



SHARIA VALUE BASED HRM FOR COMPETENCE IN ISLAMIC BANKING EMPLOYEES

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Abstract

Sharia value based human resource management frames employee competence as a unified standard of professional capability and moral accountability in Islamic banking. This article proposes a normative framework for developing competence that combines technical banking expertise, Islamic business ethics, and sharia compliance as inseparable elements of daily decision making. The discussion explains how values become operational through recruitment criteria, learning design, supervisory practices, performance evaluation, and reward systems that emphasize process integrity, truthful communication, and fairness in transactions. It argues that competence strengthens when employees understand the moral reasons behind rules, practice case based reasoning, and receive consistent feedback that reinforces responsible judgment under target pressure. The article also highlights the need for organizational justice, leadership exemplarity, and knowledge governance so that sharia standards remain clear, teachable, and enforceable across service lines. The proposed account supports coherent policy reasoning for internal governance and professional education within Islamic financial institutions, while preserving dignity for customers and employees. It concludes that competence formation is an institutional endeavor requiring alignment between ethical commitments and managerial systems.

Keywords: sharia values, human resource management, competence development, Islamic business ethics, compliance, organizational justice, leadership.

Introduction

The shifting landscape of the financial services industry has altered the way organizations define human resource quality. Employee competence is no longer understood merely as the mastery of procedures, service speed, and administrative precision, but rather as the capacity to act in alignment with the values upheld by the institution. In the sharia banking sector, this demand manifests as Islamic business ethics standards, sharia compliance discipline, and a commitment to transactional fairness. In daily work experiences, small decisions such as how to offer products, how to explain risks, and how to manage complaints can carry moral dimensions that determine public trust. Therefore, competency development needs to be directed toward the ability to weigh technical precision alongside value appropriateness. Strengthening sharia-value-based competence positions employees as responsible subjects, rather than mere targets executors. This orientation demands continuous learning that fosters knowledge, attitudes, and ethical judgment so that professional actions align with sharia principles. The integration between ethical competence and systemic compliance essentially serves as a highly crucial legal instrument in ensuring comprehensive customer protection and security in banking (Sulistiono et al., 2024).

Sharia-value-based human resource management positions values as guidelines for decision-making, ranging from recruitment, development, and performance appraisal, to reward governance. Sharia values introduce metrics of suitability that emphasize (trustworthiness), honesty, prudence, and public interest. These metrics guide organizations to evaluate competence as a unity of professional capacity and moral integrity. In organizational practices, values are often stated as visions and policies; however, values only become meaningful when internalized into work habits, communication standards, and foundations for resolving dilemmas. Managing employees based on sharia values requires recognizing that the value internalization process takes place through learning, role modeling, and consistent organizational systems. If the reward system contradicts the values being socialized, employees will experience a lack of clarity in orientation. Therefore, discussions about competence in sharia banking need to examine the relationship between

values, HR system designs, and daily work practices that shape professional character. Structuring this professional commitment is also important for academics to understand, particularly to stimulate interest in becoming sharia bank customers viewed from their religiosity and product knowledge (Hardyansah et al., 2023).

Competency development in sharia financial institutions possesses a specificity that demands the ability to understand contracts (aqad), prohibition principles, and the ethical rationality that underpins compliance. Technical mastery such as financing analysis, risk management, and service procedures remains essential, but the quality of decisions depends on a normative understanding of what is permissible, what must be avoided, and how to maintain fairness for all parties. Employees often find themselves facing diverse customer needs, time constraints, and target pressures. In such situations, the ability to interpret sharia guidelines accurately and the capacity to explain choices honestly become decisive competencies. Organizations need to ensure that sharia competence is not treated as a standalone supplementary material, but rather as a lens that accompanies all work activities. When this lens is strong, sharia compliance is not understood as an administrative burden, but as a way of working that protects the dignity of transactions and safeguards trust. The meticulousness of this transaction management must also align with digital credit regulations applicable within business law and financial markets (Yuristiawan et al., 2024).

In HR management, sharia values also demand procedural justice in treating employees. Procedural justice touches upon how appraisals are conducted, how promotions are decided, and how the organization handles violations. If an organization emphasizes Islamic business ethics, then ethical consistency must also be visible in internal policies, including the transparency of performance standards, the proportionality of sanctions, and protection from arbitrary treatment. Competency development becomes part of the organization's moral mandate because competence determines an employee's ability to fulfill their (trust). Training, mentoring, and evaluation programs need to be designed as processes for professional maturity, rather than mere fulfillment of formalities. Within this framework, sharia compliance becomes the outcome of structured learning, consistent guidance, and an educational control system. Thus, sharia-value-

based human resource management demands the integration of organizational discipline and character building, so that work behavior can be accounted for professionally and ethically. In addition, the enforcement of accountability principles in financial institutions also encompasses the bank's responsibility in preventing name misuse in customer credit applications (Firmanto et al., 2024).

