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Sharia Compensation Schemes and Employee Performance in Contemporary Islamic Economics

Abstract: This study investigates the role of Sharia-compliant compensation schemes in optimizing employee performance through a qualitative approach. Within the framework of contemporary Islamic economics, compensation is not only regarded as a financial reward but also as an instrument of justice, blessing, and adherence to Sharia principles. Sharia-based compensation highlights the ethical and moral dimensions of employee welfare by emphasizing material and spiritual aspects. The study underscores the mediating role of job satisfaction and the moderating influence of religious motivation in strengthening the relationship between compensation schemes and employee performance. Data were collected through in-depth interviews and participatory observations conducted at Sharia-based institutions and companies in Indonesia, ensuring contextual depth and reliability of the findings. Thematic analysis indicates that compensation aligned with Sharia values can significantly enhance employee loyalty, strengthen work ethic, and increase overall productivity. Furthermore, the spiritual dimension of compensation is essential in cultivating intrinsic motivation, particularly when supported by an ethical and religious work environment. Integrating material and non-material values creates a more holistic approach to human resource management. The findings suggest that a comprehensive Sharia compensation system has far-reaching implications, as it addresses employees' financial well-being and contributes to their overall spiritual and psychological welfare. The study concludes by emphasizing the importance of developing HR management strategies rooted in Islamic values as a sustainable and effective pathway to improving employee performance and organizational resilience.

Keywords: Contemporary Islamic Economics, Job Satisfaction, Religious Motivation, Sharia Compensation, Worker Performance.

INTRODUCTION

In modern organizational dynamics, worker performance is a determining factor for the success and competitiveness of the institution.¹ Performance improvement is influenced by the technical skills or managerial systems applied and how the organization manages the working relationship, one of which is through the compensation system. Fair and proportionate compensation has been shown to increase employee motivation, job satisfaction, and loyalty. However, in many cases, the compensation system implemented is still stuck in a materialistic paradigm that lacks regard for moral, ethical, and spiritual values, especially in the context of a Muslim society that upholds the principles of justice and blessing at work.²

The problem is even more complex when the conventional compensation system cannot address workers' holistic needs economically and spiritually. Compensation is often only seen as an economic instrument without considering aspects of social justice and the inner well-being of workers. This is where the importance of a Sharia approach in the compensation system lies. In Islam, compensation is not just a wage for services, but a right of workers that must be given fairly and promptly, as affirmed in various nash and the principle of muamalah. Therefore, developing compensation schemes based on Sharia values has become relevant as an alternative to the dominant capitalistic model.³

However, empirical studies that discuss the influence of Sharia compensation schemes on overall worker performance are still limited. Most previous studies have only looked at the direct relationship between compensation and performance, without delving deeper into the role of psychological or social mechanisms that might bridge the

¹ Muhammad Ali Adriansyah dkk., "Enhancing Employability in the Digital Era: A Case Study of Online Workers Through the Lens of Contemporary Islamic Economic Law," *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 99–128, <https://doi.org/10.32332/milrev.v4i1.10223>.

² Muhammad Fariz Al'Fattah dan Yayuk Sri Rahayu, "Effect of Islamic Work Ethos, Compensation, Work Stress and Work Life Balance on the Performance of Syariah Banking Employees (Case Study on Employees of Bank Muamalat Malang City and Batu City)," *Asian Journal of Economics, Business and Accounting* 23, no. 23 (2023): 144–152, <https://doi.org/10.9734/ajeaba/2023/v23i231177>.

³ Indira Basalamah dkk., "Effect of Commitment, Compensation, and Leadership on Employee Performance and Sharia Engagement as Variable Intervening," *International Journal of Accounting and Finance in Asia Pasific (IJAFAP)* 2, no. 1 (2019): 1, <https://doi.org/10.32535/ijafap.v2i1.360>.

relationship. For example, Laili Rahmawati's (2020) research highlights the influence of spiritual motivation and compensation on employee performance at BPRS Jabar-Banten and shows a positive contribution. However, this study has not specifically reviewed the role of mediation or moderation.⁴ Meanwhile, Arie Yusnelly (2023) examines the role of the Islamic work ethic as a mediator in the relationship between compensation and employee performance at Bank Syariah Riau.⁵ His findings suggest that compensation can improve the Islamic work ethic, which ultimately impacts performance, although the primary focus is more on work ethic than on religious motivation or job satisfaction.

