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THE EFFECT OF HUMAN RESOURCE MANAGEMENT ON THE JOB SATISFACTION AND EMPLOYEE PERFORMANCE OF SHARIA BANK IN SOUTH SUMATRA, INDONESIA

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ABSTRACT

This research aims to determine the effect of Islamic Human Resource Management (IHRM) on the job satisfaction and employee performance. The population in this research were 245 sharia bank employees in South Sumatera, Indonesia where the number of selected respondents were 136 by using Slovin's formula and proportional stratified random sampling. The instrument in the measurement of the variable in this research is questionnaire distributed to the respondents. The results showed that IHRM consisting of Islamic recruitment and selection, Islamic training, and Islamic compensation positively and significantly affect the job satisfaction and employee performance.

KEY WORDS

Islamic human resource, management, job satisfaction, employee, Sharia bank.

The banking system in Indonesia embraces Dual Banking System consisting of two systems namely conventional and sharia banking (Remi, 2014). As one of the countries with the biggest Muslim population, Indonesia is expected to be the basis for sharia banking in the world. However, the current number of sharia banking assets is considered to be very small comparing to the overall banking industry asset in Indonesia. Based on the data from Indonesia Financial Services Authority (OJK), the number of sharia banking asset in Indonesia reached only 5.3% in 2016 (OJK, 2017).

The achievement of Indonesia's sharia banking asset in 2016 is still far below the achievement of other countries. Based on the data from Saudi Arabian Monetary Authority (SAMA), the number of sharia banking asset in Saudi Arabia in 2016 had reached 51% (SAMA, 2017). Similarly, based on the data from Central Bank of Malaysia (BNM), the number of sharia banking asset in Malaysia had reached 27% in 2016 (BNM, 2017).

One of the provinces in Indonesia with the sharia banking asset under the national average is in South Sumatera. Based on the OJK Syariah Banking Statistics Report of 2016, the total of sharia banking asset in South Sumatera Province was only 4.47% or under the sharia banking asset of 5.3% (OJK, 2017).

The performance of sharia banking organization in South Sumatera is considered as not optimal. One of the causal factors is the performance of Human Resources (HR) that has not been optimal. The performance of HR affects the overall organizational performance, where HR plays a very important role in the success of a business (Mathis & Jackson, 2011). The research conducted by Ascarya & Yumanita (2008) with the title "comparing the efficiency of Islamic banks in Malaysia and Indonesia", shows that one of the significant factors in causing inefficiency in Sharia Banks of Indonesia is the low quality of human resources.

Sharia Bank provides sharia-based banking operation, it is logical to expect this organization to put Islamic principles in the practice of Human Resources Management (HRM) and their policy. Islamic Human Resource Management (IHRM) is based on Al-Quran and Hadith of Prophet Muhammad Saw (Rahman et al., 2011).

Sharia-based of HR Management practice is an important aspect, but it is rarely highlighted in the literature (Hashim, 2009). Branine & Pollard (2010) state that there is very limited research discussing IHRM. Hence, it is necessary to conduct further research on the topic. Rana & Malik (2017) also state that there are very few researches that have reached

the IHRM topic. This is also supported by research by Khan (2015), who clarifies the lack of research on HRM in sharia banking. According to Mellahi & Budhwar (2010), although there has been an increase in the research interest in Islamic management in the last two decade, most of the research only focuses on Islamic finance and accounting (Chong & Liu, 2009; Napier, 2009), Islamic marketing (Haque et Hashim & Mizerski, 2010), Islamic leadership (Ahmad, 2009; Weir, 2008), Islamic work ethic (Ali & Al-Owaihah, 2008; Kumar & Rose, 2010), as well as gender and management in Islam (Metcalf, 2006, 2007). So far, the number of research on IHRM is still very limited (Tayeb, 1997).

