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Assessing The Quality of Human Resources in Sharia Rural Banks: Evidence From North Sumatra

Andri Setiawan[1], Azhari Akmal Tarigan[2], Sugianto[3]
[1,2,3]Universitas Islam Negeri Sumatera Utara

Abstract
The growth of Sharia Rural Banks (BPRS) in North Sumatra—such as BPRS Amanah Insan Cita, BPRS Al Washliyah, BPRS Puduarta Insani, BPRS Sindanglaya, BPRS Gebu Prima, and BPRS Amanah Bangsa—demonstrates the increasing demand for Islamic financial services at the grassroots level. However, the sustainability and success of these institutions are closely tied to the quality of their human resource management. Without a robust and values-driven human capital strategy, it is unlikely that these banks can fulfill their role as ethical financial intermediaries. This study aims to explore the key factors influencing the quality of human resources in BPRS institutions in North Sumatra, focusing on three main predictors: occupational health and safety, intellectual capability, and spiritual strength. These variables are assessed in relation to employee performance as a mediating factor and service quality as the ultimate outcome. Using a quantitative approach and structural equation modeling (SEM), the findings suggest that the integration of workplace well-being and spiritual resilience significantly contributes to service excellence when mediated by employee performance. However, intellectual factors require a more nuanced understanding, as their influence may not directly translate into improved service quality without supportive organizational conditions. The study concludes that the integration of health, intellectual, and spiritual dimensions is not merely a managerial tactic but a holistic philosophy aimed at fostering dignity-driven economic development.
Keywords: *Sharia banking, human resource quality, service excellence, Islamic values, BPRS management*

INTRODUCTION

The rapid growth of Islamic finance over the past few decades has marked a global shift toward alternative, ethical financial systems rooted in Sharia principles. Among the many institutions within this ecosystem, Islamic rural banks—or Bank Pembiayaan Rakyat Syariah (BPRS) in Indonesia—have played a critical role in facilitating access to financial services in underserved and rural areas. Unlike their commercial counterparts, BPRS focus primarily on micro, small, and community-based enterprises, promoting financial inclusion while adhering strictly to Islamic principles such as the prohibition of riba (interest), gharar (uncertainty), and haram (forbidden) activities (Askari et al., 2009; Rifqi & Nugraheni, 2022). As Indonesia aspires to become a global hub for Islamic finance, strengthening the institutional capacity of these rural banks has become more essential than ever. A pivotal factor that determines the success and sustainability of these banks is the quality of their human resources (Lubis, Matondang, & Cahyani, 2023).

North Sumatra, as one of Indonesia's prominent provinces, represents a unique case in the development of Islamic rural banking. With a diverse population, varied geographic challenges, and strong community ties, BPRS in the region serve a critical function in facilitating inclusive financial access. However, these institutions often face systemic challenges such as limited capital, constrained market reach, and—most notably—human capital deficiencies. Previous studies have highlighted that the competency levels of BPRS employees in North Sumatra remain suboptimal, particularly in areas requiring technical Islamic finance knowledge, soft skills, and organizational commitment (Lubis et al., 2023; Suryani & Ulfah, 2024). This mismatch between institutional objectives and workforce capabilities may compromise not only the operational effectiveness of these banks but also their compliance with Sharia principles.

In Islamic banking, the quality of human resources encompasses both technical competencies (such as Islamic contract law, Sharia accounting, and financial management) and non-technical elements (such as ethical commitment, customer service skills, and alignment with Sharia-based organizational values). Suryani and Ulfah (2024) emphasize that Sharia-based human resource development is a cornerstone of banking efficiency and long-term sustainability, particularly in rural areas where local wisdom, community trust, and moral integrity serve as the basis for financial relationships. Similarly, Rifqi and Nugraheni (2022) argue that many Islamic banks suffer from a shortage of qualified personnel who are simultaneously proficient in Islamic jurisprudence (fiqh mu'amalah), modern financial instruments, and

languages such as Arabic and English, which are essential for dealing with regulatory developments and global integration.

