in their daily attitudes and actions (Asfahani, 2022). The statement reflects the application of the Sharia-Oriented Human Resource Management (HRM) concept in the context of Islamic financial organizations, particularly Bank Syariah Indonesia in Malang City.

Employees' high awareness of Sharia principles creates a work environment guided by Islamic values. The literature review on Sharia-Oriented Human Resource Management highlights the importance of applying Sharia principles in all aspects of human resource management (Robbie & Novianti, 2020).

Sharia-oriented HR Management emphasizes the importance of human resource management based on Islamic Sharia principles (Iswanaji, 2018). The interpretation of this theory in the context of the research can be interpreted as the efforts of the organization, in this case, Bank Syariah Indonesia, to ensure that every aspect of HR management, such as recruitment, training, performance evaluation, and career development, is in line with Islamic values (N A M Ali & Kasim, 2019). The literature review found that high awareness of Sharia principles among employees is critical in achieving Sharia-oriented HR Management's success. This awareness involves a deep understanding of Islamic values reflected in the organization's policies and practices. Applying these values is not only a formal norm but is also reflected in employees' daily attitudes and actions.

The concept of high awareness of Sharia principles can be explained through the interpretation of organizational psychology theory, which emphasizes the importance of corporate culture in shaping individual behavior. In this context, employees of Bank Syariah Indonesia in Malang City not only adhere to Sharia principles as a formal responsibility but also consciously internalize these values in their daily behavior. This creates a cohesive organizational culture that is aligned with Sharia principles.

High awareness of Sharia principles is not only limited to conceptual understanding but also involves concrete implementation in daily actions. The employees of Bank Syariah Indonesia in Malang City, as the main agents in implementing Sharia-oriented HR Management, play a key role in shaping an organizational culture that prioritizes Sharia principles in human resource management.

The interpretation of this theory also illustrates that high awareness of Sharia principles can be a critical factor in achieving organizational goals, especially in the context of Islamic financial institutions. This awareness creates a solid commitment to Sharia principles, which can increase customer trust, strengthen corporate identity, and improve overall performance. Thus, the results of this study indicate that high awareness of sharia principles among employees of Bank Syariah Indonesia in Malang City is not just a formality but an integral aspect of daily organizational life. This awareness reflects an understanding of the concept and translates into concrete actions that create an organizational culture consistent with Sharia principles.

Integration of Sharia Principles in HR Policies

The findings of this study indicate that Sharia principles have been thoroughly integrated into the HR management policies of Bank Syariah Indonesia. Recruitment, training, performance appraisal, and career development policies reflect the organization's commitment to applying sharia principles in HR management. This statement reflects the research results, showing that Bank Syariah Indonesia has thoroughly integrated Sharia principles into its human resource management policies. From the Sharia-Oriented HR Management theory perspective, the integration of sharia principles in HR policies signifies the organization's commitment to ensuring that Islamic values are reflected in every aspect of HR management. This theory emphasizes that Sharia principles should cover the entire HR management cycle, including recruitment, training, performance appraisal, and career development. In recruitment, companies need to ensure that the employee selection process is based on the principles of fairness, transparency, and non-discrimination, by sharia principles. Employee training should also include religious aspects and work ethics, referring to Sharia principles, as recognized in the theory of Sharia-oriented HR Management.

Employee performance appraisals must be conducted considering how much they adhere to Sharia principles in carrying out their duties and responsibilities (Putra, 2023). Ethics, honesty, and fairness are integral components in this performance appraisal, in line with Sharia values and the theory of Sharia-oriented HR Management. In the context of career development, organizations need to encourage employees to develop their careers ethically and by sharia principles. Promotion and career development should be based on competence and positive contribution to the organization and society. Thus, the integration of Sharia principles in the HR management policies of Bank Syariah Indonesia can be considered a concrete implementation of the concept of Sharia-oriented HR Management. This finding confirms that Sharia principles are not just a formality but are also carried out in the daily practice of HRM, in line with the theories and literature supporting this approach.

The implications of this finding may include enhancing Bank Syariah Indonesia's reputation as a committed Islamic financial institution, increasing customer trust, and making a positive contribution to the development of the Islamic finance industry. The integration of sharia principles in HR management policies not only creates an organization that is in line with Islamic values, but can also positively impact achieve sustainable organizational goals.

Active Participation in Shariah-Oriented Training and Development

Employees show active participation in Shariah-oriented training and development. They recognize the importance of improving their understanding of Sharia principles in terms of religion and daily practice in the workplace. The statement reflects the study results showing employees' active participation in sharia-oriented training and development at Bank Syariah Indonesia. In the Shariah-Oriented Human Resource Management (HRM) theory, employee participation in training and development reflects the organization's commitment to ensuring employees deeply understand Shariah principles.