This research is here to fill this gap by offering a new approach that combines the principles of Sharia compensation with mediation and moderation analysis. The goal is to understand how Sharia compensation directly impacts performance and intermediate variables such as work motivation, satisfaction, and loyalty. In addition, contextual factors such as the organization's spiritual values and ethical leadership style are considered moderation variables that can strengthen or weaken such influences. This approach allows for a deeper and contextual analysis of the current reality of Muslim organizations. The novelty of this research lies in integrating Sharia values into the compensation system through quantitative models that empirically test causal relationships, as well as the development of measurement instruments that follow the framework of Islamic values. Thus, this study not only makes a theoretical contribution to the Islamic management literature but can also serve as a practical reference for organizations that want to implement an economically fair and spiritually meaningful compensation system.

Based on this presentation, the main question asked in this study is: How does the Sharia compensation scheme affect the optimization of worker performance by considering the role of mediation and moderation variables in the context of contemporary Islamic

⁴ Laili Rahmawati, "The Effect of Spiritual Motivation and Compensation on The Employee Performance of The Bank of Center Sharia Jabar Banten," *Review of Islamic Economics and Finance* 1, no. 1 (2018): 1, <https://doi.org/10.17509/rief.v1i1.23742>.

⁵ Arie Yusnelly, "Islamic Work Ethic as A Mediator of The Influence of Compensation and Career Development on the Employee Performance of Syaria Bank in Riau Province, Indonesia," *INVEST : Jurnal Inovasi Bisnis Dan Akuntansi* 4, no. 2 (2023): 2, <https://doi.org/10.55583/invest.v4i2.566>.

economics? This question emphasizes the relationship between values, organizational structure, and the psychological dynamics of workers in a Sharia-based work system. This research has both theoretical and practical significance. Theoretically, this study contributes to the literature on Islamic economics and human resource management by presenting an integrative model based on Sharia values. Meanwhile, from a practical perspective, the findings of this study can be a reference for Islamic organizations, Islamic financial institutions, and the halal industry sector in designing a fair, meaningful compensation system that can encourage sustainable work performance.

METHOD

This study uses a descriptive qualitative approach⁶ to understand in depth how the Sharia compensation scheme is implemented in practice and how the scheme contributes to the optimization of worker performance. The primary focus is on exploring workers' and managers' meanings, perceptions, and subjective experiences in Sharia-based institutions or companies, especially related to justice, transparency, and spiritual values in compensation. Data was collected through in-depth interviews, direct observation in the workplace, and documentation related to compensation policies. Informants are selected purposively, including employees, HR managers, and leaders of institutions that apply Islamic economic principles in their compensation systems. Data were analyzed using thematic analysis techniques, with a coding process to identify key themes, including the role of mediation, such as job satisfaction, and moderation, such as religious motivation, in the relationship between compensation and performance. The validity of the data is maintained through the triangulation of sources and techniques, empowering the re-checking of interpretation results for informants (member check), and trail audits to maintain the transparency of the analysis process. This research will contextualize the relationship dynamics between Sharia compensation and worker performance in contemporary Islamic economics.

⁶ Helaluddin dan Hengki Wijaya, *Analisis Data Kualitatif: Sebuah Tinjauan Teori & Praktik* (Sekolah Tinggi Theologia Jaffray, 2019).

RESULTS AND DISCUSSION

The Urgency of Sharia Compensation in Improving Worker Performance

In Islamic economics, compensation is seen as a form of retribution for work and a mandate that contains the values of justice, honesty, and social responsibility. The Sharia compensation system is designed to balance workers' rights and employers' obligations, considering material and spiritual aspects. Compensation is essential in creating a productive and ethical work environment in this context. Sharia compensation refers to the provision of wages or incentives following Sharia principles, such as the clarity of the contract, not containing usury, *gharar*, or elements of exploitation. These principles encourage transparency, fairness, and consistency between contributions and rewards received by workers. Thus, this system can directly increase worker satisfaction and loyalty to the institution.⁷

Sharia compensation has been proven to encourage improving worker performance through two main mechanisms: job satisfaction as mediation and religious motivation as moderation. When workers feel that they are treated fairly and that their faith values, commitment, and work productivity tend to increase, this aligns with the concept of *ihsan* in Islam, which is to do work optimally even though it is not directly supervised. In contemporary studies, it has been found that institutions that adopt Sharia compensation schemes show lower turnover rates and higher productivity levels. Applying Islamic values in the compensation system creates inner peace for workers and impacts the institution's overall performance. Employees who feel blessed with their income tend to be more responsible and honest.⁸

In addition to impacting individual performance, Sharia compensation also plays a role in strengthening a healthy organizational climate. Values such as justice, trust, and

⁷ Evy Rahman Utami, "Kinerja Dan Kompensasi Masa Depan Di Bank Syariah Dan Konvensional," *Jurnal Akuntansi dan Keuangan Islam* 5, no. 1 (2017): 1, <https://doi.org/10.35836/jakis.v5i1.15>.