This research is conducted based on the basis of the very limited number of an empirical study on IHRM conducted in sharia banking. Several previous studies on IHRM suggest conducting further research by using more variative variables. The research by Hashim (2008) is only limited to job satisfaction, organizational justice, and intense turnover. The research also suggests further research on the impact of IHRM on employee performance. Follow up research by Hashim (2010) also suggests further research on the impact of IHRM on employee performance and job satisfaction. This is also supported by Rahman et al. (2013) who suggest that further research on IHRM should be conducted on employee performance, job satisfaction, and other variables. Fesharaki & Sehat (2017) also examine the impact of IHRM on organizational justice and organizational commitment in Iran. They suggest that further research on Islamic HRM on other variables that have not been studied.

This research aims to determine the impact of IHRM on job satisfaction and employee performance. Thus, it can be understood whether it is useful to implement the IHRM in the sharia banking organization or not. The previous research is related to IHRM which mostly focusing on the objects of Arab, Pakistan, and Malaysia. The object of research in Indonesia is still very limited and it has never been done in South Sumatra. This research is conducted as the effort to fill the research gap and to be the value for the originality of the research. It is expected that the research can provide insight for practitioners in sharia organization in managing human resources based on IHRM and it can be the reference for further research.

LITERATURE REVIEW

Islamic Human Resource Management (IHRM). The practice of IHRM is based on the Qur'an and Hadith of the Prophet Muhammad (Rahman et al., 2011). It is also based on ethical value, belief, and motivation (Khan, 2016). IHRM practice can be applied to various sharia organizations including sharia banking. Based on Hashim (2010) and Azmi (2015), there are several commonly used IHRM practices namely Islamic recruitment and selection, Islamic training, and Islamic compensation.

Islamic Recruitment and Selection. Recruitment and selection is a very important part of HRM practice. Recruitment and selection are considered as a complicated and complex task in the organization (Ali, 2005). Hashim (2010) argues that according to Islam, the employer should honestly inform the candidate of the potential job requirements and compensation he or she will obtain. The candidate should also provide true information about themselves. The organization should select the required candidate among many potential candidates applying for the job. Nepotism and favoritism can influence the recruitment and selection process. According to Islam, the candidate should be honest and competent because without these qualities he or she will not be considered as efficient (Mahesar et al., 2016). Muslim manager is obligated to follow the orders specified in the Qur'an to avoid nepotism, favoritism, and discrimination in the selection process of the candidate (Ali, 2005). Competent and potential candidate must be selected to fill a position on a job in an effort to avoid dishonesty and injustice.

Qur'an provides guidance in the selection process of the candidate including skills, knowledge, specialization, experience, personal skill, potential, character, persistence, and adherence to organizational rules and religious law (Salleh, 2012). The Islamic guideline covers five conditions that must be fulfilled for the selection of: 1) competence, 2) experience, 3) carrying responsibility, 4) organizational fit, and 5) reputation (Ali, 2010).

Islam emphasizes that candidate is selected based on merit and competence and should not be influenced by friendship, blood relation, kinship, age, wealth, race or political power (Alorfi, 2012).

Hashim (2009, 2010) states that all applicants in the selection process with the Islamic principles should be treated equally. The selection based on Islamic principles should be in line with the following principles: 1) the first principle is justice, 2) the second principle is suggesting that selection should be based on the competence regardless of wealth, age, race, political power, friendship, and blood relation, 3) the third principle is honesty, 4) the fourth principle is assigning work based on the employee's capacity, 5) the fifth principle is honesty. The candidate should be honest with himself, know his own ability and act when he is sure that he can do the task. The employer should be honest in telling the truth about the work being offered to the candidate, including the nature of the work, salary, and reward (Alorfi, 2012).

Rahman et al. (2013) state that the appropriate employee selection will improve the company performance in a more positive direction. On the other hand, inappropriate employee selection will slow down the company performance. This has been hinted by the Prophet Muhammad in the hadith narrated by Imam Bukhari from Abu Hurayrah. The Messenger of Allah said:

"When wasting a mandate, then wait for a destruction. It is said, O Rasulallah, what makes something worthless? Rasulallah said: "when a matter is handed over to someone who is not an expert in it, then wait for the destruction" (HR Imam Bukhari from Abu Hurayrah).

