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Risk Management in Islamic Banking: The Influence of Leadership, Islamic Work Ethics, and Length of Service

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ABSTRACT
This study examines the influence of Leadership and Islamic Work Ethics on the Risk Management function at Bank Jabar Banten Syariah, with Employee Characteristics as mediating variables, aiming to identify which individual attributes condition the strength of these relationships within a regional Islamic banking institution. **:** A quantitative associative-descriptive design was adopted. The population comprised all BJB Syariah employees across 30 office units in West Java and Banten Province. Purposive sampling yielded 250 respondents from positions engaged in risk management functions. Structured Likert-scale questionnaires were distributed and analyzed using Partial Least Squares Structural Equation Modeling via SmartPLS. Leadership significantly influences Risk Management (β= 0.263, p = 0.011). Islamic Work Ethics showed a stronger effect (β= 0.412, p = 0.000), making it the dominant predictor. Among five employee characteristics tested as mediators, only Length of Service produced significant indirect effects on both paths (Leadership: β = 0.091, p= 0.022; Islamic Work Ethics: β= 0.083, p = 0.030). Gender, Educational Level, Conventional Banking Experience, and Age were non-significant. The model explained 50.1 percent of Risk Management variance. BJB Syariah management is encouraged to embed Islamic Work Ethics more deeply into institutional culture, emphasizing justice, the conception of work as worship, and commitment to halal income, while implementing ISO 31000 to strengthen institutional risk culture beyond formal certification programs. This study also provides evidence that religiosity-grounded Islamic ethical values carry greater explanatory power for risk management behavior than structural leadership, contributing a novel empirical perspective to Islamic banking governance literature.

Keywords: Leadership; Islamic Work Ethics; Employee Characteristics; Risk Management; Bank Jabar Banten Syariah

INTRODUCTION

The global Islamic banking industry has grown substantially over recent decades, emerging from a niche segment of faith-based finance into a recognized and systematically regulated component of mainstream financial systems. Indonesia, as the world's largest Muslim-majority country by population, hosts one of the most rapidly expanding Islamic banking markets in the Asia-Pacific region. Within this context, regional Islamic banks such as Bank Jabar Banten Syariah occupy a strategically important position, serving communities across West Java and Banten provinces where the demand for Sharia-compliant financial services has grown alongside rising public awareness of Islamic finance principles (Javed et al., 2020)(Nasution & Rafiki, 2020). Unlike their conventional counterparts, Islamic banks operate under a dual compliance framework that requires simultaneous adherence to financial regulatory standards and Sharia principles, creating a distinctive and often more complex risk landscape. The challenges of managing credit risk, liquidity risk, operational risk, and the uniquely Islamic risk of Sharia non-compliance therefore demand more rigorous and institutionally embedded risk management capabilities (Shaheen et al., 2020).

Risk management is not merely a regulatory obligation for banking institutions; it constitutes a fundamental organizational capability that determines long-term sustainability and stakeholder confidence. In Islamic banking, this imperative carries an additional moral dimension rooted in the prohibition of gharar (excessive uncertainty) and the principle of maslahah (public welfare), both of which require financial decisions to be grounded in careful, transparent, and ethically informed judgment (Islam et al., 2021; Raja et al., 2020; Raza et al., 2020). At Bank Jabar Banten Syariah, formal risk governance structures have been established in the form of a Risk Management Committee and a Risk Management Certification program administered in accordance with Otoritas Jasa Keuangan regulations. Nevertheless, the translation of these structural mechanisms into consistent risk-aware behavior across the workforce remains a continuing organizational challenge. Field observations indicate that financing problem rates in several business units have remained elevated and that leadership decision-making has not always reflected the risk-conscious orientation expected of senior officers (Al-Shamali et al., 2021; Hassi et al., 2021). This gap between formal risk governance and actual risk behavior points to the need for a deeper examination of the human and cultural factors that shape how employees at all levels engage with risk management responsibilities.