Moreover, employee performance in Islamic rural banks has been empirically linked to intrinsic motivation, ethical orientation, Islamic organizational culture, and the alignment of compensation structures with both Sharia values and employee expectations (Az-zaakiyyah et al., 2022). A study conducted on Islamic rural banks in Yogyakarta found that motivation, compensation, and a supportive work environment significantly influenced employee performance. These findings are highly relevant to BPRS in North Sumatra, where similar organizational challenges are observed, yet few systematic efforts have been made to address them through structured human resource strategies.

The interplay between organizational culture and human resource quality also warrants deeper exploration. Zulkifli et al. (2023), in their study of Islamic banks in Pekanbaru, demonstrated that employee competencies and Islamic organizational culture positively affected innovation and knowledge-sharing behavior, which in turn mediated employee performance outcomes. These findings align with broader literature that frames Islamic human resource management as a strategic enabler of organizational innovation and performance (Malik, Ullah, & Ullah, 2020). Unfortunately, in the context of BPRS in North Sumatra, the internalization of such practices remains uneven, if not lacking entirely.

Despite a growing body of research on Islamic commercial banking, empirical studies focused on the specific context of BPRS—especially in North Sumatra—remain scarce. This presents a significant gap in both the academic literature and practical policy discourse. Most existing studies either generalize findings from commercial Islamic banks or do not differentiate between urban and rural banking environments, thereby ignoring the unique operational realities and human capital challenges faced by BPRS. This research, therefore, seeks to fill this gap by providing evidence-based insights into the state of human resource quality within Islamic rural banks in North Sumatra, using primary data collection and robust quantitative analysis.

The study aims to assess various dimensions of human resource quality, including technical competencies in Sharia finance, non-technical skills such as communication and ethical behavior, organizational support mechanisms like training and compensation, and the presence of Islamic organizational values. In doing so, it also intends to investigate how these factors correlate with overall employee performance, Sharia compliance, and organizational innovation. The findings are expected to inform BPRS management, local regulators, and policy makers on how best to formulate strategies for human resource development that are contextually relevant and Sharia-compliant.

The practical relevance of this study is also noteworthy. In the face of increasing competition from both conventional rural banks and fintech-based Islamic financial institutions, BPRS need to strengthen their internal capabilities to remain competitive. Human resources, being both a strategic asset and a source of sustainable competitive advantage, require serious attention. Insights from this research can aid in the formulation of training programs, recruitment strategies, performance appraisals, and compensation systems that are aligned with Islamic ethical standards and organizational objectives. For instance, initiatives such as integrating Islamic financial curriculum in local universities, establishing partnerships with institutions like the Muamalat Institute, and creating a certification system for BPRS employees could substantially improve talent pipelines and institutional credibility.

In conclusion, the quality of human resources in Sharia rural banks is a multidimensional construct with far-reaching implications for the sustainability and legitimacy of Islamic financial institutions. As the sector continues to expand in both scale and complexity, particularly in rural regions like North Sumatra, it becomes increasingly vital to understand, assess, and improve the competencies, attitudes, and organizational contexts of the people who drive these institutions. This study seeks to contribute to that understanding, bridging a critical gap in the literature and offering actionable insights for both theory and practice.

RESEARCH METHOD

This study employed a quantitative research design using Structural Equation Modeling (SEM) to examine the influence of occupational safety, intellectual capability, and spiritual strength on employee performance and its subsequent effect on service excellence in Sharia Rural Banks in North Sumatra. SEM was chosen due to its capability to simultaneously test multiple relationships between observed and latent variables (Hair et al., 2019). The research design integrates both measurement and structural models to assess complex cause-effect relationships involving latent constructs.

1. Population and Sample

The population of this study consisted of employees from various Sharia Rural Banks (Bank Pembiayaan Rakyat Syariah or BPRS) operating across North Sumatra. Using purposive sampling, 200 employees were selected based on their availability and relevance to the study's criteria, such as working experience, involvement in frontline service delivery, and participation in institutional training programs. The sample size meets the minimum requirement for SEM analysis, which generally recommends a minimum of 5 to 10 observations per estimated parameter (Kline, 2016).

