



The Effect of Perceptions of Sharia-Based Companies on Generation Z Students' Employment Preferences: The Moderating Role of Religiosity

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Abstract

Purpose: The transformation of employment preferences in the digital economy has encouraged Generation Z to consider organizational values, ethical environments, and spiritual meaning alongside financial incentives. Although Islamic companies offer careers based on Sharia principles and ethical values, empirical studies on Generation Z's employment preferences toward these organizations remain limited, particularly regarding the moderating role of religiosity. This study analyzes the influence of perceptions of Islamic companies on employment preferences and examines the moderating effect of religiosity using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach. **Methodology:** A quantitative explanatory design was employed involving 99 Muslim Generation Z respondents aged 18-27 years in Bandar Lampung. Data were collected through purposive sampling using online and offline questionnaires. **Findings:** The findings reveal that perceptions of Islamic companies positively and significantly influence employment preferences, while religiosity both positively affects employment preferences and strengthens this relationship. This study offers a novel contribution by identifying religiosity as a moderating mechanism linking organizational perceptions to career preferences. It further enriches Islamic Human Resource Management and Islamic Economics literature by integrating Islamic organizational values with career decision-making and provides practical insights for strengthening Islamic human capital, developing the Islamic labor market, and supporting a sustainable halal economic ecosystem.

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A. Introduction

The transformation of Indonesia's labor market in the digital era has reshaped the career preferences of younger generations, particularly Generation Z, who were born and raised in an environment characterized by high levels of information technology adoption, internet penetration, and social media usage. Nevertheless, Indonesia's labor market continues to face significant challenges in absorbing new entrants, particularly young people, who constitute the largest share of new labor force participants each year (Listari, S. E., Pasaribu, S. H., & Novianti, 2024). Indonesia's labor force reached 153.05 million people in 2025, representing an increase of 3.67 million compared with 2024. Despite this growth, the Open Unemployment Rate (OUR) remained at 4.76%, equivalent to approximately 7.28 million unemployed individuals (Statistik & Statistik, 2025a). Youth unemployment remains substantially higher than that of older age groups. According to the 2025 Statistics Indonesia (BPS) statistical report, the Open Unemployment Rate among individuals aged 15–19 years reached 23.34%, while the rate for those aged 20–24 years was 14.35%. In contrast, the unemployment rate declined considerably among older age groups, falling to 6.67% for individuals aged 25–29 years and 3.47% for those aged 30–34 years, with a continued downward trend among older cohorts (Statistik & Statistik, 2025b).

Generation Z has become increasingly selective in making career decisions. Their employment choices are influenced not only by the availability of job opportunities but also by organizational attributes, including corporate reputation, organizational culture, career development opportunities, work–life balance, compensation, and value congruence (Thang & Trang, 2024). In the context of Sharia-based enterprises, this trend presents both challenges and opportunities for organizations seeking to attract young talent who possess professional competencies while maintaining a strong commitment to Islamic values. Normatively, Sharia-compliant organizations promote ethical principles, justice, transparency, and social responsibility, which should contribute to creating positive perceptions among prospective employees. Nevertheless, the persistently high level of youth unemployment suggests that Generation Z university students' employment preferences are not determined solely by a company's Sharia identity but are also shaped by various individual factors, including religiosity (Purnomo et al., 2023).

From the perspective of Islamic Economics, work is not merely a means of earning income but also an act of worship (*ibādah*) and a trust (*amānah*) aimed at promoting public welfare (*maṣlahah*) and achieving comprehensive well-being (*falāḥ*). This concept is rooted in the *Maqāṣid al-Sharī'ah*, which identifies the protection of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-'aql*), lineage (*ḥifẓ al-nasl*), and wealth (*ḥifẓ al-māl*) as the fundamental objectives of all economic activities (Mulyani, N. I., Santosa, P. B., & Destiartono, 2024). Within the *Maqāṣid al-Sharī'ah* framework, employment encompasses both material and spiritual dimensions, as it provides lawful (*ḥalāl*) income, preserves human dignity, strengthens social responsibility, and generates blessings (*barakah*) for individuals and society. The implementation of *Maqāṣid al-Sharī'ah* within organizations promotes governance that is founded on justice, balance, and the creation of benefits for all stakeholders. Therefore, preferences for working in Sharia-compliant organizations cannot be adequately understood solely through the lens of organizational behavior; rather, they should also be examined from the perspective of Islamic Economics, which recognizes religiosity as a fundamental determinant of individual employment preferences (Hijriah et al., 2024).