Leadership is widely recognized as a central determinant of organizational risk culture. Leaders who communicate risk priorities clearly, distribute responsibilities equitably, and embody institutional values in their daily conduct create the conditions for employees to internalize risk management as a shared obligation rather than a compliance formality (Aflah et al., 2021; Ahmed et al., 2021). Transformational leadership theory, developed from Burns (1978) and extended by Bass and Riggio, posits that the most effective leaders motivate followers by appealing to higher-order values and purposes rather than merely transactional incentives, a quality that aligns naturally with the ethos of an Islamic banking institution. Alongside leadership, Islamic Work Ethics represents a parallel and potentially more deeply rooted behavioural driver in organizations whose employees are drawn from Muslim-majority communities. Islamic Work Ethics encompasses a comprehensive set of Quran and Hadith-derived principles including honesty, accountability, fairness, dedication, and the understanding that work itself constitutes an act of worship that create intrinsic motivation for conscientious and responsible professional conduct (Kamaruddin et al., 2021; Mubarak et al., 2022; Nazir et al., 2022). Research has consistently shown that employees who genuinely internalize Islamic work values exhibit greater commitment, accountability, and ethical sensitivity in their professional roles, all of which are directly relevant to effective risk management behavior (Islam et al., 2022).

Beyond leadership and ethical orientation, individual employee characteristics influence the way risk management directives are received, interpreted, and acted upon within the organization. Factors such as gender, length of organizational tenure, educational attainment, prior experience in conventional banking, and chronological age each shape an employee's professional orientation, risk tolerance, and behavioral patterns in ways that can either amplify or attenuate the influence of institutional leadership and ethical culture (Raza, Hadi, et al., 2022; Raza, Ul-Hadi, et al., 2022; Suryani et al., 2023). Herzberg's Two-Factor Theory, which identifies both motivator and hygiene dimensions of work behavior, provides a theoretical lens for understanding how these personal attributes interact with institutional incentives and values to produce different levels of engagement with risk management tasks (Al Smadi et al., 2023). Understanding which employee characteristics meaningfully mediate the Leadership-Risk Management and Islamic Work Ethics-Risk Management relationships has important implications for BJB Syariah's human resource development strategy, its succession planning, and the targeting of risk culture initiatives. Against this backdrop, the present study sets out to examine and analyze the influence of Leadership and Islamic Work Ethics on the Risk Management function at BJB Syariah, with the five employee characteristics serving as mediating variables, using a Partial Least Squares Structural Equation Modeling approach with 250 employees as research respondents during the 2023 period.

METHOD

Research Design

This study adopts a quantitative research design grounded in an associative and descriptive approach. The associative dimension seeks to establish and measure the direction and significance of relationships between the independent variables Leadership (X1) and Islamic Work Ethics (X2) the mediating variables collectively constituting Employee Characteristics (Z), and the dependent variable of Risk Management (Y). The descriptive dimension provides a systematic account of each variable's condition as perceived by employees at Bank Jabar Banten Syariah during the 2023 research period. This combination of approaches is appropriate for studies that seek both to map the current state of organizational phenomena and to test theoretically grounded hypotheses about the relationships among them (Akhmadi et al., 2023).

Population and Sample

The research population consisted of all active employees of Bank Jabar Banten Syariah working across the institution's 30 office units distributed throughout West Java and Banten provinces, comprising 1 Head Office, 4 Regional Offices, 8 Branch Offices, and 17 Sub-Branch Offices. Purposive sampling was applied as the sample selection technique, restricting inclusion to employees whose roles involved direct engagement with financial decision-making, risk-related operations, or branch-level management responsibilities. These positions included Head of Division, Head of Branch, Head of Sub-Branch, Marketing Account Officer, Collection Officer, Financing Administration Staff, Risk Management Officer, Internal Auditor, Customer Service

Officer, and Teller. A total of 250 questionnaires were distributed, all of which were returned fully completed and validated for analysis, yielding a final research sample of 250 respondents. This sample size is considered adequate for PLS-SEM analysis given the complexity of the structural model and the number of latent constructs involved (Aman-Ullah & Mehmood, 2023; Asutay et al., 2022; Muthuswamy & Umarani, 2023).