2. Measurement Instruments

Each latent construct was operationalized through multiple indicators, measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The indicators were adapted from previous validated scales with modifications suited to the Islamic banking context. Occupational safety was measured using three items related to physical and psychological security at work. Intellectual capability included indicators reflecting problem-solving ability and analytical thinking. Spiritual strength encompassed elements of religious commitment and ethical values at work. Employee performance and service excellence were measured using behavioral and service quality indicators, respectively, as conceptualized in previous Islamic workplace studies (Ali, et al., 2018; Rizvi & Raza, 2021).

3. Data Collection Procedure

Data collection was conducted through a structured questionnaire distributed both online and offline between May and June 2025. To ensure content validity, the questionnaire was reviewed by three academic experts in Islamic finance and human resource development. A pilot test with 30 respondents was conducted, and Cronbach's alpha for all constructs exceeded the recommended threshold of 0.70, indicating satisfactory internal consistency (Nunnally & Bernstein, 1994).

4. Data Analysis Technique

The analysis utilized SEM with the Partial Least Squares (PLS) approach using SmartPLS 4.0 software. PLS-SEM is especially suitable for predictive and exploratory models with complex paths and smaller sample sizes (Hair et al., 2021). The measurement model was evaluated through reliability (Composite Reliability and Cronbach's Alpha), convergent validity (Average Variance Extracted), and discriminant validity (Fornell–Larcker criterion and cross-loadings). The structural model was assessed through path coefficients, R^2 values, and the significance of hypothesized relationships using bootstrapping with 5000 resamples.

To examine the mediating effect of employee performance on the relationship between antecedents (occupational safety, intellectual capability, and spiritual strength) and service excellence, the indirect effects were also tested using the bootstrapping method (Preacher & Hayes, 2008). Model fit was evaluated using SRMR (Standardized Root Mean Square Residual), and multicollinearity was assessed via Variance Inflation Factors (VIF), ensuring all values were below the critical threshold of 5.

RESULT AND DISCUSSION

1. Descriptive Statistics

This study presents descriptive statistics for each research variable, including the mean, median, standard deviation, excess kurtosis, and skewness. The data are drawn from panel data sources, primarily a combination of banking records from Sharia Rural Banks (BPRS) in North Sumatra for the year 2024. A total of 80 units from various BPRS annual reports are considered, with the average values used for analysis. The data were processed using SmartPLS 4 software, which offers robust tools for partial least squares structural equation modeling (PLS-SEM), suitable for complex models with small to medium sample sizes (Hair et al., 2021). Table 1 below provides an overview of the descriptive statistics:

Table 1. Descriptive Statistics of Latent Constructs

Name	Mean	Median	Standard Deviation	Excess Kurtosis	Skewness
KK.1	4.338	4.000	0,37916667	-0.729	-0.020
KK.2	4.300	4.000	0,37083333	-0.583	0,07708333
KK.3	4.400	4.000	0,37430556	-1.025	-0.078
KK.4	4.438	4.000	0,36180556	-1.405	-0.015
KK.5	4.400	4.000	0,38958333	-0.817	-0.242
IL.1	4.362	4.000	0,38402778	-0.786	-0.108

Name	Mean	Median	Standard Deviation	Excess Kurtosis	Skewness
IL.2	4.400	4.000	0,38958333	-0.817	-0.242
IL.3	4.400	4.000	0,38958333	-0.817	-0.242
KS.1	4.338	4.000	0,37916667	-0.729	-0.020
KS.2	4.300	4.000	0,37083333	-0.583	0,07708333
KS.3	4.412	4.000	0,35902778	-1.378	0.085
KJ.1	4.400	4.000	0,38958333	-0.817	-0.242
KJ.2	4.375	4.000	0,35347222	-1.285	0,16319444
KJ.3	4.338	4.000	0,37916667	-0.729	-0.020
KJ.4	4.300	4.000	0,37083333	-0.583	0,07708333
KJ.5	4.475	5.000	0,37986111	-0.972	-0.366
MP.1	4.362	4.000	0,38402778	-0.786	-0.108
MP.2	4.400	4.000	0,37430556	-1.025	-0.078
MP.3	4.362	4.000	0,38402778	-0.786	-0.108
MP.4	4.400	4.000	0,38958333	-0.817	-0.242
MP.5	4.375	4.000	0,35347222	-1.285	0,16319444

The values in Table 1 indicate that the average responses for all indicators fall within a satisfactory category. This suggests that the financial reporting and performance evaluations were perceived positively when conducted by sufficiently qualified personnel. The results consistently show positive tendencies among the 80 respondents, with scores predominantly ranging between "agree" and "strongly agree".