The quality of sharia banking services heavily depends on the ability of employees to translate sharia principles into communication that customers can understand. Many service decisions require skills in explaining contracts, fees, rights and obligations, as well as risks, using clear language and without withholding important information. Clarity of communication is an ethical issue because it pertains to honesty and the prevention of misunderstandings. On the other hand, the organization also requires technical capabilities that ensure recording accuracy, document compliance, and process orderliness. When ethical communication and technical precision go hand in hand, customer trust can be maintained without compromising sharia compliance. Therefore, competency development needs to integrate Islamic business ethics education, compliance knowledge, and professional service expertise. The combination of service quality, satisfaction, and corporate image is proven to exert a major influence on customer loyalty in the banking sector (Darmawan et al., 2017). Scientific discussions regarding sharia-value-based HR need to examine how these competencies are built through training design, incentive structures, supervision patterns, and an organizational culture that reinforces (trustworthiness) as the primary standard. This internal conditioning is highly crucial considering the real influence of customer trust and saving experiences on loyalty through satisfaction in sharia banks (Darmawan, 2022b).

The problem that arises in sharia-value-based competency development is the conceptual ambiguity regarding what constitutes sharia competence within a human resource management framework. Competence is frequently narrowed down to rules knowledge, whereas value-oriented competence demands ethical reasoning abilities, situational reading skills, and the capacity to make accountable decisions. When sharia competence is understood merely as a compliance checklist, the organization risks fostering formal and fragile

compliance, as employees are not equipped with the moral reasoning underpinning choices. At the systemic level, conceptual ambiguity can cause training to become fragmented, performance appraisals to become misaligned with values, and reward mechanisms to inadvertently encourage opportunistic behavior. Consequently, sharia values become slogans that fail to guide action. This issue needs to be normatively deconstructed so that sharia competence can be formulated as a structural capacity encompassing knowledge, habits, and tested moral judgments within work situations. Negligence in formulating these accurate operational standards is feared to trigger various external risks, including the potential occurrence of customer switching behavior to competitor institutions (Darmawan, 2022a).

Another problem relates to the relationship between performance demands and sharia compliance obligations in daily work practices. Banking organizations operate with strict targets, procedures, and productivity standards. Under certain conditions, achievement pressures can drive tendencies to shorten explanations, choose shortcuts, or minimize risk discussions, thereby narrowing the space for ethical considerations. When organizational mechanisms evaluate success primarily based on sales figures or service speed, employees may interpret that sharia compliance is the business of a specific unit rather than their professional responsibility. This misalignment creates moral ambiguity, as employees must choose between meeting targets and maintaining sharia orderliness in transactions. This problem is not merely a matter of discipline, but a matter of HR management design that determines the organization's moral message. Therefore, a discussion that restructures the relationship among values, performance, and competency development is required so that sharia compliance becomes an inseparable part of professionalism. Preventing gaps in banking procedure violations must also run parallel with the firm enforcement of money laundering criminal elements within Indonesian jurisprudence (Rusianto et al., 2023).

Sharia banking carries a moral promise to the public regarding transactional fairness, transparency, and compliance with sharia principles. This promise cannot be fulfilled solely through policy documents or supervisory structures, because the fulfillment of that promise occurs through the actions of employees in delivering services,

evaluating financing eligibility, and explaining contracts. Strengthening sharia-value-based competence, therefore, becomes an organizational normative necessity, as competence determines the quality of decisions that influence public trust. A neatly structured theoretical description can help formulate a clear boundary between technical competence and ethical competence, while simultaneously merging both into a single HR management framework. Furthermore, this discussion is beneficial for the development of training curricula, performance appraisals, and professional conduct standards aligned with Islamic business ethics. For these reasons, a focused literature review can clarify the conceptual foundation for organizations in nurturing trustworthy (*amanah*) and competent human resources. Especially in the current era of globalization, the human resource governance of financial institutions is also demanded to be adaptive toward cross-border payment regulations along with their impacts on consumers (Rahman et al., 2024).