⁸ Wesiur Riski dkk., "Kompensasi Dan Tunjangan Dalam Perspektif Manajemen Syariah: Upaya Meningkatkan Keadilan," *ABJOIEC: Al-Bahjah Journal of Islamic Economics* 1, no. 2 (2023): 2, <https://doi.org/10.61553/abjoiec.v1i2.35>.

deliberation in determining compensation create an inclusive and harmonious work culture. This culture is essential for building a solid, collaborative work team, ultimately strengthening the organization's competitiveness. The implementation of Sharia compensation also has a broad social dimension. Workers who receive proper compensation and follow Sharia principles have better purchasing power and can fulfill their zakat and alms obligations optimally. This creates a domino effect in strengthening the economy of the ummah and reducing social disparities, which is one of the goals of maqashid al-Sharia.⁹

However, challenges in implementing Sharia compensation still exist, especially regarding management awareness and the limitations of formal regulations outside the financial sector. Therefore, educational efforts and policy strengthening are needed to encourage institutions in the real sector to adopt this scheme systematically. Strategic steps include strengthening human resources, training in Sharia values, and integrating the Islamic financial system. Sharia compensation is rooted in the normative aspect of religion and its effectiveness in sustainably improving worker performance. In the era of contemporary Islamic economics, this approach can be an ethical and productive solution in human resource management and an effort to create a value-based competitive advantage. To make it easier to see the difference between Conventional Compensation vs Sharia Compensation, which can be seen in the table below;

Table 1: Comparison of Conventional Compensation vs Sharia Compensation

Aspects	Conventional Compensation	Sharia Compensation
Basic Principles	Efficiency and productivity	Justice, blessings, and trust
Forms of Rewards	Money, bonuses, perks	Money, halal bonuses, zakat, ethical awards
Determination Policy	Labor supply	Work fairness and contribution
Contract Mechanism	Standard employment contracts	Clear and halal employment contract

⁹ Siti Nazwa Hamidah dan Nur Afni Novia Mulya, "Pengaruh Kompensasi Kompensasi Dan Benefit Syariah Dalam Suatu Perusahaan Terhadap Kinerja Karyawan," *Karimah Tauhid* 3, no. 3 (2024): 2703-15, <https://doi.org/10.30997/karimahtauhid.v3i3.12335>.

Spiritual Elements	Not taken into account	Counted as the primary motivation
Long-Term Effects	Temporary material satisfaction	Long-term loyalty and responsibility
Social Impact	Neutral	Strengthening the Ummah economy and fair distribution

Source: Author's Interpretation

Table 1 shows the fundamental differences between conventional and Sharia compensation in various essential aspects. Conventional compensation is oriented towards efficiency and productivity, with generally material rewards, such as money and bonuses, and is based on labor market mechanisms. In contrast, Sharia compensation is based on the principles of justice, blessings, and trust, with a form of reward that includes not only financial aspects but also spiritual values such as zakat and ethical rewards.¹⁰ The contract mechanism in the Sharia system emphasizes clarity and halal, and considers spiritual elements as the primary motivation. In the long run, Sharia compensation is expected to foster higher loyalty and responsibility and have an impact on strengthening the ummah's economy and a fairer distribution of wealth, in contrast to conventional compensation, which tends to produce temporary material satisfaction without significant social impacts.

Characteristics of Sharia Compensation and Its Implications for Performance

Sharia compensation provides work compensation based on Islamic principles regarding contracts, values, and goals. In Sharia's framework, compensation is seen not only from the amount of material given, but also from the way and intention of giving it. This contrasts with the conventional compensation system, which focuses more on the pure economic aspect. The primary purpose of Sharia compensation is to fulfill workers' rights fairly and follow the values of *maqāṣid al-syarī'ah*, such as safeguarding human property, soul, and dignity.¹¹ One of the main characteristics of Sharia compensation is **justice ('adl)**. Islam emphasizes the importance of providing wages properly and on time. The hadith

¹⁰ Muhammad Sulhan dkk., "Financial Behavior Dynamics of MSME Actors: A Contemporary Islamic Financial Management Study on Literacy, Attitude, Intention, Personality, and Legal Aspects," *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 1, <https://doi.org/10.32332/milrev.v4i1.10075>.