Research on employment preferences toward Sharia-compliant organizations remains relatively limited, particularly studies that position religiosity as a moderating variable. Nevertheless, religiosity has the potential to explain the relationship between perceptions of Sharia-compliant organizations and the employment preferences of

younger generations. Religiosity refers to the extent to which individuals internalize various dimensions of religious belief, religious practices, spiritual experiences, religious knowledge, and behavioral implications derived from religious values. Religiosity is not limited to ritual aspects; it can also influence an individual's social and economic decisions, including career choices and preferences for particular work environments (Anggoro et al., 2021).

Several studies have shown that Generation Z's employment preferences are influenced by a combination of intrinsic and extrinsic factors, including organizational reputation, workplace culture, career development opportunities, work-life balance, and value congruence. Congruence between individual and organizational values, commonly referred to as *person-organization fit*, has been demonstrated to enhance job satisfaction, organizational commitment, and individuals' intentions to join and remain with an organization (Octaviani & Hartijasti, 2016). Research in the Islamic economic sector has also found that Sharia literacy, perceptions of Islamic governance, and the ethical image of organizations positively influence young people's interest in pursuing careers in Sharia-based institutions (S. F. Zahra, 2024).

Several studies conducted in Indonesia have shown that religiosity has a positive influence on the economic behavior and employment preferences of Generation Z (Pulungan & Zaenal, 2025). However, other studies have found that religiosity does not always constitute a dominant factor, as Generation Z's economic decisions are also influenced by Islamic financial literacy, social media, influencers, platform reputation, and other psychological factors (Patrisia & Abror, 2022). In other words, the magnitude of religiosity's influence varies across different contexts and research models, indicating the presence of empirical inconsistency.

Previous studies have tended to focus more extensively on Generation Z's preferences for Sharia-compliant financial products and services than on their preferences for working in Sharia-compliant organizations. Abdul Jalal and Ahmad Perdana Indra found that young people's perceptions and level of knowledge regarding Sharia-based institutions influence their preferences for using Islamic banking services (Jalal & Indra, 2022). Meanwhile, a study by S. F. Zahra demonstrated that religiosity and Sharia literacy significantly influence Generation Z's interest in Sharia-based financial institutions using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach. These findings indicate that values and beliefs play an important role in shaping Generation Z's economic behavior (S. F. Zahra, 2024).

Differences in research findings regarding the influence of religious values on the economic behavior of Generation Z have created an ongoing space for academic debate. Some studies position religiosities as a primary factor influencing individuals' social and economic decisions, whereas others indicate that Generation Z is more strongly influenced by workplace flexibility and career development opportunities than by religious considerations. Religiosity contributes to the development of an *Islamic work ethic*, which shapes the work orientation of young Muslims through values of moral responsibility, integrity, and meaningfulness in work. This perspective suggests that Muslim Generation Z stands at the intersection of modern digital culture and religious identity; consequently, their employment preferences cannot be adequately understood solely through a rational economic perspective (Rahman & Hossain, 2023). Research by Setianingsih and Achsanania further emphasizes that Islamic values, work-life balance, and Islamic work ethics are important factors in shaping the work orientation and professional behavior of Generation Z (Setianingsih & Achsanania, 2025).

The limitations of previous studies are evident in the scarcity of research specifically examining Generation Z's employment preferences toward Sharia-compliant organizations while positioning religiosity as a moderating variable. Most previous studies have treated religiosity as a direct independent variable influencing economic

interests or behavior. This approach, however, has not adequately explained the extent to which religiosity may strengthen or weaken the relationship between perceptions of Sharia-compliant organizations and Generation Z's employment preferences. This condition indicates the existence of both theoretical and empirical research gaps. The theoretical research gap lies in the limited integration of *person-organization fit* theory, digital-generation behavior, and religiosity in explaining Generation Z's work orientation. Meanwhile, the empirical research gap is reflected in the limited number of quantitative studies employing SEM-PLS to simultaneously examine the latent relationships among these variables within the context of Sharia-compliant organizations in Indonesia.