The objective of this paper is to construct a normative theoretical framework regarding employee competency development within sharia-value-based human resource management in banking institutions. The descriptions are directed to clarify the definition of competence grounded in (trustworthiness), justice, and honesty, as well as to explain the interconnectedness among competency development, performance appraisal systems, and the reinforcement of sharia compliance. This paper also aims to offer conceptual reasoning that can be utilized to design training, supervision, and professional conduct standards, thereby providing organizations with consistent guidelines in assessing employee readiness to face service and transaction dilemmas. The results are expected to enrich academic discussions and provide a normative foundation for HR management practices in sharia banking.

Method

This paper uses a qualitative literature review oriented toward the formulation of normative arguments regarding sharia-value-based human resource management and banking employee competency development. The work procedure begins with establishing a conceptual focus that limits the discussion to three main clusters: technical banking competence, Islamic business ethics, and sharia compliance as professional standards.

Reading materials were selected by considering the clarity of definitions, the firmness of propositions, and the interconnectedness among ideas, and were then organized into thematic mapping to identify points of convergence and divergence among viewpoints. Bailey (2008) emphasizes the importance of procedural orderliness in social research; hence, the sorting of concepts was carried out systematically, including the definition of boundaries for terms that are frequently used loosely in organizational discussions. The reading outcomes were subsequently structured into an argumentative synthesis displaying the relationships between values, HR system designs, and competency development, without utilizing field data.

The reliability of the paper is maintained through a critical reading that assesses the coherence of reasoning, the accuracy of inferences, and the consistency between normative premises and the conclusions drawn. Henn et al. (2005) emphasize that an introduction to social research needs to teach the discipline of questioning and the discipline of constructing argumentative evidence; thus, the descriptions are directed toward logical order and the avoidance of claims that exceed the conceptual materials read. Dan and Kalof (2008) pay attention to the foundations of social research which demand clarity of objectives, clarity of categories, and transparency of steps; therefore, the synthesis process is presented as a traceable chain of reasoning. With these principles, this paper centers its findings on a normative framework that can be used to evaluate and design sharia-value-based competency development, including implications for recruitment, training, performance appraisal, and compliance governance.

Result and Discussion

Sharia-value-based human resource management can be understood as an approach that positions values as the foundation for evaluating what is correct, proper, and suitable within organizational work. These values are not merely institutional communication accessories, but criteria that guide decisions regarding who is recruited, what is trained, and how performance is appraised. In sharia banking, values are closely related to amanah (trustworthiness), honesty, prudence, justice, and a public interest (maslahah) orientation in transactions and services. Institutionalizing these sustainability values and ethical alignments is highly crucial in supporting the implementation of responsible finance

in sharia banks (Putr et al., 2022). Therefore, employee competence is insufficiently understood as the mere ability to execute procedures; rather, it must be viewed as the capacity to make ethical judgments that are consistent with sharia compliance. Competency development becomes a process of shaping habits of reasoning and acting, enabling employees to explain products and contracts clearly, manage risks responsibly, and reject practices that violate principles. From a managerial standpoint, conditioning this work behavior requires sound HR governance to uphold a sense of organizational justice within sharia banking institutions (Darmawan, 2026). Within this framework, human resources become the guardians of institutional quality because employees' work behavior determines the credibility of compliance and the reputation of sharia finance. Moreover, bank reputation and the service quality delivered by employees play a massive role in shaping customer loyalty (Hardyansah & Jahroni, 2023).

Competencies in sharia banking can be formulated as an integration of mutually reinforcing technical, ethical, and compliance capabilities. Technical capabilities encompass product knowledge, operational procedures, risk management, and customer service. Ethical capabilities include honesty in explanations, the willingness to avoid *gharar* (uncertainty) and deception, and a fairness orientation in treating customers. Compliance capabilities comprise the understanding of contracts and sharia principles, the capacity to detect potential deviations, and documentation orderliness that preserves transactional validity. The presence of these compliance and legal protection instruments serves as a main pillar in guaranteeing security and comfort for bank customers. This integration prevents the organization from creating a pseudo-separation between business operations and compliance work. If this separation is permitted, compliance becomes the sole domain of a specific unit, while the service line operates under a target-driven logic that can erode the moral quality of decisions. In addition to internal matters, organizations are also demanded to comply with external regulations such as cross-border payment rules to protect consumer interests. The integration of competencies also demands an appraisal language capable of assessing actions that are technically correct but ethically inappropriate, as well as evaluating actions that are formally compliant but destructive to substantive justice. This principle of substantive justice is

similar to the protection of rights and the balancing of legal standing in resolving non-performing loans between banks and debtors.

