The influence of human resource practices in Islamic perspective on service performance: The moderating role of Islamic principles with a study in Sharia savings and loans cooperatives of Tamzis Bina Utama

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ABSTRACT

The objective of this study is to examine and analyze the influence of human resource (HR) practices in Islamic perspective on service performance. This study is carried out on Sharia Savings and Loans Cooperatives of Tamzis Bina Utama (TAMZIS) in the DIY Provinces, Indonesia. The data analysis is carried out using quantitative method with Structural Equation Modeling (SEM), and processed with SmartPLS software. The findings in this study indicate that there is a positive and significant relationship in: (1) Recruitment and selection in Islamic perspective on service performance; (2) Training and development in Islamic perspective on service performance; (3) Performance appraisal in Islamic perspective in on service performance; (4) Recruitment and selection in Islamic perspective on service performance moderated by Islamic principles; (5) Training and development in Islamic perspective on service performance moderated by Islamic principles. The findings also indicate that there is a negative and insignificant influence between performance appraisal in Islamic perspective on service performance moderated by Islamic principles in employees of Sharia Savings and Loans Cooperatives of Tamzis Bina Utama in the DIY Provinces, Indonesia.

Introduction

One of the main objectives of a firm is to produce their performance in an effective manner. In order to achieve this effective outcome, firms will form a strategy, which includes a set of action plan that will be used to achieve the firm’s objective. One of the tools to achieve the firm’s objective is by involving the human resources (HR) in the firm itself. Firms must be able to analyze and understand the HR capacity they owned, whether from their knowledge, skills, or work attitude and work ethics. HR management is a combination of activities that are related to the management of people in the firm, which aims to build their ability, motivation, and opportunity to carry out changes that is in line with the organization’s strategy and purpose. It also involves the process to develop the ability and attitude of individuals that will lead to their personal growth and self-actualization, which enables them to contribute towards the organizational goals (Rana & Malik, 2016). Islam itself also encourages the establishment of an egalitarian society and business that is based on justice, fair play, and transparency. Various attempts have been enacted to touch the many aspects of HR and Islamic perspective regarding this issue. The combination of Islamic values and guidance in HR system has a potential to increase its value, since both (HR and religion system) focus on humans and their behavior (Razimi et al., 2014).

HR practices in Islamic perspective refers to the basic function of HR itself, namely recruitment, selection, performance appraisal, training, and compensation that is in line with the guidance in the Quran and Hadith (words from Prophet Muhammad). Islam calls for recruitment process to be done with trust and responsibility. It requires the person in charge of the recruitment to be pious and just. This must be done to ensure that the recruitment is done with fair treatment to all applicants (Hashim, 2010).

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Ana-Maria et al. (2011) stated that service performance is the continuation of what is achieved through efficiency and productivity that brings the organization to perform efficiently, competitively, and productively. Amin et al. (2014) presented a positive and significant relationship between HR practices and service performance through increasing employee satisfaction and commitment. On the other hand, Younudt et al. (1996) suggested that HR is the main determinant of service performance. They categorized HR practices into two types: administrative improvement and HR enhancement. Firms can improve their performance by increasing the number of HR practices, or by widening their scope to make them more comprehensive.

There are a number of studies which stated that Islamic principles have an influence on service performance. According to Azmi (2012), there are findings of several positive relationships related to HR practices and service performance that are based on Islamic principles. One of these are the pattern of training and development with Islamic principles result in a positive relationship as well as the improvement of service performance. However, the recruitment and selection in Islamic perspective are still need to be monitored in Islamic organizations. There are also studies that offer different view of HR practices, Islamic principles, and service performance. Mellahi & Budhwar (2010) found that the role of HR practices and Islamic principles are necessary in order to gain deeper understanding in the organizational environment, especially regarding Islamic norms and cultures used for these practices, and its implications on service performance as a whole.

This study is carried out on employees of Sharia Savings and Loans Cooperatives of Tamzis Bina Utama in the Province of DIY, Indonesia. Currently, the TAMZIS has more than five hundred employees. As one of the Islamic-based financial institution, TAMZIS has implement various Islamic principles in its organization, as all activities carried out within TAMZIS are done with Islamic principles. Starting from recruitment and selection, by which the organization looks for employees who are trustworthy, responsible, hard-working, has a polite attitude, and understands the basic principles of Islam in muamalah. They also provide training that involves religion-related issue, namely Islam, as one of the topics given to the employees.