This theory emphasizes that employee development is not just about the technical aspects of the job but also includes a deeper understanding of the ethical and moral principles that underlie daily work practices.

In line with previous literature, the importance of active participation in Shariah-oriented training can be understood as a response to the complexity and dynamics in the Islamic finance industry. Such activity aims to improve technical competencies and enrich employees' understanding of applying Shariah principles in the work context. Within this framework, the literature often emphasizes that employee participation in training is a long-term investment for the organization to ensure employees have a sufficient and in-depth understanding of Shariah principles. As one of the managers mentioned, *"We focus on continuous training to ensure that everyone is on the same page, especially with how we apply Shariah in our operations"* (Interview excerpt-1, Sharia Bank Manager).

Active participation in training can also be linked to employee participation theory. This theory emphasizes the importance of providing opportunities for employees to participate in decision-making processes and self-development. Thus, employee participation in Sharia-oriented training is an organizational demand and a joint effort to create a work environment that supports individual growth and development. These findings have positive implications, such as increasing employee competence and understanding, improving the quality of service to customers, and strengthening the image of Bank Syariah Indonesia as a competent and committed Islamic financial institution. By engaging employees in Sharia-oriented training and development, Bank Syariah Indonesia can ensure they have a skilled, knowledgeable team supporting Sharia values in carrying out their duties and responsibilities.

Positive Perceptions of Work-Personal Life Balance

The findings of this study show that employees appreciate the organization's efforts in creating a balance between work and personal life.

Policies supporting this balance are considered a positive factor in creating a work environment that aligns with Sharia principles. The statement reflects that employees at Bank Syariah Indonesia appreciate the organization's efforts to balance work and personal life. In the context of Sharia-Oriented Human Resource Management (HRM) theory, the creation of work-life balance reflects the organization's attention to holistic employee welfare. This theory emphasizes the importance of treating employees as individuals with needs and lives outside work. This principle is in line with the teachings of Islam, which encourages life balance and treating people fairly in all aspects of life.

A literature review shows that policies that support work-life balance can positively impact productivity, job satisfaction, and employee retention. Providing flexibility in work schedules, support for family leave, and other policies that create space for employees to maintain a life balance can increase their happiness and well-being. In addition, these findings can be analyzed through job satisfaction theory. Organizations can increase employee job satisfaction by creating a work environment that supports work-life balance. High job satisfaction can increase motivation, engagement, and a positive work environment.

The importance of work-life balance is consistent with an ethical approach to human resource management. Islamic ethics emphasizes the need to treat employees fairly and give them the right to maintain a balance between personal and professional life. In this context, organizational policies that support this balance can be considered as the implementation of ethical values in HR management practices. By creating a work environment that aligns with Sharia principles, Bank Syariah Indonesia contributes positively to employee welfare. It builds an image as a financial institution that cares about Islamic values. These positive implications can create a harmonious work environment, strengthen employee trust, and increase the organization's attractiveness.

Discussion

This research has significant implications for the understanding and implementation of sharia-oriented human resource management (HRM), particularly in the realm of Islamic finance in Indonesia. The research findings provide valuable insights related to three key aspects: the relevance of education and training, the importance of a Shariah-oriented organizational culture, and the implications of employee development in the context of Shariah-based HR management.

Relevance of Education and Training: One of the critical findings of this study is the relevance of investing in education and training on Shariah principles in shaping employees' understanding and attitudes. Education and training programs focusing on Shariah values positively impact employees' performance, shaping attitudes that align with Islamic teachings. Companies, especially in the Islamic finance sector, can consider concrete steps to enhance these programs as an integral part of their Shariah-oriented HR development strategy. In the face of the complexity of the Islamic finance industry, an emphasis on improving understanding of Sharia principles through education and training can be a crucial foundation for building a workforce committed to Sharia values.

The Importance of Organizational Culture: The research findings also highlight that an organizational culture oriented towards Shariah principles significantly impacts employee attitudes and behaviors. A corporate culture that promotes and encourages sharia principles creates a work environment consistent with Islamic values. Therefore, enhancing and strengthening this culture is essential for organizations adopting sharia-oriented HR management. They can achieve this by establishing policies, norms, and practices that support Sharia principles, creating a culture that facilitates internalization and daily routines that align with Islamic principles.

Implications for Employee Development: This research opens the door for better employee development in Shariah-oriented HR management. Developing technical skills and Islamic ethical values is critical to improving employees' performance and positively contributing to the organization. By tailoring employee development programs to cover religious aspects and sharia-compliant work ethics, organizations can ensure that their employees are technically competent and have high integrity and ethical awareness. This, in turn, can strengthen employees' contribution towards achieving organizational goals.