Sharia values at the organizational level need to be translated into operational behavioral standards so they can be taught and assessed. Operational behavioral standards mean that the organization establishes observable criteria in communication, documentation, and decision-making. For instance, openness standards demand that employees convey vital information regarding fees, risks, and contract terms without obfuscation. In the context of data protection, a bank's operational openness must respect the legal privacy rights of customer personal data. Trustworthiness standards demand the management of customer data with confidentiality and prudence, alongside a prohibition on exploiting information for personal gain. Fairness standards demand equal treatment in service and financing assessment, backed by accountable reasoning. Enforcing fairness in this service is crucial to prevent the negative impacts of banking monopolies that can damage consumer trust and customer satisfaction. When behavioral standards are written but disconnected from training and evaluation, they lose their binding power. This weak binding power of regulations is also frequently encountered in the constraints of protecting concurrent creditors' rights within the bankruptcy asset management system. Therefore, sharia-value-based HR management requires systemic consistency, where standards are translated into learning modules, evaluation indicators, and nurturing supervision patterns, ensuring that ethical competence does not rely solely on individual willingness.

Recruitment constitutes the initial gateway for shaping sharia-value-based competence because it determines the organization's raw moral and professional material. A sound selection process needs to test basic skills, learning capacity, and integrity, including how candidates weigh common dilemmas in financial services. Checking integrity does not mean judging personal beliefs, but rather evaluating habits of honesty, responsibility, and orderliness. In a sharia organization, selection must also assess a candidate's readiness to accept compliance as part of professionalism. If selection emphasizes sales skills alone, the organization risks recruiting individuals who view ethics as an obstacle. Conversely, selection that emphasizes integrity without capability can breed idealism that is unable

to execute services accurately. Thus, recruitment needs to balance basic technical ability with a moral commitment to transparency and fairness. This equilibrium builds the foundation for subsequent learning, as training becomes more effective when it meets a matching disposition. Structuring a balanced recruitment system essentially becomes an important part of fulfilling the primary factors that can enhance organizational effectiveness (Darmawan, 2024).

Training in sharia banking needs to be understood as the formation of reasoning capacity, rather than the mere delivery of rules. Sharia compliance modules must teach the normative reasoning behind principles, enabling employees to understand why a practice is prohibited and how that prohibition protects transactional fairness. Reason-oriented learning renders employees more capable of recognizing case variations, as the work environment rarely presents situations that are identical to examples. On the other hand, technical training needs to be bound by service ethics, ensuring that product explanation skills run parallel with the obligation to disclose material information. Effective training places employees in simulated conversations, document assessments, and financing decisions that require business morality considerations. This competency-based approach is essential because a deep understanding of the essence of the law (Maqasid al-Shari'ah) is far more effective in mitigating moral hazard compared to rigid adherence to legal texts alone (Umar, 2021). Consequently, training produces reflective habits—namely, the habit of questioning contract validity, the acceptability of terms, and communication appropriateness. This reflective habit forms the core of sharia competence because it prevents procedural routines from turning into moral negligence, a phenomenon where formal compliance inadvertently obscures the essence of sharia economic justice (Kamla & Alsoufi, 2015).

Nurturing through daily supervision determines whether sharia values thrive in practice. Supervisors are not merely tasked with chasing targets, but also with safeguarding process quality, particularly the quality of explanations, documentation, and decisions when facing non-ideal situations. Sound supervision is pedagogical, meaning it provides clear feedback, points out errors with reasoning, and offers concrete improvements. Within the context of Islamic financial institutions, a

leadership style oriented toward ethics and spiritual role-modeling is proven to significantly increase employees' affective commitment toward organizational values (Khan et al., 2020). If supervision is punitive without learning, employees tend to conceal problems, thereby increasing compliance risks. Conversely, if supervision is overly permissive, compliance standards become loose. Supervision also needs to demonstrate role-modeling in how to speak to customers, how to reject non-compliant requests, and how to manage time constraints. Role-modeling creates an unwritten norm that compliance is a professional honor. In sharia-value-based HR management, supervisors serve as the link between normative values and work reality, ensuring that employee competencies grow through repeated practices that are consistently corrected.

Performance appraisal within a sharia framework must reflect a balance between results and process. If an organization evaluates performance solely based on sales volumes, employees will be driven to take shortcuts that compromise explanation quality and document precision. A proper evaluation needs to include compliance and communication ethics indicators, such as contract application accuracy, clarity of material information, and archival orderliness. These indicators must be explicitly stated, ensuring employees understand that following the correct process is an integral part of performance. Appraisals also need to consider maintenance work, such as helping colleagues understand sharia procedures, maintaining administrative order, and preventing errors before they occur. Maintenance work often goes unnoticed, yet it determines institutional quality. By incorporating this dimension, the organization reinforces that sharia values are not slogans, but standards that influence promotion and rewards. Ultimately, the design of a performance appraisal system is the organization's moral message regarding what is considered honorable and what is deemed reprehensible, reflecting a dual accountability responsibility namely, to stakeholders in this world and to God in the hereafter (Kamla, 2009).