Data Collection Instrument

Data were gathered through a structured self-administered questionnaire consisting of items measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument was organized into four sections corresponding to the four latent constructs: Leadership (10 items), Islamic Work Ethics (18 items), Risk Management (10 items), and Employee Characteristics (5 single-indicator demographic items). The Leadership items drew upon established transformational and ethical leadership scales adapted to the Islamic banking context (Chamberlain et al., 2020; Husin & Kernain, 2020; Reyad et al., 2022). The Islamic Work Ethics items were developed from (Elgharbawy, 2020) Islamic Work Ethics instrument, incorporating dimensions of honesty, halal income orientation, work as worship, fairness, discipline, and ihsan. The Risk Management items were constructed to reflect ISO 31000 risk management principles as operationalized within the Sharia banking regulatory environment. Employee Characteristics items captured gender, length of service at BJB Syariah, formal educational level, experience in conventional banking prior to joining BJB Syariah, and current age.

Research Variables and Indicators

The following table presents the operational definitions and measurement indicators for each latent construct examined in this study, contextualized to reflect the operational environment of BJB Syariah.

Table 1. Research Instrument Variables and Indicators

Variable	Operational Definition	Indicator	Scale
Risk Management (Y)	A systematic and structured organizational process encompassing the identification, measurement, mapping, treatment, monitoring, and control of risks inherent in Islamic banking operations at BJB Syariah across West Java and Banten	Financing risks are pervasive throughout operations (Y.1)	Likert
Risk Management (Y)		Profit and loss sharing risk balance awareness (Y.2)	Likert
Risk Management (Y)		Risk as a convergence of threat and opportunity (Y.3)	Likert
Risk Management (Y)		Risk sources require differentiated managerial responses (Y.4)	Likert
Risk Management (Y)		Risk can be quantified and objectively measured (Y.5)	Likert
Risk Management (Y)		Risk prioritization must precede treatment actions (Y.6)	Likert
Risk Management (Y)		Effective risk treatment is the key to operational continuity (Y.7)	Likert
Risk Management (Y)		Accurate risk reporting safeguards institutional integrity (Y.8)	Likert
Risk Management (Y)		Risk management is a shared responsibility across all units (Y.9)	Likert
Risk Management (Y)		A risk aware culture must permeate the	Likert

		entire organization (Y.10)	
Leadership (X1)	The capacity of a leader to guide, motivate, and align employees toward shared organizational objectives through a transformational, value driven, and Sharia oriented approach relevant to regional Islamic banking	Equity and fairness in task distribution (X1.1)	Likert
Leadership (X1)		Guidance and constructive feedback provision (X1.2)	Likert
Leadership (X1)		Target and key performance indicator achievement orientation (X1.3)	Likert
Leadership (X1)		Psychological safety creation for employees (X1.4)	Likert
Leadership (X1)		Institutional representation in the community (X1.5)	Likert
Leadership (X1)		Inspirational vision sharing across the organization (X1.6)	Likert
Leadership (X1)		Value driven conduct and ethical decision making (X1.7)	Likert
Leadership (X1)		Understanding of and responsiveness to employee needs (X1.8)	Likert
Leadership (X1)		Digital service transformation advocacy (X1.9)	Likert
Leadership (X1)		Risk culture cultivation and organizational awareness (X1.10)	Likert
Islamic Work Ethics (X2)	A comprehensive set of Islam rooted principles and values guiding employees in differentiating virtuous from problematic work behaviors, grounded in Al Quran and Hadith, as applied within a Sharia banking institution	Work as a form of worship and devotion (X2.1)	Likert
Islamic Work Ethics (X2)		Honesty in all professional dealings (X2.2)	Likert
Islamic Work Ethics (X2)		Truthfulness and transparency in reporting (X2.3)	Likert
Islamic Work Ethics (X2)		Commitment to seeking halal income exclusively (X2.4)	Likert
Islamic Work Ethics (X2)		Ihsan, excellence and conscientiousness in every task (X2.5)	Likert
Islamic Work Ethics (X2)		Operational efficiency without waste (X2.6)	Likert
Islamic Work Ethics (X2)		Fulfillment of professional responsibilities (X2.7)	Likert
Islamic Work Ethics (X2)		Self control in conduct and emotional regulation (X2.8)	Likert
Islamic Work Ethics (X2)		Obedience to regulatory and Sharia requirements (X2.9)	Likert