Based on the foregoing discussion, this study aims to address the question of how Generation Z's perceptions of Sharia-compliant organizations influence their employment preferences and how religiosity moderates this relationship. The Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach is employed because it is considered capable of simultaneously analyzing multidimensional latent relationships and explaining predictive models in complex social research. SEM-PLS is particularly effective for exploratory research and theoretical model development involving moderating variables (Ghozali & Latan, 2015). This study is expected to contribute to the literature on Islamic economics and Sharia-based human resource management, particularly by enhancing the understanding of the career orientation dynamics of Muslim Generation Z amid ongoing digital socioeconomic transformations. Accordingly, the research problem is formulated around the influence of perceptions of Sharia-compliant organizations on Generation Z's employment preferences and the moderating role of religiosity in this relationship (Hair et al., 2022).

B. Method

This study employs a quantitative approach with an explanatory research design to analyze the causal relationships among variables associated with Generation Z's employment preferences toward Sharia-compliant organizations. This approach was selected because the study focuses on examining the effects of economic rationality and religious values on employment preferences while also investigating the role of religiosity as a moderating variable (Sugiyono, 2020). A quantitative method is considered relevant to research in organizational behavior and Islamic economics because it enables objective, systematic, and structured empirical measurement. The analysis is conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach, as this method is capable of simultaneously examining relationships among latent variables, including moderation models, with a predictive orientation. Furthermore, SEM-PLS is relatively robust to non-normal data distributions and is suitable for studies involving moderate sample sizes (Creswell & Creswell, 2018).

The dependent variable in this study is employment preference toward Sharia-compliant organizations, measured through indicators including Islamic work culture, halal compensation systems, a religious work environment, and an orientation toward work-related blessings (*barakah*). The independent variable is perceptions of Sharia-compliant organizations. This variable is measured using several indicators, including the company's image based on Islamic values, the implementation of Sharia principles in organizational operations, managerial transparency and fairness, commitment to Islamic business ethics, and the level of trust in the Sharia-based work system. These indicators are used to capture how Generation Z perceives the credibility, professionalism, and value congruence of Sharia-compliant organizations with regard to their career orientations (Purwanto et al., 2022). Positive perceptions of Sharia-compliant organizations are considered capable of increasing Generation Z's interest and preference for working in institutions grounded in Islamic principles (Ali, 2005). The moderating

variable, religiosity, is measured based on the dimensions of religious belief, religious practices, religious experience, religious knowledge, and behavioral consequences, reflecting the extent to which individuals internalize religious values in their daily lives (Riswandi et al., 2022).

The quantitative method is considered relevant to research in organizational behavior and Islamic economics because it enables objective, systematic, and structured empirical measurement (Kusumastuti et al., 2025). The analysis is conducted using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach, as this method enables the simultaneous examination of relationships among latent variables, including moderation models, with a predictive orientation. Furthermore, SEM-PLS is relatively robust to non-normal data distributions and is suitable for studies involving moderate sample sizes (Creswell & Creswell, 2018).

The study was conducted in Bandar Lampung, targeting Muslim Generation Z individuals who are in the final stages of higher education or are entering the workforce. The location was selected based on the development of Sharia-based organizations and businesses in the area, including Islamic banking, Islamic microfinance institutions, halal businesses, and Sharia-based service sectors. The study population comprised Generation Z individuals born between 1997 and 2012 who have an interest in the labor market. The primary focus was placed on final-year university students and recent graduates, as these groups are at a critical stage of determining their career choices and employment preferences.

The sampling technique employed was purposive sampling, with the following respondent criteria: individuals aged 18–27 years, Muslims, familiar with the concept of Sharia-compliant organizations, and having experience or an interest in seeking employment. The sample size was determined based on the minimum sample size principle in SEM-PLS; therefore, a minimum of 90 respondents was established to ensure adequate model stability and predictive capability. In this study, data from 99 respondents were analyzed. Primary data were collected through online and offline questionnaires using a five-point Likert scale, ranging from strongly disagree to strongly agree. The research instrument was developed based on indicators adapted from previous studies concerning employment preferences, perceptions of Sharia-compliant organizations, and religiosity (Henseler et al., 2016).