The reward system needs to be structured to align with sharia values and avoid inviting manipulative behavior. Incentives that heavily emphasize volume can trigger aggressive sales practices, whereas incentives that focus solely on compliance can diminish the drive to serve productively. Therefore, rewards need to evaluate balance, for instance,

by appreciating achievements attained through clean processes, neat documentation, and honest communication. Rewards should also not be purely financial, because within the framework of the Islamic Work Ethics, recognition, development opportunities, and trusting responsibilities can serve as far stronger forms of rewards that align with the cultivation of trustworthiness (Ali & Al-Owaihan, 2008). In sharia ethics, organizational success must not be built upon questionable practices; hence, rewards need to prevent the rationalization of violations. When rewards are aligned, employees learn that integrity is not an additional cost, but a prerequisite for success. This alignment builds a work culture that strengthens sharia competence as a habit (*habitus*), rather than mere compliance only when under supervision.

The governance of sharia compliance must be supported by a safe and fair internal reporting mechanism, ensuring that deviations can be detected early without creating an atmosphere of fear. In sharia principles, reporting errors or violations is part of the obligation of *ta'awun* (cooperation in goodness) and *amr ma'ruf nahi munkar* (enjoining good and forbidding wrong), which aims to protect the organization from greater harm. A fair governance system provides clear protection for whistleblowers, handles reports objectively, and avoids arbitrary retaliation. When employees trust that the reporting process is managed with integrity, they feel responsible for maintaining institutional compliance. Conversely, if reporting mechanisms are closed or punitive, violations will be covered up, giving rise to systemic risks that undermine public trust. Therefore, sharia-value-based compliance governance must combine structural control with procedural justice, rendering accountability a shared professional commitment that protects the collective (trust).

Organizational culture determines how strongly sharia values bind behavior. Culture is not merely a statement of values, but rather a pattern of habits considered normal, a pattern of language used, and a pattern of rewards distributed. If a culture tolerates manipulation for the sake of targets, sharia values will become decoration. If a culture appreciates orderliness, willingness to explain, and the courage to reject improper requests, sharia values will become a living standard. This is where the integration of an Islamic Corporate Culture plays a crucial role in aligning

individual behavior with the spiritual mission of the institution, moving beyond mere cosmetic regulatory compliance (Al-Suwaidi, 2019). Culture is shaped through consistent small decisions, such as how leaders respond to discovered errors, how teams discuss customer complaints, and how the organization praises employees. In a healthy culture, mistakes are treated as learning materials as long as they contain no deceptive intent, while intentional violations are handled firmly and fairly. Internal justice is vital so that employees trust the organization will not sacrifice them for image. This trust strengthens moral courage, allowing ethical and compliance competencies to grow without silencing fear.

Leadership in sharia banking is demanded to present value firmness alongside managerial skills. Value firmness means leaders do not compromise on practices that undermine contract validity or deceive customers. Managerial skills mean leaders are capable of designing realistic work systems, allocating time for training, and structuring targets so they do not drive negligence. Leaders need to demonstrate how to make decisions when two interests intersect, such as between service speed and document precision. The way leaders balance interests will be emulated by employees as a norm. In Islamic business ethics literature, this model is known as Ethical-Spiritual Leadership, where leaders act as guardians of trustworthiness who balance profitability motives (material gain) with moral responsibility (*falah*) (Platonova et al., 2018). Therefore, leadership competency encompasses the ability to provide reasoning, rather than merely giving orders. Clear reasoning forms a shared understanding that compliance is an integral part of service quality. In sharia-value-based organizations, leadership is the source of moral legitimacy, as employees will judge the seriousness of values from the actions of leaders, especially when values potentially reduce short-term profits.