According to Rivai, Basalamah, & Muhammad (2014) if the selection is carried out in accordance with Islamic principles fairly, then the selection process will result in employee choices expected to give a positive and good contribution. Hence, the employer can provide good service and reward to the employees and improve the employee satisfaction. Meanwhile, if the selection is not well carried out, the company will get the negative impact, the complaint from the unsatisfied customers, reduced production of products with low quality which gives disadvantages to the company.

Islamic Training. Knowledge and wisdom are attributes of God. The Qur'an explicitly directs humans to seek and use science for the development of human potential (Rana & Malik, 2017). Islam encourages people to acquire skills and develop technology (Hashim, 2009). In accordance with the principles of Islam, the manager should possess the knowledge. They shall seek opportunities and means to enhance the knowledge and skills of employees who are under their responsibility (Salleh, 2012).

Islam requires human to seek knowledge with perseverance and excellence in achieving performance. Human is urged to seek knowledge from the day he was born to the day he dies. The concept is to create a continuous knowledge improvement. Enhancing the knowledge is the obligation for every employee and employer. The employee should provide his best work performance to the organization through his own knowledge and skills. If the employee is considered to have the insufficient skill, then it is the obligation of the employer to provide an opportunity for the employee to improve his competence. One of the ways is through training (Siswanto, 2014). The decision to choose an eligible employee to attend the training should be reviewed through information regarding performance and potential employees. This is the basis for recommending the employee for the training (Hashim, 2008).

Training and development in Islam include intellectual, moral, spiritual, physical developments (Hashim, 2010), social, psychological (Khan, 2016), emotional (Husain & Ashraf, 1979) developments and human growth. It aims to increase the knowledge and skills of employees holistically regardless of their rank or level in their organization.

Some concepts of Islam are directly related to the training and development. The first concept is *Etqan*, the awareness of self-improvement, referring to the effort of improving themselves for a better performance achievement (Branine & Pollard, 2010). The second concept is *Al Falah*, the desire to achieve excellence and perfection. The desire to excel in personal and professional matters become an ideal thing for Muslim due to these values.

This implies that employees are required to always do better, improve the quality of contribution and their work performance by learning new skills and acquire more knowledge. The third concept is Ihsan concerning Islam tradition that shows the business and spiritual obligation should be balanced with each other (Ali, 2005).

Islam emphasizes the training and development can cover the moral and spiritual development of the employees at all levels of the organizational hierarchy (Hashim, 2010). According to Islamic teaching, the employer should facilitate the career development of the employees through training, special assignment, and mentoring without discrimination on the ground of race, skin color, gender, or religion (Azmi, 2010). Training and development concepts in Islam includes acquiring knowledge, skills, and personality development by purifying one's soul (Rahman et al., 2013).

In the sharia banking, training is not only about operational factor, product knowledge, or other soft skills. However, the most important thing in the training is the knowledge of Sharia. The sharia knowledge is a fundamental and imperative prerequisite before starting sharia banking activities that create differentiation in conventional banking (Dewa & Zakaria, 2012). Gait & Worthington (2008) emphasize the importance of Sharia knowledge by defining sharia banking as the financial or product service provider that are principally implemented in accordance with the main principles of Sharia.

Islamic Compensation. Azmi (2015) discloses that compensation practice is a very important thing in HRM. Islam encourages the employer to appreciate his employees in accordance with the qualification, experience, knowledge, ability, and the amount of work they do. Married employees should get more compensation comparing to single employees because those employees must feed, buy clothes for their wife and children as well as providing education for the children. This usually happens as the employees getting older, the increase in salary will increase along with their seniority.