By detailing these findings and discussions, this study makes a valuable contribution to the practical and theoretical understanding of sharia-oriented HRM. The practical implications of the findings serve as a guide for organizations, particularly in the Islamic finance sector, to strengthen their commitment to sharia principles in human resource management. Through tangible measures such as improved education and training, a supportive organizational culture, and a focus on employee development, organizations can achieve the goal of sustainability and success in the context of Islamic finance in Indonesia. As such, this research provides a strong foundation for further development to create organizations that conform to Islamic values, contribute positively to individual development, and achieve organizational goals sustainably and under the ethical demands of Islam.

Challenges in Implementing Sharia-Based Human Resource Management (HRM)

While implementing Sharia-based HRM offers various benefits, such as aligning organizational values with religious principles, challenges still exist. One of the main challenges is ensuring that Sharia principles are effectively translated into daily HR policies and practices. Some employees need clarification regarding applying Sharia principles in their professional context. For example, a manager at a Sharia bank stated, "Sometimes it's difficult to align Sharia principles with quick decisions

that need to be made at work." (Interview excerpt, one of Sharia Bank Managers). This highlights the ongoing challenge of applying Sharia principles in day-to-day decision-making, requiring further exploration.

In addition, continuous employee training and development remain a challenge. Although many Sharia banks offer training on Sharia principles, the effectiveness of these training programs varies, depending on how well employees receive and apply the material. Another employee remarked, "The training we receive is more focused on theory but lacks practical application." (Interview excerpt, Sharia Bank Employee). This underscores the need to adjust training programs to make them more relevant to employees' daily tasks and challenges.

Perception Differences Based on Employee Demographics

This study also reveals potential differences in perceptions based on employee demographics, such as age, gender, and length of service. For instance, more senior employees with longer tenure tend to understand Sharia principles and their application in HR policies. Conversely, younger employees or those new to Sharia banks may need help to grasp and apply Sharia principles. A younger employee shared,

"I feel we need more time to fully understand and apply these principles properly." (Interview excerpt, one of Employee, Sharia Bank).

Gender can also influence perceptions of Sharia-based policies, especially regarding gender-related values in HR policies. This opens the door for further research on how Sharia-based policies are organized to create a fair and inclusive environment for all employees, regardless of their gender.

Practical Implications

From a practical standpoint, this research suggests that management at Sharia banks needs to focus on better integrating Sharia principles into daily HR policies and practices.

To achieve this, Sharia banks should adjust their training programs to emphasize practical aspects relevant to employees' challenges. For example, training incorporating real-life case studies and practical simulations can help employees better understand how to implement Sharia principles in more contextual situations.

Furthermore, Sharia banks must develop a more inclusive organizational culture that supports Sharia principles. One interviewee mentioned,

"A work culture that supports Sharia principles makes us feel more comfortable in carrying out our duties." (Interview excerpt, Sharia Bank Employee).

Therefore, fostering an organizational culture that reflects Sharia values can improve employee engagement and performance.

Suggestions for Future Research

This study focuses on a single case study in Malang, which, while providing valuable insights, also has limitations in generalizing the findings. Future research is recommended to explore the implementation of Sharia-based HRM in different regions or contexts to test whether the findings apply in other locations or across various types of Sharia financial institutions. For example, conducting similar studies in other cities in Indonesia or larger or smaller Sharia financial institutions could offer more comprehensive perspectives. Additionally, future research could consider broader socio-economic factors or the impact of government regulations in influencing the implementation of Sharia-based HRM.

Conclusion

By exploring the depth of employee perceptions of Sharia principles in the context of human resource management (HRM) in Bank Syariah Indonesia, this study makes a significant contribution to the understanding and development of Sharia-oriented HRM,

particularly in the Islamic finance sector in Indonesia. Education and training were highly relevant in shaping employees' performance and attitude towards Sharia principles, highlighting the need for further investment in these programs as an Islamic values-focused HR development strategy. Organizational culture was also a key factor in shaping employees' attitudes and behaviors, confirming the importance for organizations to strengthen their Shariah-oriented culture through policies and practices that support Shariah principles.

These practical implications can guide Bank Syariah Indonesia and similar organizations in the Islamic finance sector to strengthen their commitment to Sharia principles in HR management. Employee development is a key focus, with their empowerment through a holistic approach that includes the development of technical skills and Islamic ethical values. This is expected to increase employees' positive contribution to the organization and build a work environment that aligns with Islamic values.

In conclusion, this study provides an in-depth insight into employee perceptions and opens room for further development in implementing Shariah-oriented HR management. Considering this study's results, Indonesian Islamic Banks can continue strengthening the foundation of their organizational culture and employee development approaches, cementing their position as key players in realizing shariah-compliant HR management. As a result, this study makes an important contribution to the Shariah-oriented human resource management literature. It provides valuable direction for practitioners and researchers interested in further development.

Declarations

Author contribution

All authors contributed equally as the main contributors of this paper. All authors read and approved the final paper.

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Competing interest

The authors declare that they have no conflicts of interest to report regarding the present study

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