Competency development also demands a neat knowledge management system. Sharia banking possesses a set of terms, contracts, and procedures that can change alongside internal policy updates. If knowledge is scattered without standards, employees will rely on habits, thereby increasing the risk of inconsistency. Organizations need to build internal learning systems, such as easily accessible guidelines, case discussion forums, and periodic updates accompanied by explanations of the underlying reasoning. This system must prioritize linguistic clarity, as

technical sharia terms can be misunderstood if not explained accurately. Failure to manage uniform sharia understanding among front-line staff constitutes one of the largest operational loopholes in modern Islamic banking (Ginena & Sammit, 2015). Internal learning also needs to connect knowledge with work tasks, ensuring that materials do not stand as distant theories. Through this connection, employees learn to apply principles to real decisions, such as choosing a contract that matches the financing purpose or structuring explanations that align with customer rights. Sound knowledge management also protects the organization from dependency on specific individuals, because competence becomes an institutional asset rather than the property of a handful of experts.

Islamic business ethics demands attention to justice in internal work relations. Internal justice encompasses workload distribution, the methods of providing promotion opportunities, and how the organization treats employees facing difficulties. If an organization demands trustworthiness (trustworthiness) from its employees, the organization is also obligated to demonstrate trustworthiness in its internal policies. The principles of justice (*‘adl*) and benevolence (*ihsan*) must serve as the primary foundation of human capital management, where fulfilling employee rights is an institutional moral obligation before demanding their professional duties (Syed & Ali, 2010). Internal inconsistencies will breed cynicism, causing sharia values to be viewed as mere rhetoric. In competency development, fair internal policies influence the motivation to learn, the courage to report issues, and the willingness to maintain order. Employees who feel treated fairly both distributively and procedurally will demonstrate significantly higher organizational commitment and a greater willingness to accept correction and rectify mistakes (Abuznaid, 2009). Justice also demands transparency in appraisal criteria, enabling employees to plan their self-development rationally. In sharia organizations, transparency is not merely a modern management practice, but an expression of trustworthiness. Thus, the formation of sharia competence must be interpreted as a shared moral project that binds the organization and the employee reciprocally.

Ethical dilemmas in sharia banking services often manifest as tensions between customer interests and compliance standards. For instance, a customer may demand a rapid process, whereas sharia

orderliness requires thorough verification. The competence needed here is the capacity to explain the reasoning behind the verification without making the customer feel suspected. Another dilemma arises when a customer requests term adjustments that could compromise contract validity, requiring the employee to decline while still maintaining a good relationship. An ethical refusal is a communication skill that demands both firmness and politeness (*wisdom* or *hikmah*). Commercial pressures to prioritize profit frequently clash with sharia boundaries, meaning front-line employees require strong moral self-efficacy to withstand such pressures (Al-Abadi et al., 2021). Organizations need to equip employees with flexible communication scripts rather than rigid memorization, enabling them to adapt their language to the customer's character. This preparation must also reinforce that declining an improper request is a professional action, not an unfriendly one. When an organization values ethical refusals, employees will not feel isolated when upholding values. This demonstrates that sharia competence thrives through institutional support for moral courage (Graafland et al., 2006).

Sharia competence also demands sensitivity toward reputational risks stemming from the misalignment between sharia claims and service practices. Reputational risk arises when the public perceives a discrepancy between principles and actions, such as through complaints regarding dishonest explanations or misunderstood fees. Therefore, HR management needs to incorporate the reputational dimension as a normative rationale for maintaining order. Reputation is not merely a business asset, but the public's moral evaluation of trustworthiness (trustworthiness). Within this framework, every service interaction becomes a moment of proving values. Employees need to understand that small actions can shape broad perceptions. This understanding is not intended to induce fear, but to strengthen professional responsibility. The provision of these services must also take into account inclusivity in technology-based services to address customer access and literacy challenges (Ramle & Mardikaningsih, 2022). Organizations can reinforce this through learning from service case studies, discussions on explanation standards, and procedure updates that close loopholes for misunderstandings. When an organization treats reputation as a moral

issue rather than a marketing issue, employees can more easily connect technical work with an ethical calling, allowing competence.

Compliance management requires internal reporting mechanisms that are secure and fair. Employees are frequently the first to witness indications of deviations, yet they may hesitate to report due to fear of being blamed or ostracized. In a sharia-value-based organization, reporting mechanisms must be viewed as a means to safeguard trustworthiness, rather than a tool for scapegoating. A fair mechanism protects whistleblowers acting in good faith, ensures proportional investigations, and consistently enforces sanctions when violations are proven. This procedural justice is vital for employees to trust the system. Trust fosters openness, while openness prevents deviations from developing into habits. The resolution of these internal organizational conflicts of interest conceptually mirrors the settlement of minority shareholder conflicts in public companies based on the national regulatory system (Rahayu et al., 2024). Reporting mechanisms must also be accompanied by education on what warrants reporting and how to convey information responsibly. Consequently, sharia competence encompasses the moral courage to state non-compliance alongside the procedural capability to pursue the proper channels. This demonstrates that competence is not merely individual, but is sustained by institutional design.