According to Mansor & Ghani (2005), all employees should also be given benefits, bonus, overtime wages, rise, time off and medical treatment without discrimination. All terms of payment of compensation should be clearly explained in the offer letter to be considered by the employee before they accept the offer. If employees are not satisfied with the compensation requirements, they can negotiate with their superiors since the discussion is also a principle in compensation practices according to Islamic principles.

Compensation should be enough to provide a decent life. Beekun (1997) states that if compensation is too low, individual may not feel motivated enough to strive. Ahmad (1995) states that a worker is entitled to fair compensation for his work.

The employer must develop compensation packages for their employees in such a way as to enable them to meet basic needs with a good standard of living (Sadeq, 1990). Favoritism and discrimination in compensation and promotion systems are prohibited in Islam as they are contrary to Islamic principles of human rights and justice (Khan, Farooq & Hussain, 2010).

Islam emphasizes that the compensation offered to employees must be reasonable and sufficient. Islam emphasizes giving full and complete compensation to decent employees without any reduction in their work. Islam instructs that compensation should be established on the basis of mutual consent and deliberation (Ahmad, 1995, Ali, 2005).

Job Satisfaction. According to Robbins (2008), job satisfaction is a general attitude towards someone's work which shows the difference between the number of rewards earned by employees and the amount they believe they should receive. Greenberg & Baron (2003) describe job satisfaction as the positive and negative attitudes that individuals make toward their work. Meanwhile, Vecchio (1995) expresses job satisfaction as thought, feeling, and the tendency of someone's action which is someone's attitude toward work.

Smith, Kendall, & Hullin (1969) measure the job satisfaction by using Job Descriptive Index (JDI) which includes job satisfaction, reward, promotion opportunity, supervision, and coworkers. Satisfaction toward job is achieved when an employee's work in accordance with his own skills and ability. The satisfaction with the reward will arise when an employee feels the received compensation in accordance with the workload and in the balance with other employees who work in the organization. The employee's tendency is desiring income

system believed to be fair and in line with his expectation. The satisfaction toward the supervision of higher authority is achieved when the employee has a supervisor capable of providing technical assistance and motivation. The satisfaction toward the coworkers is achieved when the employee has coworkers who can provide technical assistance and social support. The satisfaction toward the promotion opportunity will arise when the employees have the same opportunity in filling the position in the organizational structure.

Several previous studies have been done to determine the effect of IHRM on job satisfaction. However, there are several different results. The results of Hashim (2008) and Mahesar et al. (2016) conclude that the IHRM has a direct effect on job satisfaction. On the other hand, the research by Siswanto (2014) concludes that IHRM has no direct effect on the job satisfaction.

Employee Performance. According to Milkovich & Bodreau (1997), performance is the level at which employees perform their work in accordance with the condition that has been determined. The employees' performance that is common to most jobs includes elements of the number of results, quality of results, timeliness of attendance results and ability to work together. It further provides the performance standard of a person who sees the quantity of output, output quality, output period, workplace attendance and cooperative attitude. Performance standards are defined on the basis of job criteria in the form of an explanation of what the organization has given its employees to do. Therefore, individual performance in the job criteria must be measured, compared to the existing standards and the results should be communicated to all employees by explaining the performance standards of output production or better known as numerical performance standards and non-numerical performance standards (Mathis & Jackson, 2011). Employee performance needs to be assessed periodically. This is because the employee performance appraisal can then be used as an analysis for the need of training (Ivancevich, 2008)

Ali (2005) describes two performance evaluation approaches including; evaluation based on judgment and behavior. In the assessment-based method, the characteristics of the employee are included. These characteristics include honesty, responsibility, fairness, dedication, competence, and maturity. Islam requires employees to perform their duties and work with honesty, competence and without delay (Ahmad, 1995). The next method is a behavior-based evaluation, in which employee behavior during work is assessed and evaluated.