**Literature Review**

**Theoretical Background and Hypothesis**

**Recruitment and Selection in Islamic Perspective on Service Performance**

Recruitment and selection in Islamic perspective is a crucial process, as the Quran provides direct guidance that the recruitment and selection process must be viewed from several aspects, namely abilities, knowledge, experience, personal abilities, and potentials that must be adapted to the needs of the organizational rules and religious law (Hadjri, 2019). Recruitment involves being responsible for the work that has been assigned to a particular position, while selection is the process after recruitment of employees who are selected according to the needs of the organization. In the Quran, the selection process must ensure that the candidate has a fair and honest attitude (Hasan, 2019). Recruitment and selection that are based on Islamic values has a positive impact on HRM practices and organizational performance, especially in Islamic organization itself (Azmi, 2010). The employee candidate can be selected and placed based on their level of knowledge, experience, and abilities. Therefore, the existence of Islamic principles in the recruitment and selection process, namely justice, can increase the positive impact in HRM practices (Rana, 2017).

**H1:** Recruitment and selection in Islamic perspective has a positive influence on service performance.

**Training and Development in Islamic Perspective on Service Performance**

Training and development in Islamic perspective involves three basic dimensions, namely tarbiyah (growth), ta’lib (discipline), and ta’lim (teaching) (Halstead, 2004). Employee training is carried out in order to develop the quality of knowledge and skills that enable employees to contribute substantially to organizational goals. According to Islam, the concept of training and development is out of the context of human existence, which is carried out through demonstrating the ability in decision-making, being responsible for developing themselves through acquiring knowledge, as well as keep on learning and establishing relationship with other individuals to idealize and optimize the organizational goals (Ali, 2010). Islam provides a lot of understanding that education that is done by training and development will bring out a positive impact on organizations. In this case, Islamic principles, namely education, provides benefits for the organization. Employee training and development has a significant and positive impact on organizational performance as well as the implementation of Islamic principles (Rana, 2017).

**H2:** Training and development in Islamic perspective has a positive influence on service performance.

**Performance Appraisal in Islamic Perspective on Service Performance**

Performance appraisal in Islamic perspective is a normative guide provided by the Quran which can be divided into three categories, namely: contractual regulations, responsibility, and self-control (Harbi et al., 2016). Before implementing and running a performance appraisal system in any organization, both employees and employers need to understand the purpose of the system, thus they can link their actions with their intentions, as stated by Brantine dan Pollard (2010). In Islamic teachings, every action must be supported with an intention or purpose. As a Muslim appraiser and employer, the main purpose of performance appraisal is to evaluate the employees’ performance, and from there, a decision can be made based on these results whether the employee has performed in accordance with the standards and expectations of the employer.
H3: Performance appraisal in Islamic perspective has a positive influence on service performance.

**Recruitment and Selection in Islamic Perspective Moderated by Islamic Principles**

Islam emphasizes that in one of the basic functions of HRM, namely recruitment and selection, a person must be responsible for the process to be carried out fairly, honestly, and in accordance with the needs of the organization. As a result, the HR received will have the quality and ability needed and suitable for the chosen position (Hashim, 2010). Godil et al. (2019) stated that recruitment and selection have significant positive relationship with performance. The recruitment and selection will also increase the performance of the organization due to the moderating effect of Islamic principles implementation. The results in the relationship between independent variable (Islamic recruitment and selection) from Omar et al. (2021) indicate that there is a significant relationship with one another, and a strong relationship between both.

H4: Recruitment and selection in Islamic perspective has a positive influence on service performance moderated by Islamic principles.

**Training and Development in Islamic Perspective Moderated by Islamic Principles**

Islam places the position of knowledge as the main form to develop the competence of each human being. Education, training, and development in an Islamic perspective is not just a form of cognitive aspect, but as a practice in the process of developing and improving their abilities. Islamic training and development include several aspects, namely, intellectual, moral, spiritual, and emotional which aim to improve the knowledge, abilities, and skills of existing human resources (Hassi, 2012). Godil et al. (2014) found that HR practices moderate the effect of knowledge, which is one component of training and development on project or service performance. This finding also indicates that HRM practices strengthen the relationship between employees and contribute to the performance of services provided. Mastura & Shahril (2018) proved that Islamic-based teaching method can provide knowledge and insights for employees at work, especially who work in Islamic organization.

H5: Training and development in Islamic perspective has a positive influence on service performance moderated by Islamic principles.