¹¹ Orin Oktasari dkk., "Kompensasi Dalam Ekonomi Islam," *Jurnal Ilmiah Raflesia Akuntansi* 10, no. 1 (2024): 1, <https://doi.org/10.53494/jira.v10i1.462>.

states: "Give the wages of the workers before their sweat is dry" (HR. Ibn Majah). This principle requires employers to consider the proportionality between the work done and the rewards given. Workers tend to show higher levels of job satisfaction and dedication when fairness is maintained. The second characteristic is the transparency and clarity of the contract. In Islam, all transactions, including employment relationships, must be based on a clear contract and free from *gharar* (uncertainty). Therefore, the Sharia compensation system requires an explicit agreement regarding the amount of wages, payment times, and additional forms of compensation. This transparency builds trust between employers and workers, an essential foundation in creating a productive and harmonious work environment.¹²

Third, Sharia compensation avoids all forms of exploitation and structural injustice. Employees should not be given an overburden without equivalent compensation. Islam rejects the use of labor without proper reward. Therefore, this system strongly prioritizes the principle of equality (*musawah*) and respect for the dignity of human beings as caliphs on earth. In the context of performance, fair treatment encourages workers to demonstrate a high work ethic as a form of gratitude and spiritual responsibility. Fourth, Sharia compensation promotes a balance between material and spiritual rights. In addition to halal salaries and allowances, this system can include incentives based on Islamic values such as worship awards, family welfare, and zakat support. Workers who feel holistically cared for—physical, psychological, or spiritual—tend to work with more passion, loyalty, and integrity. The direct implications of the characteristics of Sharia compensation on performance can be seen in increased job satisfaction, loyalty, and productivity. Workers who receive compensation according to Islamic law feel valued and treated as a whole human being, not just an economic resource. This creates a strong intrinsic motivation to contribute to the institution in which they work.¹³

¹² Hanif Fadhlillah dkk., "Pengaruh Kompensasi, Motivasi Dan Budaya Organisasi Terhadap Kinerja Karyawan Bank Syariah Di Surabaya," *Jurnal Ilmiah Ekonomi Islam* 9, no. 1 (2023): 1, <https://doi.org/10.29040/jiei.v9i1.7435>.

¹³ Wesiur Riski dkk., "Kompensasi Dan Tunjangan Dalam Perspektif Manajemen Syariah: Upaya Meningkatkan Keadilan," *ABJOIEC: Al-Bahjah Journal of Islamic Economics* 1, no. 2 (2023): 2, <https://doi.org/10.61553/abjoiec.v1i2.35>.

In addition, implementing Sharia compensation also has implications for strengthening the ethical work culture. Trust, honesty, and responsibility are firmly embedded in this system. A work environment filled with these values improves individual performance and builds team cohesion and trust in the organization. In other words, Sharia compensation has a micro impact not only on workers but also on the culture of the organization. Finally, in contemporary Islamic economics, Sharia compensation has strategic implications for institutional competitiveness. Institutions implementing this system obtain optimal human resource performance and a positive reputation as ethical and responsible institutions.¹⁴ This provides an advantage in attracting superior talent¹⁵ and building business sustainability ethically and with dignity.

The Role of Work Motivation Mediation in the Compensation and Performance Relationship

Compensation is one of the essential factors in human resource management that directly affects worker performance. However, various studies show that the effect of compensation on performance is not always linear and direct, but is often mediated by certain psychological factors, one of which is work motivation. In this context, work motivation becomes a psychological bridge that connects the perception of compensation with productive work behavior. Work motivation can be understood as an internal drive that leads a person to act, persevere, and strive to achieve a specific goal in a work context. When workers feel that their compensation is fair, decent, and commensurate with their contributions, that perception forms a strong intrinsic motivation. The feeling of being

¹⁴ Any Werdhiastutie dkk., "Achievement motivation as antecedents of quality improvement of organizational human resources," *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)* Volume 3 (2020): 747-52.

¹⁵ Karnaji Sudarso, "Penelitian Model Pengentasan Kemiskinan Melalui Peran Serta Masyarakat Mampu di Provinsi Jawa Timur," Surabaya: Lutfansah, 2005, <https://scholar.google.com/scholar?cluster=3550830905219381895&hl=en&oi=scholar>.

financially and morally rewarded creates positive psychological energy to work harder, be more focused, and be more responsible.¹⁶

Within the framework of motivation theory, compensation is included in the hygiene factors that affect job satisfaction indirectly. However, if the compensation reflects fairness and transparency and contains spiritual values—an aspect that characterizes Sharia compensation—then it can also increase **intrinsic motivators**, such as belonging, achievement, and self-actualization. This motivation then encourages continuous performance improvement. The role of motivational mediation is important because it explains how perceptions of compensation translate into tangible actions. Without motivation to be formed, even high compensation can fail to produce optimal performance. Conversely, when workers are motivated by feeling valued and treated fairly, they will exhibit positive work behavior even though the compensation received is not always nominally ample.¹⁷