The problems that often raise in the assessment of employee performance is the party that provides the assessment. Usually, the higher authority is the one who performs the assessment. In most cases, the supervisor cannot accurately assess his own employees. Ali (2005) asserts that sometimes, it is very difficult for manager and supervisor to assess employees due to personal relationship and religious thought. Ali (2005) states that firing employees can cause problems for both employer and employee. According to Islamic principles, employee performance assessment should be based on fairness, accountability, caring, and accountability in accordance with established criteria (Rahman et al., 2013).

Poor design in the form of employee assessment such as subjective judgment type leads to unfair evaluation resulting in unfair treatment of some employees, few cases of dismissal, and inappropriate promotion (Sadeq, 2006). Such biased judgment contradicts the ethical principles of justice and employee rights. This is not part of Islamic principles.

The dimensions for measuring individual employee performance include quality, quantity, timeliness, and effectiveness. (Robbins, 2008). Some previous studies have concluded that employee performance is directly affected by recruitment and selection (Bako & Kolawole, 2016; Makhamara, 2016), training (Athar & Shah, 2015; Elnaga & Imran, 2013), and compensation (Hameed et al., 2014; Njogore et al., 2015).

RESEARCH MODEL AND HYPOTHESIS

The research model is illustrated in Figure 1 below:

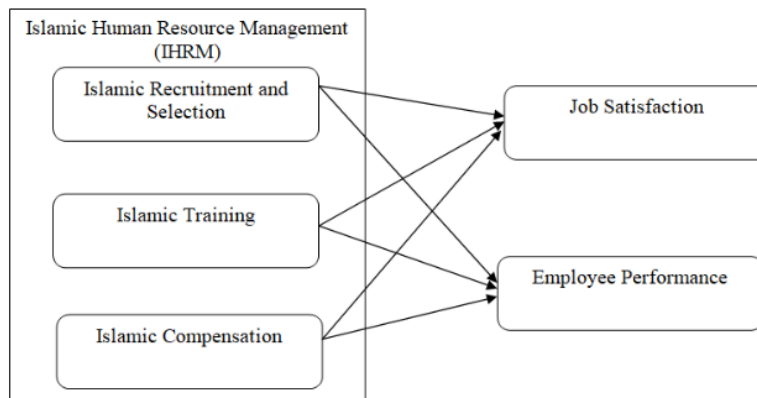


Figure 1 – Research Model

Based on the literature review, the hypotheses constructed from this research are:

1. Islamic Recruitment and Selection affect job satisfaction.
2. Islamic Training affect job satisfaction.
3. Islamic Compensation affects job satisfaction.
4. Islamic Recruitment and Selection affect the employee performance
5. Islamic Training affects the employee performance.
6. Islamic Compensation affects the employee performance.

METHODS OF RESEARCH

Population in this research is employees at sharia bank in South Sumatera Province, Indonesia amounted to 245 employees. Using the Slovin's formula, it is obtained a number of samples as many as 136 employees. The sampling technique uses proportional stratified random sampling method. A sample of 136 employees become the respondents in this study. Distribution time and questionnaire collection are 7 days.

The instruments used to measure the research variables are as follows:

- Islamic Human Resource Management (IHRM): The instrument used to measure IHRM is a questionnaire developed by Hashim (2010) as many as 20 items of questions about HRM based on Qur'a and Hadith. The question items contain variables that describe IHRM namely Islamic Recruitment and Selection, Islamic Training, and Islamic Compensation. The questionnaire is measured using five Likert scale points (1-5).
- Job Satisfaction: Instrument to measure job satisfaction is a questionnaire developed by Smith, Kendall & Hullin (1969) as many as 12 items of questions. Question items contain indicators of job satisfaction namely job satisfaction, reward, promotion opportunity, supervision, and coworkers. The questionnaire is measured using five Likert scale points (1-5).
- Employee Performance: The instrument used to measure employee performance is a questionnaire developed based on literature review from Robbins (2008) as many as 10 items of questions. Question items contain indicators of employee performance, namely quality, quantity, timeliness, and effectiveness.

RESULTS AND DISCUSSION

All of the 136 distributed questionnaires have been returned by the respondents and can be used for data processing. Table 1 describes the profile of the majority of respondents in this research.