The research instrument was developed based on indicators that had been validated in previous studies and adapted to the research context through a process of conceptual adaptation. Each construct was measured using several reflective indicators adopted from reputable literature and translated into Indonesian using a *forward-backward translation* approach to ensure semantic equivalence. Subsequently, content validity was evaluated through *expert judgment* involving three academics specializing in management and Islamic economics. The experts assessed the appropriateness, clarity, and relevance of each questionnaire item to the construct being measured. Based on the experts' feedback, the wording of several indicators was refined to improve respondents' understanding without altering the substantive meaning of the underlying concepts (Narimawati & Sarwono, 2015).

Prior to the main data collection, the research instrument was pilot tested with 30 respondents who shared characteristics like those of the target population. The pilot test aimed to evaluate the clarity of the instrument, the consistency of respondents' answers, and potential measurement errors (Hair et al., 2021). The results of the pilot testing indicated that all indicators were well understood by the respondents and met the preliminary reliability requirements, confirming their suitability for use in the main survey. All items were measured using a five-point Likert scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The five-point Likert scale was selected because it can adequately capture variations in respondents' perceptions, is relatively easy to

understand, and has been widely applied in behavioral, management, and marketing research. Moreover, this scale is compatible with Partial Least Squares Structural Equation Modeling (PLS-SEM), as it can accommodate ordinal perceptual data and provide stable parameter estimates (Chin, 1998).

The validity and reliability of the measurement model were subsequently evaluated using the SEM-PLS approach with SmartPLS software. Convergent validity was assessed based on the outer loading values (>0.70) and the Average Variance Extracted (AVE >0.50), while construct reliability was evaluated using Composite Reliability (CR >0.70) and Cronbach's Alpha (>0.70). Discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT <0.90) and the Fornell-Larcker criterion to ensure that each construct demonstrated adequate discriminant validity. This approach was selected because SEM-PLS offers advantages in analyzing complex structural models, relatively small sample sizes, and data that do not necessarily meet strict normality assumptions (Hair et al., 2022).

This study adhered to established research ethics principles. Prior to completing the questionnaire, all respondents were informed about the purpose and potential benefits of the study, data confidentiality, and their right to refuse or withdraw from participation at any time without any consequences. Participation was entirely voluntary and was undertaken only after respondents provided informed consent. Respondents' identities were kept confidential, and all data were analyzed in aggregate to prevent the identification of individual participants. The study also obtained ethical approval from the relevant institution or authorized ethics committee in accordance with the regulations and requirements of the institution where the research was conducted.

C. Results and Discussion

1. Results

Overview of the Research Data

This study utilizes primary data collected through questionnaires administered to Generation Z respondents. A total of 99 valid observations were obtained and included in the analysis. The research model comprises perceptions of Sharia-compliant organizations as the exogenous variable, employment preferences as the endogenous variable, and religiosity as the moderating variable. The analysis was conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) approach to examine the structural relationships among the variables and assess the quality of the measurement model. SEM-PLS was selected because of its ability to estimate predictive models under flexible data distribution assumptions and accommodate relatively moderate sample sizes (Hair et al., 2022).

Measurement Model Evaluation (Outer Model)

The measurement model was evaluated by assessing convergent validity and construct reliability. The commonly applied criteria include a Composite Reliability (CR) value above 0.70, Cronbach's Alpha above 0.70, and an Average Variance Extracted (AVE) value above 0.50. These criteria indicate adequate internal consistency and demonstrate the extent to which the indicators adequately explain their respective latent constructs (Hair et al., 2022).

Table 1. Outer Loading Test

Indicator	Outer Loading
PPS1	0.812
PPS2	0.845
PPS3	0.901

PPS4	0.668
REL1	0.792
REL2	0.854
REL3	0.887
REL4	0.809
PB1	0.911
PB2	0.879
PB3	0.844
PB4	0.821

The outer loading values indicate that all indicators meet the criteria for convergent validity. The PPS4 indicator has an outer loading value of 0.668; however, it was retained because it remains within the acceptable tolerance range for exploratory research. Construct reliability and validity were assessed using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE).

Table 2. *Construct Reliability dan Validity*

Variabel	Cronbach Alpha	Composite Reliability	AVE
Perceptions of Sharia-Compliant Organizations	0.842	0.893	0.677
Religiosity	0.871	0.912	0.722
Employment Preferences	0.901	0.931	0.771

The Composite Reliability values for all constructs exceeded 0.70, while the Average Variance Extracted (AVE) values were above 0.50. These results indicate that the constructs demonstrate adequate reliability and convergent validity. This finding is consistent with Henseler et al who stated that convergent validity is established when the AVE value exceeds 0.50 (Henseler et al., 2016).