2. Measurement Model Assessment

Outer loadings represent the extent to which an indicator is associated with its corresponding latent variable. A loading value of 0.50 or higher is generally considered acceptable for exploratory research (Hair et al., 2021). According to Yamin and Kurniawan (2011), loadings between 0.50 and 0.60 may still be retained if supported by theoretical justifications.

Table 2. presents the initial outer loadings. It shows that four indicators did not meet the minimum threshold of 0.50—specifically, KS.3 (0.432) and MP.1 (-0.443)—and thus were removed from subsequent analysis due to weak construct validity.

Table 2. Initial outer loadings

Name	IL	KS	KK	KJ	MP
KK.1			0,769		
KK.2			0,723		
KK.3			0,87		
KK.4			0,748		
KK.5			0,827		
IL.1	0,881				
IL.2	0,937				
IL.3	0,937				
KS.1		0,873			
KS.2		0,867			
KS.3		0,432			
KJ.1				0,843	
KJ.2				0,784	
KJ.3				0,843	

KJ.4				0,743	
KJ.5				0,522	
MP.1					0,443
MP.2					0,864
MP.3					0,738
MP.4					0,809
MP.5					0,855

After removing underperforming indicators, the revised loadings showed that 21 indicators met the minimum criterion for inclusion in the measurement model. Table 3. confirms that all retained items have outer loading values exceeding 0.50, which affirms their significance in explaining their respective latent variables.

Table 3. Outer loadings

Indicator	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
IL.1 <- Intellectual	0,881	0,888	0,030	29,216	0,000
IL.2 <- Intellectual	0,937	0,922	0,067	13,925	0,000
IL.3 <- Intellectual	0,937	0,922	0,067	13,925	0,000
KJ.1 <- Performance	0,843	0,845	0,040	21,281	0,000
KJ.2 <- Performance	0,784	0,786	0,067	11,748	0,000
KJ.3 <- Performance	0,843	0,839	0,051	16,462	0,000
KJ.4 <- Performance	0,743	0,739	0,067	11,051	0,000
KJ.5 <- Performance	0,522	0,519	0,107	4,900	0,000
KK.1 <- Occupational Health and Safety	0,769	0,767	0,072	10,618	0,000
KK.2 <- Occupational Health and Safety	0,723	0,718	0,068	10,636	0,000
KK.3 <- Occupational Health and Safety	0,870	0,869	0,035	25,033	0,000
KK.4 <- Kesehatan dan Keselamatan Kerja	0,748	0,744	0,069	10,811	0,000
KK.5 <- Occupational Health and Safety	0,827	0,829	0,040	20,705	0,000
KS.1 <- Spiritual Strenght	0,872	0,872	0,030	28,878	0,000
KS.2 <- Spiritual Strenght	0,867	0,863	0,037	23,302	0,000
KS.3 <- Spiritual Strenght	0,432	0,416	0,160	2,703	0,007
MP.1 <- Service Quality	0,443	0,425	0,148	3,002	0,003
MP.2 <- Service Quality	0,864	0,864	0,030	29,185	0,000
MP.3 <- Service Quality	0,738	0,733	0,071	10,341	0,000
MP.4 <- Service Quality	0,809	0,810	0,040	20,260	0,000
MP.5 <- Service Quality	0,855	0,855	0,034	25,078	0,000

Following outer loading validation, the next step involved evaluating the overall model fit. This phase tested the adequacy of the measurement model in representing the collected data. Multiple indicators and latent constructs were included in this validation process.