Competency development ultimately pertains to the formation of a professional character that aligns with sharia principles. Professional character encompasses habits of honesty, discipline, keeping promises, and refraining from taking advantage of another party's ignorance. These values of public benefit and transparency also underpin community-based institutional financing models through cooperatives for micro and small enterprises (Wiyandarini et al., 2021). Character cannot be forged through momentary lectures, but rather through the repetition of appraised and reinforced practices. Therefore, HR management needs to integrate training, evaluation, and culture to produce consistent reinforcement. When employees see that honesty is rewarded and manipulation is rejected, honest habits become rational and honorable. Conversely, if employees perceive compliance as secondary, the habit of cutting corners will emerge. In a sharia organization, shaping professional character also requires attention to work intentions and objectives,

because Islamic ethics evaluates actions alongside their underlying intent. However, intent cannot be used as an excuse to disregard procedures. Fair legal certainty within these governance procedures is just as crucial as protecting the rights of creditors and minority shareholders during corporate dissolution processes under positive law (Ratnawati et al., 2024). Thus, professional character is the convergence of upright intent and orderly action. This convergence forms the core of a reliable sharia competence when facing pressure.

Talent management in sharia banking needs to assess leadership potential rooted in integrity. Talent is not merely about individuals who excel in numbers, but rather individuals who are capable of elevating the team's ethical standards. Such talent is able to mentor colleagues, correct erroneous habits, and maintain order without demeaning others. Talent development must provide career paths that reward the quality of compliance and communication ethics, ensuring that employees see integrity as an avenue that opens opportunities rather than closing them. Career paths that disregard integrity send a message that values can be traded for results. Therefore, talent mapping needs to incorporate indicators such as behavioral consistency, reasoning capacity, and the ability to manage dilemmas. This approach aligns with the concept of succession planning in Islam, where leadership competence (*al-qawiyy*) must always be balanced with trustworthiness (*al-amin*) (Beekun & Badawi, 2005). Talent development also needs to place future leaders in rotation experiences that bridge business units and compliance units, allowing them to comprehend the interconnectedness of processes. Consequently, the organization builds a cadre capable of leading through both the language of values and the language of management simultaneously, rendering sharia competence an institutional character rather than a momentary project.

The relationship between technical competence and sharia competence can be explained through the principle of process validity. A valid process means that every transactional step can be held accountable from the perspective of banking procedures and sharia principles. Process validity demands document precision, contract accuracy, and information transparency. When validity is established as a principle, employees will evaluate success not merely by the closing of transactions, but by the

quality of the steps taken. This principle also assists the organization in managing product innovation. Innovation frequently introduces complexities that can cause confusion. With process validity, innovation is assessed by the capability to maintain contract clarity and prevent harmful uncertainty (*gharar*). The inability to align new product complexities with contract clarity frequently triggers significant operational and legal risks for Islamic financial institutions (Archer & Haron, 2007). Process validity also requires the involvement of nurturing and supervisory units to provide guidelines that are easily understood by the service line. If guidelines are overly technical, employees will choose shortcuts. Thus, the principle of validity requires translating expert language into operational language. In sharia organizations, the success of this translation determines the competency quality of front-line employees.

Islamic business ethics also demands attention to service intention as a form of (trust) to the public. *Amanah* presupposes that banks do not pursue profits through methods that harm or confuse customers. Therefore, service competence must prioritize clarity, patience, and respect. Clarity demands the use of terms that can be understood, rather than jargon. Patience demands a willingness to answer repetitive questions, because customers have the right to understand. Respect demands equal treatment for customers from diverse backgrounds. Within this framework, service is an expression of values, not merely an operational function. High-quality service in sharia banking is not just a marketing strategy, but a manifestation of spiritual corporate social responsibility (CSR) oriented toward public benefit (Dusuki & Abdullah, 2007). Service competence needs to incorporate emotional management skills, as interactions with customers frequently trigger tension. Employees need to be capable of responding to complaints without being defensive, admitting mistakes when they occur, and offering fair resolutions. Organizations that nurture this competence will build enduring trust, because customers judge a bank based on their experience of how they are treated. Consequently, sharia competency development expands from contract aspects to the quality of service relationships.