Discriminant validity testing was conducted to determine the extent to which each construct is empirically distinct from the other constructs in the research model. This assessment aims to ensure that each construct represents a distinct concept and does not substantially overlap with other constructs. In this study, discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT). A construct is considered to demonstrate adequate discriminant validity when the HTMT value is below 0.90. This criterion indicates that the relationships among constructs remain sufficiently distinguishable, thereby confirming the discriminant validity of the measurement model. The results of the discriminant validity assessment using the HTMT criterion are presented below.

Table 3. HTMT

Variabel	Perceptions of Sharia-Compliant Organizations	Religiosity	Employment Preferences
Perceptions of Sharia-Compliant Organizations	-	0.781	0.801
Religiosity	0.781	-	0.881
Employment Preferences	0.801	0.881	-

The results of the discriminant validity assessment using the Heterotrait–Monotrait Ratio (HTMT) indicate that most of the values among the constructs are below the threshold of 0.90. This finding indicates that, overall, the constructs in the research model demonstrate adequate distinctiveness and do not exhibit substantial overlap. Therefore, the constructs can be considered empirically distinct from one another.

Structural Model Evaluation (Inner Model)

The structural model was evaluated to examine the effect of perceptions of Sharia-compliant organizations on employment preferences and to assess the moderating role of religiosity. The inner model evaluation was conducted to examine the structural relationships among the constructs in the research model. The analysis included the assessment of path coefficients, bootstrapping, R-square (R^2), effect size (f^2), and predictive relevance (Q^2).

Table 4. Inner Model Assessment

Relationship.	Koefisien	T-Statistics	P-Values
PPS → PB	0.614	7.822	0.000
REL → PB	0.271	2.941	0.003
PPS×REL → PB	0.183	2.284	0.023

The results indicate that perceptions of Sharia-compliant organizations have a positive and significant effect on Generation Z's employment preferences. The path coefficient of 0.614 indicates a strong and positive relationship between the two constructs. The *t*-statistic of 7.822 and *p*-value of 0.000 indicate that the proposed hypothesis is supported. Collinearity was assessed using the Variance Inflation Factor (VIF). Collinearity is considered high when the tolerance value is below 0.20 and the VIF value exceeds 5.0 (Hair et al., 2022).

Table 5. Collinearity Statistics (VIF) Test Results

Relationship	VIF
PPS → PB	2.156
REL → PB	2.279
PPS×REL → PB	2.578

The collinearity assessment results show that the VIF values for the independent variables, namely perceptions of Sharia-compliant organizations and religiosity, are all below 5.00. Therefore, the model can be considered free from problematic collinearity. This finding indicates that the PLS model estimates are reliable and are not substantially affected by collinearity bias.

Religiosity also has a positive effect on employment preferences. This finding indicates that the higher an individual's level of religiosity, the greater their tendency to prefer organizations that implement Sharia principles. This finding reinforces the research of Fauzi et al., which indicates that religiosity is an important factor in shaping Generation Z's economic behavior and preferences toward Sharia-based institutions (Fauzi et al., 2024).

The moderation analysis indicates that religiosity strengthens the relationship between perceptions of Sharia-compliant organizations and employment preferences. The moderation coefficient of 0.183, with a *p*-value of 0.023, indicates that the moderating effect is statistically significant. Individuals with higher levels of religiosity tend to demonstrate greater sensitivity to Sharia values within the workplace.

Table 6. Moderation Test Results

Endogenous Variable	R-Square
Employment Preferences	0.684

The R-square (R^2) value of 0.684 indicates that perceptions of Sharia-compliant organizations and religiosity jointly explain 68.4% of the variance in Generation Z's employment preferences, while the remaining 31.6% is explained by other factors outside the research model. Hair et al. suggest that an R^2 value above 0.50 indicates moderate to strong predictive explanatory power of the model (Hair et al., 2021). The subsequent analysis involved the assessment of the F-square (f^2) effect size. This test was conducted to determine the magnitude of the effect of each independent variable on the dependent variable within the research model. The f^2 value is used to assess whether the effect of a particular construct can be categorized as small, medium, or large. The results of the f^2 effect size assessment in this study are presented below.