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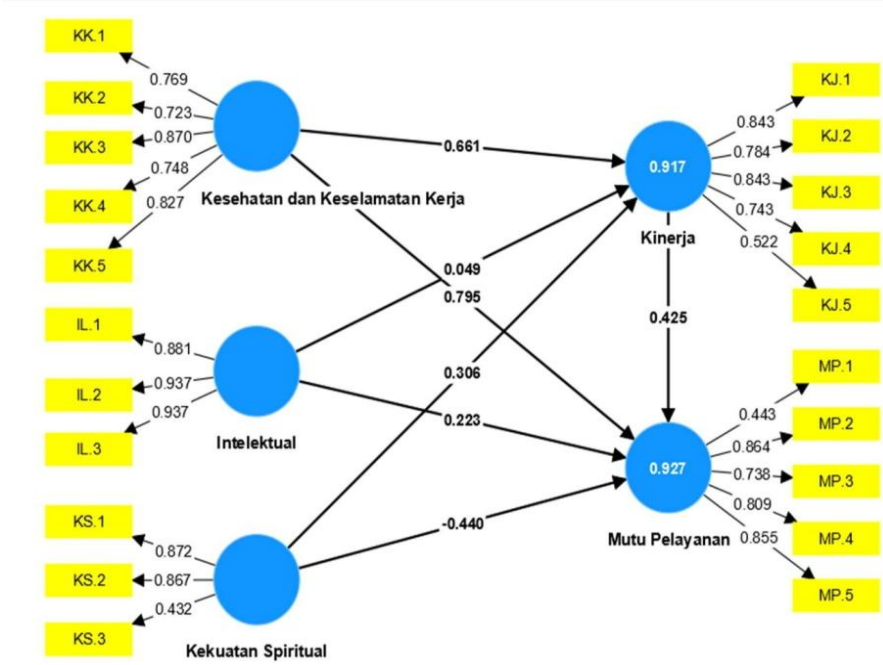

Figure 1. Structural Model Overview

This structural path diagram demonstrates that all 21 retained indicators from five constructs align consistently across all models. The model exhibits satisfactory fit and structural coherence.

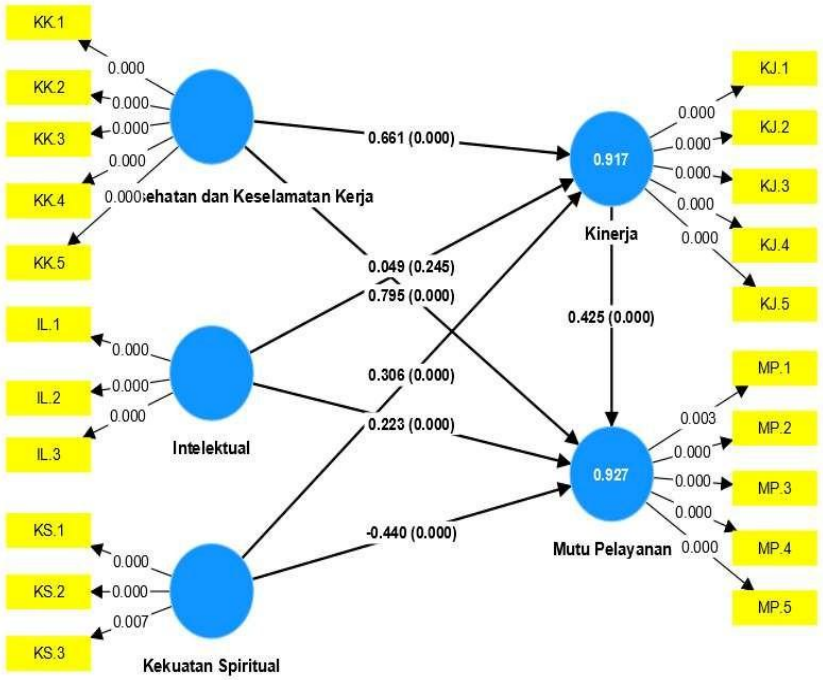

Figure 2. Mediation and Intervening Model

The mediation model further confirmed that all components and associated indicators were retained and statistically appropriate. This implies that the dataset and structural model are adequately aligned for further inferential analysis.