**Performance Appraisal in Islamic Perspective Moderated by Islamic Principles**

According to Zainudin et al. (2019), in Islamic perspective, the dimensions of employee performance appraisal should be based on fairness and justice on the part of the employer, a sense of responsibility towards others, and accountability to Allah (taqwa) on the part of the employee. The appraisal that helps the organizations to attain the best employees accurately will be able to improve organizational results (Hoasin, 2016). Employee performance holds a significant role in terms of quality and quantity to support the organization. Iqbal et al. (2013) showed that to get positive and beneficial results, an employee must help and do their best. Babar et al. (2020) revealed that the perception of the quality of performance appraisals is positively related to employee performance, while religious beliefs are negatively related or weaken the relationship with the quality of performance appraisals. Ismail et al. (2019) suggested that religious context acts as a positive reinforcement for the theoretical performance appraisal. Therefore, it can be concluded that the role of Islamic principles is able to bring benefits to both organizations and employees.

H6: Performance appraisal in Islamic perspective has a positive influence on service performance moderated by Islamic principles.

The researchers form the research model as follows:

![Figure 1: Research Framework](image-url)
Research and Methodology

This study uses quantitative descriptive approach in Sharia Savings and Loans Cooperatives of Tamzis Bina Utama. The population in this study is all employees who worked in the TAMZIS. There are 165 respondents who returned the questionnaire, and only 160 data obtained can be analyzed further. The data is analyzed using Structural Equation Modeling (SEM) SMART-Partial Least Square (PLS) Software. The measurement used in this study refers to:

Recruitment and Selection in Islamic Perspective

Recruitment and selection in Islamic perspective is: the recruitment and selection process carried out by the company is in accordance with the commands and guidelines in the Quran and Hadith. The items used to measure recruitment and selection in Islamic perspective includes:

i. Recruitment and selection are carried out honestly.
ii. Recruitment and selection are fair.
iii. Recruitment and selection are carried out in a transparent manner.
iv. The company attracts qualified and competent employees.
v. The company retains high quality employees.
vi. The company estimates human resource needs.

Training and Development in Islamic Perspective

Training is the process of developing human resource capabilities that help them to become more productive and have a greater contribution to achieving organizational goals. Training and development in an Islamic perspective covers three basic dimensions, including: tarbiyah (growth), ta’dib (discipline), and ta’lim (educating). The items used to measure training and development in Islamic perspective include:

i. The company provides orientation to new employees.
ii. The company plans ahead for the training program.
iii. The company pays attention to the quality training.
iv. The company uses new approach to training programs.
v. The company conducts continuous training to improve performance.
vi. The company has a cross-departmental training program.
vii. The company supports employee development.

Performance Appraisal in Islamic Perspective

Performance appraisal in Islamic perspective is a formal system for setting work standards, the Quran explains that what a person does is his own responsibility. As for in the Quran, it is grouped into three categories: contractual arrangements, responsibility, and self-control which explains that what a person does is his own responsibility, and no one should be responsible for the mistakes of others. The items used to measure performance appraisal in Islamic perspective include:

i. The company’s evaluation system is fair and honest.
ii. The company handles employee complaints.
iii. The company has a professional appraisal system.
iv. The company holds employees’ responsibility for their work.
v. The company provides feedback to employees.
vi. The company knows the opinion of its employees.

Service Performance

Service performance is an act or behavior of employees both externally and internally that creates benefits for customers or consumers themselves through the quality of service they really feel. Indicators used to measure service performance include:

i. Time
   a. I do not serve quickly
   b. I cannot be trusted

ii. Accessibility
   a. I have adequate support to do my job
   b. The company service is reliable

iii. Completeness
   a. The company has adequate equipment and facilities
   b. The company facilities are in accordance with the type of service provided

iv. Courtesy
   a. I do not have to behave politely
b. I do not have to be neat and attractive

v. Responsibility
   a. The company provides services as promised
   b. The company can be relied on when problems occur

Islamic Principles

The Islamic principle is a principle derived from the Quran, which is the most basic source of Islamic jurisprudence, and the Sunnah, which is the second most important source of Islam. The most important principles are knowledge, amar ma’ra'uf nahi munkar, amanah (trust), justice, shura (consultation), brotherhood, moral and ethical behavior, responsibility (trustworthy), muhasabah (accountability), and motivation. Those are the values contained in the Islamic approach that must be applied by those who work in any organization. The items used to measure Islamic principles include:

i. Have a sense of duty and dedication to work.
ii. Be productive at work.
iii. Positions in the workplace should be based on one’s qualifications, skills, and knowledge rather than connections and networks.
iv. Can distinguish personal and organizational needs in the workplace.
v. Using job resources (phone, fax, printer, internet, time, and personnel) for personal use is acceptable.
vi. Doing trade or indirect business with alcohol or related products.