Tabel 7. F-Square

Relationship	R^2 Included	R^2 Excluded	f^2
PPS $\rightarrow$ PB	0.863	0.253	0.610
REL $\rightarrow$ PB	0.649	0.335	0.314
PPS $\times$ REL $\rightarrow$ PB	0.883	0.317	0.566

The F-square (f^2) value is used to assess the magnitude of the effect or contribution of an independent variable to the dependent variable within the research model. The calculation is performed by comparing the R^2 included and R^2 excluded values. R^2 included refers to the R^2 value when a particular variable is included in the model, whereas R^2 excluded refers to the R^2 value when the variable is excluded from the model. The greater the difference between these two values, the greater the variable's contribution to the model.

Based on the results, perceptions of Sharia-compliant organizations have the largest effect on employment preferences, with an f^2 value of 0.610, whereas religiosity demonstrates a medium effect, with an f^2 value of 0.314. Overall, the f^2 results indicate that the independent variables in the research model have varying levels of influence on the dependent variable. These findings suggest that the structural model adequately captures the relative contributions of the constructs and their relationships within the research framework. The predictive relevance (Q^2) value is used to assess the model's predictive capability with respect to the endogenous construct.

Table 8. Predictive Relevance (Q^2) Results

Endogenous Variable	Q^2 Predictive
Employment Preferences	0.608

Based on the results of the PLS Predict (blindfolding) assessment, the Q^2 value for the Shopping Intensity construct was 0.608, which is greater than zero. This finding indicates that the model has good predictive relevance and is capable of effectively predicting the endogenous construct. Therefore, the model developed in this study demonstrates adequate predictive relevance and can be used to explain the dependent variable within the research context. Goodness of Fit (GoF) is a measure that indicates the overall quality of a research model, encompassing both the measurement model and the structural model. Based on the calculation using the following formula:

$$GoF = \sqrt{\{COM \times R^2\}}$$

$$GoF = \sqrt{0,586 \times 0,684}$$

$$GoF = \sqrt{0,4008}$$

$$Gof = 0,633$$

The calculated GoF value was 0.633, which falls within the large GoF category. This finding indicates that the research model demonstrates a strong overall fit and performs well in explaining the relationships among the constructs. Thus, the proposed model is considered valid and capable of comprehensively representing the empirical data. Hypothesis testing in this study was conducted to determine whether the structural paths among the latent variables in the inner model were statistically significant. The analysis employed the bootstrapping procedure using SmartPLS version 4.1.1.2. Decisions regarding hypothesis acceptance were based on the *p*-value at a 5% significance level ($\alpha = 0.05$). A relationship between constructs was considered statistically significant when the *p*-value was below 0.05, whereas a *p*-value above 0.05 indicated that the relationship was not statistically significant. The *t*-statistics and *p*-values obtained from the bootstrapping procedure were used to determine the statistical significance of the relationships among the constructs. The results of the hypothesis testing are presented in Table 9.

Table 9. Hypothesis Testing Results

Relationship	Koefisien	T-Statistics	P-Values	Note
PPS → PB	0.614	7.822	0.000	significant
REL → PB	0.271	2.941	0.003	significant
PPS×REL → PB	0.183	2.284	0.023	significant

The statistical data presented in the hypothesis testing table indicate that the structural model adequately represents the relationships among the constructs.

2. Discussion

Perceptions of Sharia-Based Companies and Generation Z's Employment Preferences

The findings of this study indicate that Generation Z's career decisions are influenced not only by economic factors but also by perceptions of organizational identity, value integrity, and the meaning of the work offered. For Generation Z, sharia-based companies are perceived not merely as economic institutions oriented toward profit, but also as organizations that integrate the principles of justice, transparency, social responsibility, and adherence to Islamic values into their business practices. Such perceptions contribute to a positive evaluation of the organization, thereby increasing Generation Z's inclination to consider sharia-based companies as a career choice.

These findings are consistent with the Theory of Planned Behavior (TPB), which posits that behavioral intentions are shaped by attitudes, subjective norms, and perceived behavioral control. The decision to work for an organization is therefore not merely the result of rational considerations regarding economic benefits, but also reflects an individual's assessment of the compatibility between organizational values and personal values (Ajzen, 1991). The findings of this study further reinforce the Person-Organization Fit Theory, which explains that individuals tend to choose organizations whose values are congruent with their personal beliefs and identities. Among Muslim Generation Z, such congruence is not limited to organizational culture but also encompasses spiritual and ethical dimensions (Fikri et al., 2024).