In the context of Sharia compensation, work motivation has a broader dimension because it includes aspects of spirituality. Workers are not only driven by material incentives, but also by a sense of religious responsibility (*amanah*), the desire to seek the blessings of sustenance, and the spirit of contributing to greater social goals. These values strengthen the work drive from within, making motivation a sustainable force not easily extinguished by external pressures. The implications of this motivational mediation are significant for management strategies. Employers should establish a competitive compensation system and ensure they can motivate workers realistically. This can be done through a personal approach, open communication, and non-material recognition that aligns with Sharia values, such as moral appreciation, trust, and a sense of community.¹⁸

¹⁶ Dian Sabrina DIan dan Muhammad Saleh, “Pengaruh Faktor Kompensasi Terhadap Kinerja Karyawan Pada PT. Bank Syariah Indonesia Kcp Pangkalan Berandan,” *Jurnal Ekonomi Dan Keuangan Syariah* 1, no. 2 (2022): 2.

¹⁷ Amanda Balqis dkk., “Pengaruh Kompensasi Finansial Dan Non-Finansial Terhadap Kinerja Karyawan Pada Bank Sumut Kcp Syariah Simpang Kayu Besar,” *Jurnal Maneksi (Management Ekonomi Dan Akuntansi)* 12, no. 2 (2023): 2, <https://doi.org/10.31959/jm.v12i2.1490>.

¹⁸ Ay Maryani dan Hayatul Muthmainnah Rusmahafi, “Analisis Pengaruh Kompetensi Syariah, Kompensasi Islami Dan Kecerdasan Spiritual Terhadap Kinerja Karyawan (Studi Kasus Bank Muamalat Cabang Ternate),” *Ekonomi Islam* 8, no. 1 (2017): 1.

Empirical research also shows that organizations that facilitate the growth of work motivation through value-based compensation systems have higher employee productivity and retention rates. This is because intrinsically motivated workers tend to focus not only on salary but also on the quality of contributions, loyalty, and passion for continuous improvement. The role of work motivation as a mediator explains why two organizations with similar compensation systems can produce different performances. Thus, understanding and managing the mediating role of work motivation is key in optimizing the relationship between compensation and performance. Sharia compensation designed in a fair, humane, and spiritual way will be more effective in improving performance if it can arouse deep work motivation.¹⁹ Therefore, this approach is very relevant in contemporary Islamic economics, which prioritizes a balance between material and moral values in the world of work.

Table 2. Mediation Model: The Relationship between Sharia Compensation, Work Motivation, and Worker Performance

Variable	Key Characteristics	Direct Influence	Indirect Influence (Mediation)
Sharia Compensation	Fair, halal, transparent, following Sharia	Increase the perception of work fairness	Increase work motivation through a sense of belonging and empowerment
Work Motivation	Intrinsic (responsibility, blessing, trust), extrinsic (social recognition)	Spark dedication and work initiative.	Being an intermediary between the perception of compensation and work behavior
Worker Performance	Productivity, loyalty, and output quality	Directly influenced by motivation	Influenced indirectly by compensation through motivation

Source: Author Interpretation

Table 2 explains the mediating relationship between Sharia compensation, work motivation, and worker performance. Sharia compensation is designed based on the

¹⁹ Rifqi Muhammad dan Puguh Pribadi, "Pengaruh Kompensasi Bonus, Pendidikan Dan Komposisi Gender Dewan Direksi Terhadap Manajemen Laba Pada Bank Syariah Di Indonesia," *Jurnal Ilmiah Ekonomi Islam* 6, no. 1 (2020): 1, <https://doi.org/10.29040/jiei.v6i1.601>.

principles of justice, transparency, and Sharia conformity, which directly affects workers' positive perception of the institution. This influence further arouses intrinsic work motivation, such as a sense of responsibility, the search for blessings, trust, and extrinsic factors such as social recognition. This motivation then mediates the relationship and becomes a determining factor in significantly improving worker performance, which is reflected in productivity, loyalty, and quality of work. Thus, work motivation acts as a psychological bridge that strengthens the effect of compensation on performance more effectively and sustainably.

The Effect of Transformative Leadership Moderation on the Relationship between Compensation and Performance

The relationship between compensation and worker performance is one of the main focuses in human resource management. Proper compensation is generally assumed to improve employee performance. However, in practice, the amount of compensation is not always directly proportional to the performance improvement. This indicates that other variables moderate or strengthen the relationship. One of the significant variables is leadership style, specifically transformative leadership.²⁰ Transformative leadership is a leadership approach that focuses on empowering, inspiring, and developing subordinate potential. Transformative leaders provide technical direction, build a shared vision, set a moral example, and encourage individual innovation. In compensation and performance relationships, transformative leadership can determine whether the compensation provided translates into productive work behaviors. Transformative leaders play a crucial role in shaping workers' perceptions of compensation. When leaders show empathy, honesty, and openness, workers value the existing compensation system as a reward. In such a situation, compensation is understood as a face value and a symbol of recognition