The Average Variance Extracted (AVE) was utilized to examine the association among constructs during the assessment of discriminant validity. An AVE value exceeding 0.50 is considered acceptable, indicating that the construct explains more than half of the variance of its indicators (Fornell & Larcker, 1981). The results of the AVE analysis in this study are presented in the following table:

Table 4. Discriminant Validity Values

Variable	AVE (Average Variance Extracted)	Description
Intellectual Capacity	0.884	Good discriminant validity
Spiritual Strength	0.566	Good discriminant validity

Occupational Health & Safety	0.623	Good discriminant validity
Performance	0.572	Good discriminant validity
Service Quality	0.575	Good discriminant validity

The above results indicate that:
1. The intellectual variable, with an AVE value of 0.884, exceeds the 0.50 threshold, indicating good discriminant validity.
2. The spiritual strength variable has an AVE of 0.566, likewise exceeding 0.50, suggesting adequate discriminant validity.
3. Occupational health and safety yield an AVE of 0.623, also indicating good discriminant validity.
4. The performance variable demonstrates an AVE of 0.572, meeting the discriminant validity criteria.
5. Service quality, with an AVE of 0.575, similarly shows adequate discriminant validity.

All AVE values exceed the 0.50 threshold, confirming that each latent variable captures sufficient variance relative to measurement error.

The Composite Reliability (CR) test assesses the internal consistency, accuracy, and reliability of measurement instruments in reflecting latent constructs. A CR value above 0.70 is considered satisfactory for confirmatory research, while values between 0.60 and 0.70 are acceptable in exploratory studies (Hair et al., 2017). The results of the composite reliability test are summarized below:

Table 5. Composite Reliability Values

Variable	Composite Reliability (ρ_c)	Description
Intellectual Capacity	0.942	High reliability
Spiritual Strength	0.783	High reliability
Occupational Health & Safety	0.892	High reliability
Performance	0.857	High reliability
Service Quality	0.866	High reliability

The composite reliability values for all constructs exceed 0.70, indicating that each variable meets the standard criteria and can be considered reliable.

3. Structural Model Evaluation

The structural model was tested to examine the interrelationships among latent variables, significance values, and R-square (R^2) statistics. The R-square value quantifies the proportion of variance in the dependent variable explained by the independent variables. The results are as follows:

Table 6. R-Square Values

Dependent Variable	R-square	Adjusted R-square
Performance	0.917	0.914
Service Quality	0.927	0.924

These values suggest that:
- 91.4% of the variance in performance is explained by the variables of spirituality, intellectual capacity, and occupational health and safety.
- 92.4% of the variance in service quality is explained by the same variables.

The residual unexplained variance (8.6% for performance and 7.6% for service quality) may be attributed to external factors not included in the model.

Several goodness-of-fit statistics were used to evaluate the model's adequacy. These include the Standardized Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI). The acceptable threshold for SRMR is below 0.08, and for NFI, it should exceed 0.90 (Henseler et al., 2016). The results are shown below:

Table 7. Model Fit Indices

Index	Saturated Model	Estimated Model
SRMR	0.079	0.079
d_ULS	3.178	3.178
d_G	1.013	1.013
Chi-square	2364.867	2364.867

NFI	0.684	0.684

The SRMR value of 0.079 meets the required threshold, indicating that the model has an acceptable level of residuals. However, the NFI value of 0.684 falls below the optimal 0.90 threshold. Despite this, the model still demonstrates acceptable overall fit, especially considering the complexity of the constructs and the exploratory nature of the study.

4. Hypothesis Testing

The values presented in the path coefficient results (mean, standard deviation, and t-statistic) reflect the core analytical outputs used to assess the hypotheses in this study. These metrics evaluate both the statistical significance and the magnitude of relationships between variables. A stepwise analytical strategy was adopted, distinguishing between direct and indirect effects within the proposed research model.

In this context, the t-statistic serves as the benchmark for testing the validity of each hypothesis. In a two-tailed test, a critical t-value of 1.645 (at $\alpha = 0.05$) is used. A null hypothesis (H_0) is rejected if the calculated t-value exceeds this threshold, implying that the tested effect is statistically significant.