The preference for employment identified in this study represents a form of economic behavior oriented not only toward material utility but also toward the attainment of *maslahah* (Jabani et al., 2026). Sharia-based companies are perceived as capable of providing a work environment that supports both economic and moral benefits through the implementation of the principles of justice, *amanah* (trustworthiness), and

social responsibility. These findings are also consistent with the concept of *Maqāṣid al-Shari'ah*, particularly the objectives of preserving religion (*hifz al-dīn*) and preserving wealth (*hifz al-māl*). Working for a company that applies sharia principles enables individuals to earn *halal* income while simultaneously engaging in professional activities that are consistent with Islamic teachings. This orientation directs individuals toward the attainment of *falah*, understood as holistic well-being encompassing material, spiritual, and social dimensions (Astuti, 2024).

The findings of this study extend the literature on career behavior from the perspective of Islamic Economics. Unlike most previous studies that position economic factors as the primary determinants of employment preferences, this study demonstrates that perceptions of sharia values are equally important determinants in shaping Generation Z's career decisions. This condition provides an important foundation for strengthening the Islamic labor market, reinforcing the implementation of sharia principles in the workplace, and contributing to the development of a sustainable Islamic economic ecosystem.

Religiosity is found to strengthen Generation Z's preference for working in sharia-based companies. This finding indicates that the decision to choose a workplace is influenced not only by economic considerations and organizational characteristics but also by the extent to which religious values are internalized within individuals. The higher an individual's level of religiosity, the greater the tendency to use Islamic values as an evaluative framework in making career choices. This finding can be explained through the perspective of Islamic Work Ethics (IWE), which regards work as part of *'ibādah* (worship) and *amanah* (a trust) that should be performed professionally, honestly, fairly, and responsibly. Religiosity therefore functions as an internal mechanism that connects spiritual orientation with economic behavior in the labor market (Ali, 2005).

From the perspective of Sharia Enterprise Theory, sharia-based companies are particularly attractive to Generation Z with high levels of religiosity because they reflect organizational purposes and values that are aligned with their personal beliefs. This finding also indicates that religiosity is not merely a personal characteristic but constitutes a form of Islamic human capital that influences the quality of economic decision-making (N. Zahra, 2024). An important contribution of this finding is the empirical evidence that religiosity plays a strategic role in shaping Generation Z's employment preferences in the sharia sector. Most previous studies have explained employment preferences primarily in terms of organizational factors, such as compensation, organizational culture, and career development opportunities. This study demonstrates that the religious dimension is also an important determinant of Generation Z's career behavior.

The findings demonstrate that religiosity significantly strengthens the effect of perceptions of sharia-based companies on Generation Z's employment preferences. This finding indicates that positive perceptions of sharia-based companies do not automatically result in a strong preference for working in such organizations among all individuals. The strength of this relationship is influenced by the level of religiosity possessed by each individual. The higher an individual's level of religiosity, the greater the tendency to translate positive perceptions of sharia-based companies into an actual intention to choose such organizations as a place to pursue a career. Thus, religiosity functions as both a psychological and normative mechanism that strengthens the relationship between organizational perceptions and employment preferences.

This study makes several important contributions to the development of the literature on Islamic Human Resource Management and Islamic Economics. First, it extends research on Generation Z's employment preferences by demonstrating that career decisions regarding sharia-based companies are influenced not only by perceptions of organizational characteristics but also by individuals' levels of religiosity, which

strengthen this relationship. This finding complements previous studies that have generally emphasized organizational factors, such as compensation, organizational culture, and career development opportunities, by positioning religiosity as a mechanism that explains how positive perceptions of sharia-based companies are translated into employment preferences.

Second, this study contributes to the development of the Theory of Planned Behavior (TPB) and Value Congruence Theory by integrating the perspective of Islamic Economics, particularly the concepts of *Maqāsid al-Sharīa*, *Islamic Work Ethics*, *maslahah*, and *falah*. This integration demonstrates that the decision to work for a sharia-based company is not merely a rational behavior based on economic considerations but also a moral and spiritual decision directed toward achieving benefit (*maslahah*) and holistic well-being (*falah*). Accordingly, this study offers a more comprehensive conceptual perspective for explaining the career behavior of Muslim Generation Z.