²⁰ Zulhelmy dan Nanda Suryadi, "Pengaruh Kompensasi, Etos Kerja Islami Terhadap Kinerja Karyawan BRI Syariah Kantor Cabang Pekanbaru," *Jurnal Tabarru': Islamic Banking and Finance* 4, no. 1 (2021): 231-41, [https://doi.org/10.25299/jtb.2021.vol4\(1\).6916](https://doi.org/10.25299/jtb.2021.vol4(1).6916).

and trust. This positive perception ultimately encourages workers to improve their performance voluntarily and dedicatedly.²¹

In contrast, compensation can be viewed simply as an organizational obligation with no intrinsic meaning in a leadership-poor work environment or under rigid transactional leadership. As a result, despite high compensation, workers have no emotional or moral attachment to their work. This causes compensation to lose its thrust to performance. This is where transformative leadership moderation becomes crucial to bridge the value of compensation with work motivation.²² Transformative leaders can also identify workers' psychological and spiritual needs more deeply. With a supportive and visionary communication style, leaders can connect the compensation system with workers' long-term goals, career, self-development, and social contribution. In the context of Sharia compensation, transformative leaders can even instill the meaning of divine blessings, trust, and responsibility as an added value of workers' compensation.²³ The influence of this moderation can also be seen in crises or high work pressure. When leaders can inspire and maintain teamwork morale, the effectiveness of compensation will be maintained as a work spirit booster. Transformative leaders create emotional stability amid uncertainty, so workers stay focused on their tasks without being distracted by dissatisfaction or ambiguity over the rewards received.²⁴

Several empirical studies support this view. Research shows that compensation in moderation in organizations with strong transformative leadership can drive higher performance than organizations with weak leadership styles, despite having an extensive compensation system. This shows that leadership is not only a complement but a key *enabler*

²¹ Dita Aryani dan Meriyati Meriyati, "Pengaruh Kompensasi Terhadap Kinerja Karyawan Pada PT. Sri Metriko Utama Widjaja Palembang," *Islamic Banking: Jurnal Pemikiran Dan Pengembangan Perbankan Syariah* 4, no. 2 (2019): 83-96, <https://doi.org/10.36908/isbank.v4i2.61>.

²² Rike Selviasari, "Pengaruh Motivasi, Kompetensi, Dan Kompensasi Terhadap Kinerja Karyawan Bank Syariah Mandiri," *JMK (Jurnal Manajemen Dan Kewirausahaan)* 3, no. 3 (2018): 3, <https://doi.org/10.32503/jmk.v3i3.358>.

²³ Jeli Nata Liyas, "Pengaruh Kompensasi, Lingkungan Kerja Dan Penghargaan Atas Prestasi Kerja Terhadap Kinerja Karyawan Di PT. Asuransi ASEI Indonesia Unit Syariah Cabang Pekanbaru," *Relasi : Jurnal Ekonomi* 15, no. 2 (2019): 2, <https://doi.org/10.31967/relasi.v15i2.310>.

²⁴ Lutfi Nur dkk., "Analisis Kepemimpinan Transformasional," *Jurnal Ilmu Manajemen Dan Bisnis* 12, no. 2 (2021): 2, <https://doi.org/10.17509/jimb.v12i2.37610>.

in optimizing the effect of compensation on performance.²⁵ Thus, transformative leadership is a moderating factor that strengthens the relationship between compensation and performance. Without inspirational and empowering leadership, compensation can lose its motivational power. Therefore, to sustainably improve performance, organizations must build a fair and Sharia-compliant compensation system and develop transformative leadership capacity at all managerial levels.²⁶

Strategic Implications for Sharia Economic Institutions in the Contemporary Era

Islamic economic institutions face challenges and strategic opportunities in dealing with increasingly complex global economic dynamics. Amid modern capitalism that tends to be exploitative and profit-oriented, the Islamic economic system appears as an ethical alternative that upholds justice, transparency, and sustainability. Therefore, the strategic implication that Islamic economic institutions must take is to strengthen Islamic identity in managerial and operational practices, without losing competitiveness in a competitive market. First, Islamic economic institutions must build a value-based management system that integrates the principles of *maqāṣid al-sharī'ah* in all policy aspects. This includes aspects of products and services, organizational culture, HR systems, and decision-making. This strategy is essential to ensure that spiritual orientation is not reduced to mere symbolism but to the spirit of the entire institutional activity.²⁷

Second, in the digital era and technological disruption, Islamic economic institutions must carry out strategic innovations without sacrificing compliance with Sharia principles. Islamic fintech, waqf-based financing platforms, and blockchain-based smart contracts are some innovations that must be responded to adaptively and creatively. The

²⁵ Herry Syahbanuddin dkk., "Pemimpin dan Kepemimpinan Prinsip Islam (Syariah) Dalam Konteks Merger 3 Bank Syariah Besar menjadi Bank Syariah Indonesia," *Mumtaz: Jurnal Ekonomi dan Bisnis Islam* 2, no. 1 (2023): 1, <https://doi.org/10.55537/mumtaz.v2i1.588>.