Analysis and Findings

Respondents’ Characteristics

The descriptive results of respondents’ characteristics indicate that the majority of employees in TAMZIS are male (66.3%), aged between 23-38 years old (35.6%), and have been working for more than 5 years (75%). Based on the level of education, it indicates that most of the employees in TAMZIS have graduated from bachelor degree for 114 employees (71.3%). Based on the employee status, most of them are permanent employees, and work in the position of the manager, which is 72 employees (45%). On average per month, it was indicated that most of TAMZIS employees earn more than 4.5 million rupiahs, which is 84 respondents. Therefore, it can be concluded that most of the employees already have a fairly good socio-economic status, which is indicated from the salaries of these employees are already quite high. This will affect the service performance as employees of Sharia Savings and Loans Cooperatives of TAMZIS Bina Utama.

Outer Model Test Results

Measurement model evaluation will be carried out to show the results of the validity and reliability tests. Convergent validity is intended to test each construct of the one-dimensionality model by looking at the convergent validity (outer loading) of each construct indicator. An indicator is said to have good reliability if its value is greater than 0.70. While the loading factor of 0.50 to 0.60 can still be maintained for models that are still in the development stage.
Figure 2: Analysis Results of Convergent Validity

Figure 2 demonstrates the analysis results of convergent validity.

**Discriminant Validity**

This is an analysis to determine the validity of the construct by assessing the Root AVE (Average Variance Extracted), by comparing the correlation between constructs with other constructs.

**Table 2: Discriminant Validity (Cross-Loading)**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Service Performance</th>
<th>Moderating P&amp;P PI</th>
<th>Moderating PK PI</th>
<th>Moderating R&amp;S PI</th>
<th>Training and Development</th>
<th>Performance Appraisal</th>
<th>Islamic Principles</th>
<th>Recruitment &amp; Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Performance</td>
<td>0.785*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderating P&amp;P PI</td>
<td>0.019</td>
<td>1.000*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderating PK PI</td>
<td>-0.006</td>
<td>0.597</td>
<td>1.000*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderating R&amp;S PI</td>
<td>0.142</td>
<td>0.515</td>
<td>0.562</td>
<td>1.000*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>0.674</td>
<td>0.124</td>
<td>0.137</td>
<td>0.166</td>
<td>0.841*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>0.696</td>
<td>0.159</td>
<td>-0.066</td>
<td>0.123</td>
<td>0.710</td>
<td>0.852*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Principles</td>
<td>0.216</td>
<td>-0.099</td>
<td>-0.161</td>
<td>-0.102</td>
<td>0.211</td>
<td>0.259</td>
<td>0.835*</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>0.623</td>
<td>0.178</td>
<td>0.113</td>
<td>0.015</td>
<td>0.585</td>
<td>0.635</td>
<td>0.135</td>
<td>0.887*</td>
</tr>
</tbody>
</table>

**Construct Reliability Test (Composite Reliability)**

Based on the table below, it can be seen that all constructs have a loading composite reliability value above 0.70. Thus, it can be concluded that all constructs meet the requirements of construct reliability for further testing.
Table 3: Composite Reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Performance</td>
<td>0.928</td>
<td>0.940</td>
<td>Reliable</td>
</tr>
<tr>
<td>Training and Development</td>
<td>0.931</td>
<td>0.944</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>0.924</td>
<td>0.941</td>
<td>Reliable</td>
</tr>
<tr>
<td>Islamic Perspective</td>
<td>0.913</td>
<td>0.932</td>
<td>Reliable</td>
</tr>
<tr>
<td>Recruitment and Selection</td>
<td>0.945</td>
<td>0.957</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Determinant Coefficient (R²)

The test of the inner model is to evaluate the relationship between latent constructs or hypothesized variables (Ghozali, 2015). The inner model test was conducted to see the relationship between the construct and its significance value as well as the R-square value. The R-square value is used to assess the effect of the independent variable on the dependent variable whether it has a substantive effect. The following is the calculation of the inner model from the data obtained and used by researchers using Partial Least Square.