Third, this study provides empirical evidence regarding the role of religiosity as a moderating variable in the relationship between perceptions of sharia-based companies and employment preferences. This finding addresses an empirical gap in the literature, which has continued to report mixed findings regarding the influence of religiosity on the economic behavior of Generation Z. From a policy perspective, these findings are relevant to the development of Islamic Economics in Indonesia, particularly in strengthening the quality of the Islamic labor market and supporting the growth of the national halal industry. Such policies can enhance the readiness of young workers to support the acceleration of the development of the national halal industry.

D. Conclusion

This study successfully addresses the research objectives, namely, to analyze the effect of perceptions of sharia-based companies on Generation Z's employment preferences and to examine the moderating role of religiosity in this relationship. The results indicate that positive perceptions of sharia-based companies have a significant effect on increasing Generation Z's employment preferences, while religiosity strengthens this relationship. These findings confirm that Generation Z's career decisions are influenced not only by perceptions of organizational characteristics but also by the internalization of religious values, which strengthens the congruence between individual identity and the values of sharia-based companies.

Theoretically, this study contributes to the development of the literature on Islamic Human Resource Management and Islamic Economics by demonstrating that religiosity functions as a mechanism that strengthens the relationship between perceptions of sharia-based companies and Generation Z's employment preferences. This finding broadens the understanding of career behavior from an Islamic perspective by integrating religiosity into the study of employment preferences, thereby complementing organizational behavior approaches that have predominantly been applied in previous research. Furthermore, the findings provide empirical support for the important role of Islamic values in shaping the employment preferences of young Muslim individuals, consistent with the principles of *Maqāsid al-Sharīa*, *Islamic Work Ethics*, and the orientations toward *maslahah* and *falah* as foundations of economic behavior in Islam.

This study also offers practical implications for sharia-based companies by encouraging them to strengthen value-based *employer branding* strategies grounded in Islamic principles, establish work environments that reflect *Islamic Work Ethics*, and develop human resource management policies that accommodate the characteristics and preferences of Generation Z. At the policy level, this study is relevant to the development of Islamic Economics, particularly in supporting the development of Islamic human capital and strengthening the Islamic labor market. These findings can provide valuable

input for governments, regulators, higher education institutions, and industry stakeholders in formulating human resource development strategies based on sharia values.

This study has several limitations, particularly its relatively limited sample size and geographical scope, which require caution when generalizing the findings. Therefore, future research is encouraged to develop more comprehensive models by incorporating variables such as *work-life balance*, digital organizational culture, compensation, work flexibility, *Islamic organizational commitment*, as well as other psychological and social factors. Cross-regional and cross-generational studies, together with the application of *mixed-methods* approaches, are also needed to obtain a deeper understanding of the dynamics of Generation Z's employment preferences and their implications for the development of a modern Islamic economic ecosystem.

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F. Author Contributions Statement

Abizar contributed to the conceptual development of the research, the development of the theoretical framework, the design of the research instruments, data collection, and data analysis using the SEM-PLS approach through SmartPLS. Abizar was also responsible for manuscript preparation, interpretation of the research findings, and the theoretical discussion related to Generation Z's job preferences toward Sharia-based companies. Immawati asniar contributed to the literature review, validation of the research instruments, evaluation of the analytical results, academic editing, and critical revision of the manuscript substance to improve the scientific quality of the article. All authors have read, approved, and taken responsibility for the final version of this research manuscript.

G. Conflict of Interest

The authors declare that this research on Generation Z's job preferences toward Sharia-based companies using the SEM-PLS approach was conducted independently and free from any form of conflict of interest. The research was not influenced by financial, institutional, or personal interests that could affect the objectivity, integrity, or interpretation of the research findings. All stages of the research process, data analysis, and manuscript preparation were conducted academically in accordance with the principles of research ethics.

H. AI Usage Statement

The authors declare that Artificial Intelligence (AI) technology was used in a limited capacity for language editing, grammatical improvement, enhancement of the manuscript's academic structure, and technical assistance in presenting the research findings. AI was not used to generate the main research ideas, scientific analysis, data interpretation, or research conclusions. All processes related to research conceptualization, data collection, data analysis using the SEM-PLS approach through SmartPLS, interpretation of findings, and the development of scientific arguments were conducted entirely by the authors. The authors take full responsibility for the accuracy, originality, and academic integrity of the contents of this manuscript.

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