²⁶ Norman Omang dkk., "Kepemimpinan dan Budaya Islam dalam Pengembangan Kompetensi Sumber Daya Insani Perbankan Syariah di Tengah Persaingan Perubahan Teknologi," *Jurnal Iqtisaduna* 8, no. 2 (2022): 2, <https://doi.org/10.24252/iqtisaduna.v8i2.31271>.

²⁷ Siti Anisa Salsabila dkk., "Peran Strategi Tingkat Bisnis Dalam Mempertahankan Keunggulan Kompetitif Di Era Digital: Pendekatan Studi Literatur," *Al-A'mal : Jurnal Manajemen Bisnis Syariah* 2, no. 1 (2025): 1.

strategic implication is the need to form a Sharia research and development (R&D) team that is competent in technological aspects and in-depth in contemporary muamalah fiqh. Third, human resources (HR) is an essential foundation for strengthening the competitiveness of Islamic economic institutions. It is necessary to develop human resources who are not only technically professional but also have moral integrity and a solid understanding of Islamic values. This strategy includes recruitment based on Islamic character, continuous training, and a compensation system that reflects justice and blessings according to Sharia principles.²⁸

Fourth, Islamic economic institutions must build public trust in globalization and open markets by strengthening good governance and Sharia accountability. Independent Sharia audits, Sharia-based financial reporting, and information disclosure are strategic steps to strengthen the credibility and loyalty of Muslim consumers, which are increasingly critical. The strategic implication is the establishment of a competent, credible, and high-integrity Sharia ethics committee and supervisory board. Fifth, cross-sector collaboration is a strategic need to expand the impact and reach of Islamic economic institutions. Cooperation with educational institutions, conventional financial institutions that have begun to open Sharia units, and the government in terms of fiscal policies and regulatory incentives can pave the way for integrating the Islamic economic system into the national economic architecture. The strategic implication is transforming Islamic economic institutions from marginal entities into inclusive and progressive major economic powers.²⁹

Sixth, Islamic economic institutions also need to respond to sustainability and social responsibility (CSR) issues actively and measurably. This is important considering the increasing awareness of modern consumers towards the social and environmental aspects of economic activities. Therefore, practices such as corporate zakat, microfinance for mustahik, and Sharia ESG (environmental, social, governance) based investments must

²⁸ Darwin Nahwan dkk., "Pengembangan Model Kepemimpinan Islam Dalam Meningkatkan Kinerja Organisasi," *JIMP: Jurnal Ilmiah Manajemen Profetik* 2, no. 2 (2024): 2, <https://doi.org/10.55182/jimp.v2i1.491>.

²⁹ Andhika Banu Bismoko dkk., "Pengaruh Kepemimpinan Transformasional Terhadap Work Engagement Pada Organisasi Perusahaan," *MUQADDIMAH: Jurnal Ekonomi, Manajemen, Akuntansi Dan Bisnis* 1, no. 3 (2023): 191–205, <https://doi.org/10.59246/muqaddimah.v1i3.374>.

be part of the institution's core strategy. Finally, Islamic economic institutions must conduct literacy and public education massively and sustainably to strengthen strategic positions in the contemporary era. Many challenges today arise due to the low public understanding of the principles, benefits, and mechanisms of the Sharia economy. By increasing literacy, institutions expand their customer base, increase social legitimacy, and develop a healthy and sustainable Sharia economic ecosystem.³⁰

The following is a table of strategic implications for Islamic economic institutions in the contemporary era, which summarizes the core of the seven main strategies based on the narrative that can be conveyed:

Table 3: Strategic Implications of Sharia Economic Institutions in the Contemporary Era

No.	Strategic Areas	Strategy Description	Institutional Implications
1	Value-Based Management	Integrating the principles of <i>maqāṣid al-syarī'ah</i> into products, services, human resources, and managerial decisions.	Creating an organization that is not only Sharia-compliant but also <i>Sharia-based</i> .
2	Sharia Technology Innovation	Development of Sharia fintech, digital waqf, and smart contracts with compliance with contemporary fiqh <i>muamalah</i>	Increasing digital competitiveness without sacrificing halal principles and blessings.
3	Strengthening Islamic Human Resources	Recruitment, training, and compensation system based on Islamic values and professionalism.	Forming a work team that is trusted, competent, and loyal to the institutional vision.
4	Good Governance and Sharia Transparency	Internal and external audits are based on Sharia, information disclosure, and public accountability.	Increase public trust and institutional social legitimacy.
5	Cross-Sector Collaboration	Cooperation with academics, regulators, conventional	Expanding the reach, an Islamic economic