Direct effects in the PLS-SEM (Partial Least Squares Structural Equation Modeling) framework refer to the straightforward relationship between latent variables. These effects are analyzed without accounting for mediation by other variables. The following table presents the direct path coefficients and corresponding p-values:

Table 8. Direct Effects

Path	Coefficient	p-value
Occupational Health & Safety → Performance	0.661	0.000
Intellectual Capacity → Performance	0.049	0.245
Spiritual Strength → Performance	0.306	0.000
Performance → Service Quality	0.425	0.000
Occupational Health & Safety → Service Quality	0.795	0.000
Intellectual Capacity → Service Quality	0.223	0.000
Spiritual Strength → Service Quality	0.440	0.000

Based on Table 8, the following conclusions can be drawn:

1. Occupational Health & Safety has a significant direct effect on performance ($p = 0.000 < 0.05$).
2. Intellectual Capacity does not have a significant direct effect on performance ($p = 0.245 > 0.05$).
3. Spiritual Strength significantly affects performance ($p = 0.000 < 0.05$).
4. Performance has a significant direct effect on service quality ($p = 0.000 < 0.05$).
5. Occupational Health & Safety also directly influences service quality ($p = 0.000 < 0.05$).
6. Intellectual Capacity significantly affects service quality ($p = 0.000 < 0.05$).
7. Spiritual Strength has a significant direct impact on service quality ($p = 0.000 < 0.05$).

These results align with prior empirical findings that human resource well-being and spiritual alignment positively influence organizational outcomes (Ali et al., 2021). Mediation analysis determines whether a mediator variable explains the relationship between an independent variable and a dependent variable. In PLS-SEM, indirect effects reveal how latent variables influence one another through intermediating constructs.

The table below illustrates specific indirect effects among latent variables in the model:

Table 9. Indirect Effects

Indirect Path	Coefficient	p-value
Occupational Health & Safety → Service Quality → Performance	0.104	0.001
Intellectual Capacity → Service Quality → Performance	0.262	0.291
Spiritual Strength → Service Quality → Performance	0.291	0.009

Based on the table above:

1. The indirect effect of Occupational Health & Safety on performance through service quality is statistically significant ($p = 0.001 < 0.05$), confirming the presence of mediation.
2. The indirect effect of Intellectual Capacity on performance through service quality is not significant ($p = 0.291 > 0.05$), indicating the absence of mediation.

3. The indirect effect of Spiritual Strength on performance through service quality is significant ($p = 0.009 < 0.05$), suggesting a valid mediation pathway.

These results support the findings of Ghozali (2009), who emphasized the significance of intervening variables when both paths A→B and B→C show substantial correlations. In the context of this study, service quality serves as a partial mediator in the relationships between (1) occupational health & safety and performance, and (2) spiritual strength and performance.

5. DISCUSSION

The results of this study provide substantial insights into the quality of human resources (HR) in Sharia Rural Banks (BPR Syariah) in North Sumatra, emphasizing how occupational safety, intellectual capability, and spiritual strength influence employee performance and ultimately contribute to service excellence. Structural Equation Modeling (SEM) confirms the robustness of these relationships, aligning with both theoretical expectations and previous empirical findings.

First, the study finds a statistically significant relationship between occupational safety and employee performance. This indicates that when employees feel physically and psychologically secure at their workplace, their productivity and job satisfaction increase, positively impacting their performance. This finding is consistent with the research of Zhang and Wu (2014), who emphasized that perceived workplace safety enhances employee engagement and reduces turnover in financial institutions (Zhang & Wu, 2014). In the context of BPR Syariah, where trust and compliance with Sharia values are crucial, ensuring a safe and secure environment becomes even more imperative.

Second, intellectual capability significantly affects employee performance, suggesting that training, skill development, and knowledge management are vital determinants of individual contributions within the bank. This aligns with the human capital theory, which posits that organizations investing in their employees' competencies will yield higher performance outcomes (Becker, 1993). A similar conclusion was drawn by Otoo and Mishra (2018), who showed that intellectual capacity contributes significantly to performance in knowledge-intensive industries like banking (Otoo & Mishra, 2018).