Table 1 – Profile of Respondents

No	Demographic Type	Profile	Percentage (%)
1	Gender	Female	54.5
2	Age Range	26-30 years old	32.7
3	Level of Education	Undergraduate	57.4
4	Working Period	6-10 years	31.8

Source: Primary data processed, 2018.

Table 2 – The results of instrument validity test

Question Item	Pearson Correlation	Value of r table	Description
Islamic Recruitment and Selection 1	0.330	0.1684	Valid
Islamic Recruitment and Selection 2	0.346	0.1684	Valid
Islamic Recruitment and Selection 3	0.493	0.1684	Valid
Islamic Recruitment and Selection 4	0.433	0.1684	Valid
Islamic Recruitment and Selection 5	0.313	0.1684	Valid
Islamic Recruitment and Selection 6	0.420	0.1684	Valid
Islamic Recruitment and Selection 7	0.475	0.1684	Valid
Islamic Training 1	0.453	0.1684	Valid
Islamic Training 2	0.342	0.1684	Valid
Islamic Training 3	0.467	0.1684	Valid
Islamic Training 4	0.368	0.1684	Valid
Islamic Training 5	0.422	0.1684	Valid
Islamic Training 6	0.471	0.1684	Valid
Islamic Compensation 1	0.471	0.1684	Valid
Islamic Compensation 2	0.456	0.1684	Valid
Islamic Compensation 3	0.392	0.1684	Valid
Islamic Compensation 4	0.456	0.1684	Valid
Islamic Compensation 5	0.345	0.1684	Valid
Islamic Compensation 6	0.177	0.1684	Valid
Islamic Compensation 7	0.497	0.1684	Valid
Job Satisfaction 1	0.276	0.1684	Valid
Job Satisfaction 2	0.262	0.1684	Valid
Job Satisfaction 3	0.276	0.1684	Valid
Job Satisfaction 4	0.236	0.1684	Valid
Job Satisfaction 5	0.307	0.1684	Valid
Job Satisfaction 6	0.304	0.1684	Valid
Job Satisfaction 7	0.270	0.1684	Valid
Job Satisfaction 8	0.282	0.1684	Valid
Job Satisfaction 9	0.232	0.1684	Valid
Job Satisfaction 10	0.255	0.1684	Valid
Job Satisfaction 11	0.279	0.1684	Valid
Job Satisfaction 12	0.310	0.1684	Valid
Employee's Performance 1	0.309	0.1684	Valid
Employee's Performance 2	0.261	0.1684	Valid
Employee's Performance 3	0.339	0.1684	Valid
Employee's Performance 4	0.291	0.1684	Valid
Employee's Performance 5	0.313	0.1684	Valid
Employee's Performance 6	0.270	0.1684	Valid
Employee's Performance 7	0.267	0.1684	Valid
Employee's Performance 8	0.311	0.1684	Valid
Employee's Performance 9	0.291	0.1684	Valid
Employee's Performance 10	0.290	0.1684	Valid

Source: Primary data processed, 2018.

Table 1 shows that most of the gender of respondents are women (54.5%) with an age range of 26-30 years old (32.7%). The education level of the majority of respondents is undergraduate (Strata 1) (57.4%) with the working period of 6-10 years (31.8%).

The instrument is said to be valid and reliable when it meets the requirements on the validity and reliability test. The instrument validity test is carried out by comparing Pearson Correlation value with r value obtained from table r. With the number of respondents as many as 136 people, two-way test with a significance level of 5% obtains r table value of 0.1684. The instrument is said to be valid if the item of each question on the questionnaire has a

Pearson Correlation value > r table value. Table 2 illustrates the results of the instrument validity test used in this study.

Table 2 shows that all the question items in the instrument are valid. Then, reliability test is carried to test whether the instrument used is reliable. The instrument is said to be reliable when the Cronbach's Alpha value of each questionnaire item is greater than 0.6. Table 3 illustrates the results of the reliability test that has been performed.