Islamic Work Ethics (X2)		Spirit of cooperation and solidarity among colleagues (X2.10)	Likert
Islamic Work Ethics (X2)		Time discipline and punctuality (X2.11)	Likert
Islamic Work Ethics (X2)		Dignity and courtesy in client service (X2.12)	Likert
Islamic Work Ethics (X2)		Justice and fairness in all transactions (X2.13)	Likert
Islamic Work Ethics (X2)		Workplace safety consciousness (X2.14)	Likert
Islamic Work Ethics (X2)		Commitment to righteous and lawful conduct (X2.15)	Likert
Islamic Work Ethics (X2)		Responsible use of authority within proper bounds (X2.16)	Likert
Islamic Work Ethics (X2)		Compassion toward clients and fellow employees (X2.17)	Likert
Islamic Work Ethics (X2)		Consultative and deliberative approach to decisions (X2.18)	Likert
Employee Characteristics (Z)	Individual attributes that differentiate one employee from another, shaping professional orientation and behavioral tendencies in the banking workplace	Gender (Z.1)	Nominal
Employee Characteristics (Z)		Length of service at BJB Syariah (Z.2)	Ordinal
Employee Characteristics (Z)		Formal educational level attained (Z.3)	Ordinal
Employee Characteristics (Z)		Prior experience in conventional banking (Z.4)	Nominal
Employee Characteristics (Z)		Age of the employee (Z.5)	Ordinal

Analytical Technique

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS software version 3. PLS-SEM was selected for several methodological reasons. First, it is capable of simultaneously estimating complex models involving multiple latent variables and mediating paths without requiring multivariate normality in the data (Harkati et al., 2020; Hidayat et al., 2021; Mukhibad et al., 2020). Second, it accommodates reflective measurement models, which are appropriate for the constructs used in this study, where the latent variables are theorized to cause their respective indicators rather than being caused by them. Third, PLS-SEM performs reliably with sample sizes that would challenge covariance-based SEM, and it is well suited to predictive research designs in the social sciences ((Mukhibad et al., 2022; Mukhibad & Setiawan, 2020; Raouf & Ahmed, 2022).

RESULTS AND DISCUSSION

Descriptive Statistics

To categorize the measurement results for each research variable, five classification levels were employed, ranging from very high to very low. With the maximum Likert scale value of 5 and a minimum of 1, the class interval is derived as follows:

$i = (5 - 1) / 5 = 0.8$

Table 2. Assessment Categories for Research Variables

Category	Score Interval
Very High	4.2 ≤ x ≤ 5.0
High	3.4 ≤ x < 4.2
Moderate	2.6 ≤ x < 3.4
Low	1.8 ≤ x < 2.6
Very Low	1.0 ≤ x < 1.8

Survey results from 250 respondents at BJB Syariah showed that Leadership (X1) recorded a mean score of 3.87 (High category), Islamic Work Ethics (X2) obtained a mean of 4.01 (High category), and Risk Management (Y) yielded a mean of 3.76 (High category). These figures indicate that employees at Bank Jabar Banten Syariah perceive their leaders as sufficiently capable in directing organizational behavior, hold Islamic ethical standards as an integral working principle, and apply risk management procedures at an above moderate level of commitment.

Description of Respondent Characteristics

The research population encompassed all employees of Bank Jabar Banten Syariah operating across 30 offices spread throughout West Java and Banten provinces, consisting of 1 Head Office, 4 Regional Offices, 8 Branch Offices, and 17 Sub-Branch Offices. Purposive sampling was used to ensure that only employees in roles with direct relevance to risk management processes, financial decision making, or branch operational leadership were included. A total of 250 questionnaires were distributed, and all 250 were returned as complete and valid research data.