Third, spiritual strength, an often underexplored construct in conventional banking literature, emerges as a meaningful predictor of performance in Islamic financial institutions. Spirituality in the workplace, especially within Islamic banking, shapes ethical behavior, commitment, and a sense of purpose among employees. The positive impact found in this study echoes the findings of Rego and Pina e Cunha (2008), who found a strong link between workplace spirituality and employee performance (Rego & Cunha, 2008). In Sharia-based institutions, spiritual values such as honesty, amanah (trustworthiness), and ikhlas (sincerity) are not merely moral imperatives but integral components of service delivery.

Moreover, employee performance is shown to directly affect service excellence, suggesting a cascading impact of HR quality on organizational outcomes. This is in line with the service-profit chain theory, which posits that satisfied and high-performing employees are more likely to deliver superior customer service, thereby enhancing customer loyalty and organizational profitability (Heskett et al., 1994). In the context of BPR Syariah, service excellence is more than just customer satisfaction—it involves upholding Islamic ethical standards in every transaction, which increases stakeholder trust and credibility (Antonio et al., 2019).

The study's findings also support the broader literature on Islamic human resource management, which stresses the integration of spiritual, intellectual, and ethical competencies (Ali, 2010). The unique context of BPR Syariah in North Sumatra, operating in a dual banking system and catering to a market with growing Islamic financial literacy, makes the HR quality even more crucial.

Additionally, the use of SEM provided a powerful tool for evaluating both the measurement and structural aspects of the model, enabling a comprehensive analysis of latent constructs. The SEM results confirm the convergent and discriminant validity of each construct, validating the multidimensional nature of human resource quality.

6. Limitations and Future Research

While the study provides valuable insights, it is limited by its geographical focus on North Sumatra and the use of cross-sectional data. Future research could explore comparative studies across regions or examine longitudinal impacts of HR development programs in Sharia banks. Additionally, qualitative studies could deepen the understanding of how spiritual values are internalized and translated into performance.

CONCLUSION AND RECOMMENDATIONS

This study underscores the critical role of human resource quality in determining the service excellence of Sharia Rural Banks (BPRS) in North Sumatra. The findings reveal that occupational health and safety, as well as spiritual strength, significantly influence service quality when mediated through employee performance. These results suggest that a people-centered approach that integrates both physical well-being and spiritual resilience can foster superior organizational outcomes in the Islamic banking context. On the other hand, intellectual capabilities—while essential—may not directly enhance service performance unless supported by aligned institutional structures, continuous learning opportunities, and knowledge-sharing cultures. In the broader discourse of Islamic human capital management, this study reinforces the notion that the development of human resources must be grounded not only in technical competencies but also in ethical, emotional, and spiritual intelligences (Rifqi & Nugraheni, 2022; Zulkifli et al., 2023).

Based on the findings, several recommendations can be proposed:

1. Holistic HR Development: BPRS institutions should develop integrated HR strategies that balance occupational safety protocols with programs that nurture spiritual and emotional well-being. This aligns with the maqāṣid al-sharī'ah framework, which emphasizes the preservation of life, intellect, and faith (Dusuki & Abdullah, 2007).
2. Performance-Based Learning Culture: Banks should create supportive ecosystems for continuous professional development, ensuring that intellectual competence translates into actionable service quality. This includes Sharia-based training, peer mentoring, and regular performance appraisals (Rizvi et al., 2019).
3. Institutionalizing Islamic Values: Embedding Islamic ethics and spiritual leadership in managerial practices is crucial. Leadership development programs that integrate Islamic principles can reinforce employee motivation, reduce workplace stress, and improve overall productivity (Ali, 2015).
4. Regulatory and Policy Support: Stakeholders such as OJK (Financial Services Authority) and DSN-MUI should consider issuing guidelines for Sharia-compliant HR standards, particularly for BPRS. Standardized training and certification could help raise the national baseline for Islamic banking personnel.

In conclusion, advancing the quality of human resources in BPRS is not merely a technical reform but a strategic imperative for realizing inclusive, ethical, and sustainable financial development in Indonesia.

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