Table 3 – Results of instrument reliability test

No	Variable	Cronbach's Alpha	Description
1	Islamic Recruitment and Selection	0.674	Reliable
2	Islamic Training	0.702	Reliable
3	Islamic Compensation	0.655	Reliable
4	Job Satisfaction	0.814	Reliable
5	Employee's Performance	0.771	Reliable

Source: Primary data processed, 2018.

Table 3 shows that all the instruments used to measure the variables in this study are reliable. The research is continued with the classical assumption test. The classic assumption test is used to determine whether the research model we have built meets the BLUE (Best Linear Unbiased Estimator) requirement. The classical assumption test consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

The testing of data normality in analysis way is carried using Kolmogorov-Smirnov Test. The data is said to be normally distributed if the value of Asymp. Sig (2-tailed) greater than 0.05. Table 4 and 5 illustrate the results of the Kolmogorov-Smirnov test of the built-in research model.

Table 4 – Kolmogorov-Smirnov test results of research model of the effect of IHRM on job satisfaction

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		136
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	1.49506400
	Absolute	.076
Most Extreme Differences	Positive	.040
	Negative	-.076
Kolmogorov-Smirnov Z		.885
Asymp. Sig. (2-tailed)		.414

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed, 2018.

Table 5 – Kolmogorov-Smirnov test results of research model of the effect of IHRM on employee performance

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		136
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	1.18172650
	Absolute	.063
Most Extreme Differences	Positive	.036
	Negative	-.063
Kolmogorov-Smirnov Z		.739
Asymp. Sig. (2-tailed)		.646

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed, 2018.

Table 4 and 5 show the normality test results for the research mode on the effect of IHRM on job satisfaction and the effect of IHRM on employee performance. The results of Asymp value. Sig (2-tailed) in both tables are greater than 0.05. This means that all data in this research is normally distributed.

Then, multicollinearity test is performed. This test is carried out to see if there is a correlation between independent variables. A good regression model should not have multicollinearity. The multicollinearity test is carried out by looking at Tolerance and VIF values. If the Tolerance value is greater than 0.1 and the VIF value is below 10 meaning that there is no multicollinearity. Table 6 and 7 illustrate the results of multicollinearity test.

Table 6 – The Multicollinearity Test of IHRM Regression Model on Job Satisfaction

No	Variable	Collinearity Statistics	
		Tolerance	VIF
1	Islamic Recruitment and Selection	0.964	1.038
2	Islamic Training	0.975	1.026
3	Islamic Compensation	0.977	1.024

a. *Dependent Variable: Job Satisfaction.*

Source: Primary data processed, 2018.

Table 7 – The Multicollinearity Test of IHRM Regression Model on Employee Performance

No	Variable	Collinearity Statistics	
		Tolerance	VIF
1	Islamic Recruitment and Selection	0.964	1.038
2	Islamic Training	0.975	1.026
3	Islamic Compensation	0.977	1.024

a. *Dependent Variable: Employee's Performance.*

Source: Primary data processed, 2018.

Table 6 and table 7 show that the Tolerance values of all independent variables are above 0.10 and the VIF values of all independent variables are below 10. This indicates no multicollinearity problem in this study.

The next classical assumption test carried out in this research is the heteroscedasticity test using the Glejser test. A good regression model shows no heteroscedasticity. If the value of the significance of the regression free variables on the residual is greater than 0.05 then there is no heteroscedasticity problem. Table 8 and 9 illustrate the results of the heteroscedasticity test.

Table 8 – Test of IHRM Regression Model on Job Satisfaction

No	Variable	Significance
1	Islamic Recruitment and Selection	0.243
2	Islamic Training	0.232
3	Islamic Compensation	0.891

a. *Dependent Variable: Job Satisfaction.*

Source: Primary data processed, 2018.