Table 4: R-Square Test Results

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and Selection</td>
<td>Service Performance</td>
<td>0.612</td>
</tr>
<tr>
<td>Training and Development</td>
<td>Islamic Principles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>R&amp;S*PI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>P&amp;P*PI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PK*PI</td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis Test

Table 5: Hypothesis Test Results

| Hypothesis | Original Sample (O) | T Statistics (|O/STDEV|) | P Values | Conclusion |
|------------|---------------------|-----------------|----------|------------|
| H1         | 0.297               | 3.504           | 0.000*   | H1 accepted|
| H2         | 0.273               | 2.904           | 0.002*   | H2 accepted|
| H3         | 0.310               | 3.268           | 0.001*   | H3 accepted|
| H4         | 0.146               | 1.991           | 0.023*   | H4 accepted|
| H5         | -0.161              | 2.174           | 0.015*   | H5 accepted|
| H6         | -0.034              | 0.504           | 0.307*   | H6 rejected|

Recruitment & Selection in Islamic Perspective on Service Performance

The results of statistical tests prove that recruitment and selection directly have a significant influence on service performance (H1 is accepted). This can be seen in the probability value of recruitment and selection on service performance of 0.000 <0.05 which indicates a significant positive influence. This shows that the better the recruitment and selection of TAMZIS employees will improve service performance, and vice versa if the worse and the selection, the lower the service performance.

Pfeffer (1998) explained that character must be prioritized in recruiting rather than skills that can be obtained through training programs. Abutayeh & Al-Qatawneh (2012) also explained that selection is very important because the selected individual will reflect the performance of the organization. The Qur'anic guidelines in assessing a candidate are based on ability, knowledge, specialization, experience, personal ability, potential, character, perseverance, and adherence to organization and religion (Salleh, 2012). The results of this study are in accordance with the research of Ekwoaba et al. (2015) who found that the criteria for recruitment and selection have a significant effect on organizational performance. The results of the study also support the research of Hossin et al. (2020) which found a positive relationship between HR practices and Islamic principles in their application in Islamic banks.

Training and Development in Islamic Perspective on Service Performance

The results of statistical testing prove that training and development in an Islamic perspective has a positive and significant influence on service performance (H2 is accepted). This is evidenced by the p-value <0.05 which indicates a positive and significant influence. This shows that the better the training and development of TAMZIS employees, the better the service performance of the
organization. Training and development is included in a program to make employees better understand the work environment within the organization which has the aim of increasing or improving employee performance (Husain & Rehman, 2013). Braine & Pollard (2010) described the efforts made to improve the quality of their products and services, namely through learning and new skills acquired through training and capacity building. Rahman et al. (2013) mentioned that training and development positively strengthens employee trust in the organization and is expected to be able to improve service performance. And Islam provides a lot of understanding that education that can be done with training and development can have a positive impact on organizations. In this case, the Islamic principle that education provides benefits for the organization. Employee training and development has a significant and positive impact on organizational performance and the application of Islamic principles (Rana, 2017).

**Performance Appraisal in Islamic Perspective on Service Performance**

The results of statistical tests prove that the performance appraisal has a positive and significant effect on service performance (H3 is accepted). This can be proven by p-value <0.05 which indicates a positive and significant influence. This shows that the better the performance appraisal of TAMZIS employees, the better the service performance. Islam views the dedication of a job as a virtue (Yousef, 2001).

Islam recognizes performance appraisal as a mechanism to ensure that every effort made is rewarded. The performance appraisal system should be implemented transparently as an opportunity to observe and compare their performance. This is for them to be able to carry out their duties and understand the responsibility for the actions that have been taken (Ismail et al., 2019). Performance appraisal in an Islamic perspective is a formal system for setting work standards that are in accordance with the Qur'an where the evaluation system, complaint handling, and company feedback are carried out fairly and honestly in accordance with the guidelines and principles of the Qur'an and Hadith. The results of the study support the research of Iqbal et al. (2013) which found that there was a positive relationship between performance appraisal and employee performance. The results of the study also support the research of Anggabao & Al-Awadhi (2017) which concludes that it is concluded that performance appraisal is positively correlated with employee productivity.

**Recruitment & Selection in Islamic Perspective on Service Performance moderated by Islamic Principles**

The results of statistical tests prove that Islamic principles moderate significantly the relationship between recruitment and selection in the Islamic perspective on service performance (H4 is accepted). This is evidenced by the probability <0.05 which means the moderating relationship of the variable is significant. This means that Islamic principles have strengthened the relationship between recruitment and selection in an Islamic perspective on service performance. The results of the study support the research of Godil et al. (2019) which found that recruitment and selection had a positive effect because of the moderating effect of the application of Islamic principles. With the application of Islamic principles, it is hoped that employees will be able to do work in the right way according to the expectations of the management. In this finding it is stated that selection and recruitment are important factors to improve organizational performance. These findings provide a model for the positive relationship between different HRM practices in firms. With the help of this structural equation modeling technique, it was identified that most Islamic HR practices have a significant effect on organizational performance. This further shows that Islamic Banks must work based on Islamic HR Practices to maintain their performance in the organization (Dhar et al., 2018).