The disciplinary system in a sharia organization needs to enforce norms in a fair and educational manner. Discipline must not become an instrument of arbitrary power, as that would damage trust. Discipline must

also not be too lenient, as that would weaken standards. In competency development, sound discipline distinguishes between mistakes due to ignorance (error) and intentional violations (violation). Mistakes due to ignorance demand learning and process improvement, whereas intentional violations demand firm sanctions. This distinction is vital so that the organization does not penalize learning efforts. Educational discipline also requires transparency of reasoning, enabling employees to understand the normative logic behind decisions. This is where Islamic-based accountability (*hisbah*) is applied internally not merely to punish, but to enjoin good and forbid wrong in a dignified manner (Lewis, 2006). Transparency fosters a sense that the organization acts as a guardian of trustworthiness, rather than a ruler. With fair discipline, the organization reinforces a compliance culture based on awareness rather than fear. Such a culture produces more stable competencies, as employees maintain standards even when unsupervised. Ultimately, discipline is part of the organization's moral learning system.

Competency development based on sharia values requires the formulation of a curriculum that connects ethical concepts with specific jobs. The curriculum needs to encompass an understanding of principles, an understanding of contracts, communication skills, and documentation skills. However, a sound curriculum also incorporates learning about dilemmas, because dilemmas are where values are tested. Dilemma learning can be conducted through written case studies and decision discussions, helping employees become accustomed to weighing reasons. Discussions need to be directed toward the question of which decision is the most trustworthy, fairest, and clearest for the customer. To achieve this effectiveness, training must move beyond passive cognitive knowledge transfer and shift toward interactive methodologies that train ethical reasoning (Al-Aidaros et al., 2013). Furthermore, the curriculum needs to reinforce jurisdictional boundaries, so employees know when to seek approval or consultation. Boundary reinforcement protects employees from making decisions that exceed their capacity, while simultaneously protecting the bank from risk. The curriculum also needs to be updated periodically alongside internal policy changes, ensuring that learning does not fall behind. Thus, competency development becomes a living system of knowledge. This system maintains the integration between banking

professionalism and Islamic ethics, ensuring that sharia standards manifest in routines rather than merely on documents.

Sharia-value-based human resource management builds employee competence by unifying three dimensions into a single professional standard: technical proficiency, Islamic business ethics reasoning, and sharia compliance discipline. This unification occurs when values are translated into operational behavioral standards, which are then integrated into recruitment, training, supervision, performance appraisal, and reward systems. This holistic framework proves that the success of sharia financial institutions fully depends on the alignment between the macro HR system and the micro ethical behavior of its employees (Azmi et al., 2021). The resulting competence is not just formal compliance, but a reasoning habit capable of assessing process validity, maintaining communication clarity, and upholding transactional justice. Unification also requires a consistent organizational culture, leadership that provides reasoning and role-modeling, and knowledge governance mechanisms that make sharia principles understandable to the service line. With these instruments, employees are capable of acting with trustworthiness when facing target pressures and ambiguous situations. Therefore, sharia-value-based competency development is an institutional project that binds the HR system and work habits together, ensuring that sharia compliance is present as a stable and accountable professional quality.

Conclusion

Sharia-value-based human resource management demands the formulation of banking employee competencies as an integration of technical capabilities, Islamic business ethics, and sharia compliance inherent in daily work decisions. This integration rejects the separation between business achievements and moral obligations, as the quality of sharia institutions is demonstrated through process order, honest communication, and transactional fairness. Robust sharia competence is built when values are translated into teachable and assessable behavioral standards, then supported by a recruitment system that weighs integrity alongside basic skills, training that teaches normative reasoning, pedagogical supervision, and performance appraisals that evaluate process along with results. Within this framework, compliance is not understood

as an administrative burden, but rather as an expression of professional (trust). This paper also emphasizes that organizational culture and consistent leadership are prerequisites for sharia values to thrive, as HR systems will lose their efficacy if not accompanied by role modeling and procedural justice.

Implications and suggestions are directed toward improving HR system designs so that sharia values are internalized as work habits. Organizations need to establish a competency dictionary that details technical indicators, communication ethics indicators, and compliance indicators, ensuring assessment standards do not become ambiguous. Training programs are advised to focus on case-based reasoning, service conversation simulations, and documentation order, accompanied by accessible consultation mechanisms so that doubts can be resolved in a timely manner. Reward systems should evaluate achievements attained through clean and transparent processes, as well as provide recognition for quality maintenance work that often goes unnoticed. In terms of governance, a fair internal reporting mechanism is required to safeguard trust, allowing deviations to be prevented without creating a culture of fear. At the leadership level, ethical leadership training is suggested, emphasizing the provision of reasoning, decision consistency, and the protection of employee dignity when enforcing compliance. Through these steps, sharia-value-based competency development can become a stable professional standard for sharia banking.

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