³⁰ Nasrullah dkk., "Corporate Social Responsibility (CSR) in Islam: Perspectives on Community Welfare, Zakat, Infaq, and Shadaqah," *EKSYAR : Ekonomi Syari'ah Dan Bisnis Islam (eJournal)* 11, no. 2 (2024): 2, <https://doi.org/10.54956/eksyar.v11i2.648>.

		institutions, Islamic boarding schools, and the halal sector.	ecosystem that strengthens each other is formed.
6	Sustainability and Islamic CSR	Integration of corporate zakat, social financing, and Sharia ESG investment.	Providing a positive social and environmental impact and fostering community loyalty.
7	Public Education and Literacy	Socialization of Sharia economic values and mechanisms in a massive, sustainable, and multichannel way.	Increase public understanding, participation, and demand for Islamic economic services.

Source: Author's Interpretation

Table 3 summarizes seven strategic areas Islamic economic institutions must consider in responding to contemporary global economic dynamics. Starting from the importance of building value-based management rooted in the principles of *maqāṣid al-syarī'ah*, institutions must not only focus on formal compliance with Sharia, but also bring spiritual meaning and substantive justice to all institutional activities. During the digital era, Sharia-based technological innovation is a strategic imperative so institutions remain relevant and competitive, for example, by developing halal fintech and Sharia smart contracts.

In addition, strengthening human resources with integrity and professionalism is the primary foundation for ensuring service quality and organizational sustainability.³¹ Good governance and transparency based on Islamic values are needed to build broader public trust. On the other hand, cross-sectoral collaboration expands the scope of work of Islamic economics so as not to be isolated as a minority system. Commitment to sustainability and social responsibility (Islamic CSR) emphasizes the ethical dimension of Sharia institutions. At the same time, public education and literacy are essential tools to expand the customer base and shape public awareness of the importance of a fair, ethical, and sustainable economic system.

³¹ Seger Handoyo dkk., "The Measurement of Workplace Incivility in Indonesia: Evidence and Construct Validity," *Psychology Research and Behavior Management* Volume 11 (Mei 2018): 217-226, <https://doi.org/10.2147/PRBM.S163509>.

CONCLUSION

This research demonstrates that Sharia-compliant compensation schemes strategically optimize worker performance within the dynamics of contemporary Islamic economics. Compensation designed based on Sharia values—such as justice, blessing, and adherence to halal principles—has material effects and significant influence on employees' psychological and spiritual well-being. Such an approach fosters loyalty, strengthens work ethic, and substantially enhances productivity, particularly when supported by a work environment that upholds religious values. The findings further confirm that job satisfaction is a mediating factor bridging the relationship between compensation and performance, while religious motivation acts as a moderating factor reinforcing the impact of compensation on work behavior. This suggests that fair and Sharia-compliant compensation becomes more effective when embedded in a workplace that nurtures employees' spiritual calling. Accordingly, Islamic institutions and companies are encouraged to develop holistic human resource management systems that integrate financial, ethical, and spiritual dimensions as a unified strategy to achieve sustainable performance imbued with worship value. As an avenue for further research, this study opens opportunities for applying quantitative methods to empirically examine the relationships among Sharia-based compensation, job satisfaction, religious motivation, and performance on a broader scale. Future studies may also investigate additional variables such as organizational fairness, Islamic work culture, or the role of spiritual leadership as mediating or moderating factors.

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AUTHOR CONTRIBUTIONS STATEMENT

This article is the result of a collaborative effort among all three authors. Heru Subiyantoro was primarily responsible for conceptualizing the study, designing the research methodology, managing data collection, and drafting the initial manuscript. Karnaji contributed significantly to validating and formally analyzing the findings while also playing a key role in reviewing and refining the manuscript content. Fendy Suhariadi provided theoretical insights, supported the development of the literature framework, and contributed to the editing and overall coordination of the research project. All authors read and approved the final version of the manuscript.

CONFLICT OF INTEREST

The authors affirm that no conflicts of interest—financial, personal, or professional—could have influenced the design, execution, interpretation, or reporting of this study. This research was conducted with complete academic independence, and every effort was made to ensure that the findings and conclusions are presented objectively, based solely on the data and analytical rigor. The authors have no affiliations or relationships that could be perceived as potentially affecting the impartiality or integrity of the research. This declaration is made to maintain transparency and uphold the highest ethical standards in scholarly work.

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