**Training and Development in Islamic Perspective on Service Performance moderated by Islamic Principles**

The results of statistical tests prove that Islamic principles moderate significantly the positive relationship between training and development on service performance (H5 is accepted). This is evidenced by the probability <0.05 which means the influence of the moderating variable is significant. The better the Islamic principles applied in TAMZIS, the stronger the relationship between training and development in an Islamic perspective on service performance. Hashim (2009) states that training is considered as an action that develops the quality of human resources to be more productive, so that they can contribute to the achievement of organizational goals. It is emphasized that Islamic coaching and development includes all aspects from human moral and spiritual development to physical development. The results of the study support research conducted by Hassi (2012) who found that training and learning methods from the Islamic tradition can make a constructive contribution to workplace practice, and benefit organizations that anticipate offering specially designed training methods that are efficient and effective to meet the training needs of employees.

**Performance Appraisal in Islamic Perspective on Service Performance moderated by Islamic Principles**

The results of statistical testing found that Islamic principles were not proven to significantly moderate the negative relationship between performance appraisal and service performance (H6 rejected). This is evidenced by the probability > 0.05 which means the effect of the moderating variable is not significant. This means that the good or bad Islamic principles applied in TAMZIS have not been able to strengthen the relationship between performance appraisal in an Islamic perspective on service performance. According to Yahaya et al. (2014), the involvement of Islamic principles in HR practice activities such as performance appraisal can reduce the problem of injustice among employees. In implementing performance appraisal in any organization, both organizations and employees need to understand the system that connects their actions, in Islamic teachings actions must be supported by intent and purpose (Braine & Pollard, 2010). The purpose of performance appraisal is to evaluate employee performance.
The results of the study support the research of Babar et al. (2020) who found that the interaction between perceived quality of performance appraisal and belief in religion was negatively related to the strength of HR and was supported by a plot that was in the opposite direction. In particular, perceptions of the quality of performance appraisals are more positively related to the strength of HR when the level of faith in religion is low, so it does not support the hypothesis. It is possible that there is a plausible explanation, that employees who are highly motivated by belief are more concerned about the quality of their performance appraisals, because they have a strong belief that it is their moral right to get clear feedback. Even though the performance appraisal is in accordance with Islamic principles, but if the performance appraisal is not in accordance with what the employee expects, because he feels he is confident that his performance is better, of course this will have an impact on the decline in service performance of the Sharia Savings and Loans Cooperatives of Tamzis Bina Utama.

**Conclusion**

From the results of the study, it was found that recruitment and selection, training and development and performance appraisal directly had a significant influence on service performance. This means that the better the recruitment and selection, training and development, and performance appraisal of Sharia Savings and Loans Cooperatives of Tamzis Bina Utama, employees will improve service performance, and vice versa. If the worse recruitment and selection, training and development and performance appraisal, the service performance will be lower. Islamic principles significantly moderate the relationship between recruitment and selection as well as training and development in an Islamic perspective on service performance. This means that Islamic principles have strengthened the relationship between recruitment and selection as well as training and development in an Islamic perspective on service performance. Meanwhile, Islamic principles have not been proven to significantly moderate the negative relationship between performance appraisal and service performance. This means that the good or bad Islamic principles applied in Sharia Savings and Loans Cooperatives of Tamzis Bina Utama have not been able to strengthen the relationship between performance appraisal in an Islamic perspective on service performance.

Companies need to improve the recruitment and selection process and provide special policies so that qualified employees do not leave the organization, because they are a valuable asset for the organization in improving its service performance. Managers need to make plans, steps, pay attention to the characteristics, principles, and components that need to be considered in training and human resource development, so that after attending training and development, participants can implement what they have gained during the training or development of their work so that the expected goals can be achieved. Companies need to identify employees more deeply in order to know the problems experienced by employees, by trying to provide assistance, by being open and sharing information.

Researchers realize that the results of this study still have limitations including the need to develop a research model by adding the recommended variables in previous studies such as compensation, motivation, job satisfaction, employee knowledge, and other variables.

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**References**


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