Table 9 – Test of IHRM Regression Model on Employee Performance

No	Variable	Significance
1	Islamic Recruitment and Selection	0.267
2	Islamic Training	0.625
3	Islamic Compensation	0.682

a. *Dependent Variable: Employee's Performance*

Source: Primary data processed, 2018.

Table 8 and table 9 show that all the significance values of the independent variables are greater than 0.05. It shows that there is no heteroscedasticity problem in this study.

The last classical assumption test is autocorrelation test. This test is carried out by looking at the value of Durbin Watson (DW). If $dU < DW < 4-dU$ then there is no autocorrelation in the research regression model. The autocorrelation test of IHRM regression model on job satisfaction resulting in Durbin Watson value of 1,892.

$$dU < DW < 4-dU \\ 1.7652 < 1.892 < 2.2348 \text{ (no autocorrelation)}$$

Meanwhile the autocorrelation test of IHRM regression model on employee performance resulting in Durbin Watson of 1,968.

$$dU < DW < 4-dU \\ 1.7652 < 1.968 < 2.032 \text{ (no autocorrelation)}$$

Based on the above autocorrelation test, we obtain the results of no autocorrelation in this research model.

Table 10 and 11 illustrate the results of regression test of the effect of IHRM on the job satisfaction and employee performance.

Table 10 – Regression Results of the effect of IHRM on job satisfaction

Model	B	t	Sig.
Constant	27.588	6.495	.000
Islamic Recruitment and Selection	.267	2.894	.004
Islamic Training	.355	3.463	.001
Islamic Compensation	.246	2.668	.009

a. Dependent Variable: Job Satisfaction.

Source: Primary data processed, 2018.

Table 11 – Regression Results of the effect of IHRM on employee satisfaction

Model	B	t	Sig.
Constant	15.295	4.556	.000
Islamic Recruitment and Selection	.506	6.926	.000
Islamic Training	.290	3.581	.000
Islamic Compensation	.177	2.431	.016

a. Dependent Variable: Employee's Performance

Source: Primary data processed, 2018.

CONCLUSION

The research results support the hypotheses that have been formulated previously. The first hypothesis group mentions that IHRM affects job satisfaction. Based on the research, all IHRM variables namely Islamic recruitment and selection, Islamic training, and Islamic compensation positively and significantly affect the job satisfaction. Islamic training variable has the greatest influence on the job satisfaction with a Beta value of 0.355, followed by the Islamic recruitment and selection and Islamic compensation variables with a Beta value of 0.267 and 0.246 respectively. The level of significance of overall IHRM variables with the value under 0.05 shows a significant effect on the job satisfaction. The research results support the results of previous studies conducted by Hashim (2008) and Mahesar et al. (2016), in which their research results show a positive influence of IHRM on job satisfaction.

The second hypothesis group formulates that IHRM affects the employee performance. The research results show that all IHRM variables namely Islamic recruitment and selection, Islamic training, and Islamic compensation positively and significantly affect the employee performance. Islamic recruitment and selection variables have the greatest influence on the employee performance with a Beta value of 0.506. meanwhile, the Beta value of Islamic training and Islamic compensation variables are 0.290 and 0.177 respectively. Regression results also reveal that the significance level of all IHRM variables is below 0.05 which

indicates a significant influence on employee performance. Research on the impact of IHRM on employee performance has never been done before. Thus, it becomes the value of renewal for this research. Several previous studies have concluded that employee performance is directly influenced by HRM consisting of recruitment and selection (Bako & Kolawole, 2016; Makhamara, 2016), training (Athar & Shah, 2015; Elnaga & Imran, 2013), and compensation (Hameed et al., 2014; Njogore et al., 2015). However, the independent variables used in the research do not have Islamic perspective elements.

This research is expected to be the reference for other researchers who are interested in the IHRM variables. This research has its own limitation in terms of the number of sharia organization as part of the analysis unit and respondent. Further research is expected to involve more areas of other sharia organizations such as sharia insurance organization and sharia pawnshop as well as increase the number of other variables such as organizational commitment, trust, and so forth.

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