Table 3. Description of Respondent Characteristic

Category	Detail	Number of Persons	Percentage (%)
Gender	Male	160	64.0
	Female	90	36.0
Length of Service	1 to 5 Years	28	11.2
	6 to 10 Years	72	28.8
	11 to 15 Years	88	35.2
	16 to 20 Years	52	20.8
	More than 20 Years	10	4.0
Educational Level	Diploma (D3)	22	8.8
	Bachelor Degree (S1)	191	76.4
	Master Degree (S2)	37	14.8
	Doctoral Degree (S3)	0	0
Conventional Banking Experience	Yes	138	55.2
	No	112	44.8
Age	21 to 30 Years	35	14.0
	31 to 35 Years	78	31.2
	36 to 40 Years	82	32.8
	41 to 45 Years	38	15.2
	46 to 50 Years	14	5.6
	Above 50 Years	3	1.2

Male respondents made up 64.0% of the total sample, broadly consistent with workforce gender distributions observed across Indonesian regional banking institutions. The most populated tenure bracket was the 11 to 15 year group (35.2%), indicating a predominantly experienced workforce at BJB Syariah. Most respondents held undergraduate qualifications (76.4%), while 14.8% had completed postgraduate study. A slight majority (55.2%) had prior employment in conventional banking before joining BJB Syariah, which may shape their risk orientation and adaptation to Sharia compliance requirements. The age distribution was concentrated in the 31 to 40 year range, accounting for 64.0% of respondents collectively, representing a productive cohort with a reasonable accumulation of professional maturity.

Outer Model Evaluation

Outer model evaluation was conducted to verify that each observed indicator reliably and validly represents its intended latent variable. The following tests were applied using SmartPLS version 3: Convergent Validity (outer loading factor value > 0.7), Discriminant Validity (cross loading comparison across constructs), Average Variance Extracted (AVE > 0.5), Composite Reliability (CR > 0.7), and Cronbach Alpha (> 0.6).

Convergent validity screening confirmed that all outer loading values across constructs cleared the 0.7 threshold, establishing the adequacy of each indicator in representing its respective latent variable. Figure 1 presents the complete structural path model diagram produced from SmartPLS software output, displaying both the outer loadings connecting indicators to latent constructs and the inner structural paths between latent variables.

Table 4. Validity Testing Based on Average Variance Extracted (AVE)

Variable	AVE Value	Threshold	Result
Islamic Work Ethics (X2)	0.871	≥ 0.50	Valid
Gender (Z.1)	1.000	≥ 0.50	Valid
Length of Service (Z.2)	1.000	≥ 0.50	Valid
Leadership (X1)	0.862	≥ 0.50	Valid
Risk Management (Y)	0.876	≥ 0.50	Valid
Conventional Experience (Z.4)	1.000	≥ 0.50	Valid
Educational Level (Z.3)	1.000	≥ 0.50	Valid
Age (Z.5)	1.000	≥ 0.50	Valid

All AVE values in Table 4 surpassed the 0.50 benchmark, confirming that there are no convergent validity problems in any part of the measurement model for this study.

Table 5. Reliability Testing Based on Composite Reliability

Variable	Composite Reliability	Threshold	Result
Islamic Work Ethics (X2)	0.994	≥ 0.70	Reliable
Gender (Z.1)	1.000	≥ 0.70	Reliable
Length of Service (Z.2)	1.000	≥ 0.70	Reliable
Leadership (X1)	0.988	≥ 0.70	Reliable
Risk Management (Y)	0.991	≥ 0.70	Reliable
Conventional Experience (Z.4)	1.000	≥ 0.70	Reliable
Educational Level (Z.3)	1.000	≥ 0.70	Reliable
Age (Z.5)	1.000	≥ 0.70	Reliable

The Composite Reliability values across all research constructs exceeded 0.70 as shown in Table 5, confirming a high degree of internal consistency. Taken alongside the AVE results and the outer loading values observed in Figure 1, the measurement model demonstrates strong validity and reliability properties across all constructs used in this study.

Inner Model Analysis

The inner model assessment focuses on the structural relationships among latent variables through path coefficients, T-statistics, and probability values. The largest path coefficient in the model belongs to Islamic Work Ethics toward Risk Management at 0.412, outpacing the Leadership path to Risk Management at 0.263. Among the mediating employee characteristic variables, only Length of Service (Z.2) emerged as a statistically significant mediator in the relationship between both independent variables and Risk Management, yielding an indirect effect of 0.091 for Leadership and 0.083 for Islamic Work Ethics. All other employee characteristics failed to produce statistically significant mediation effects.

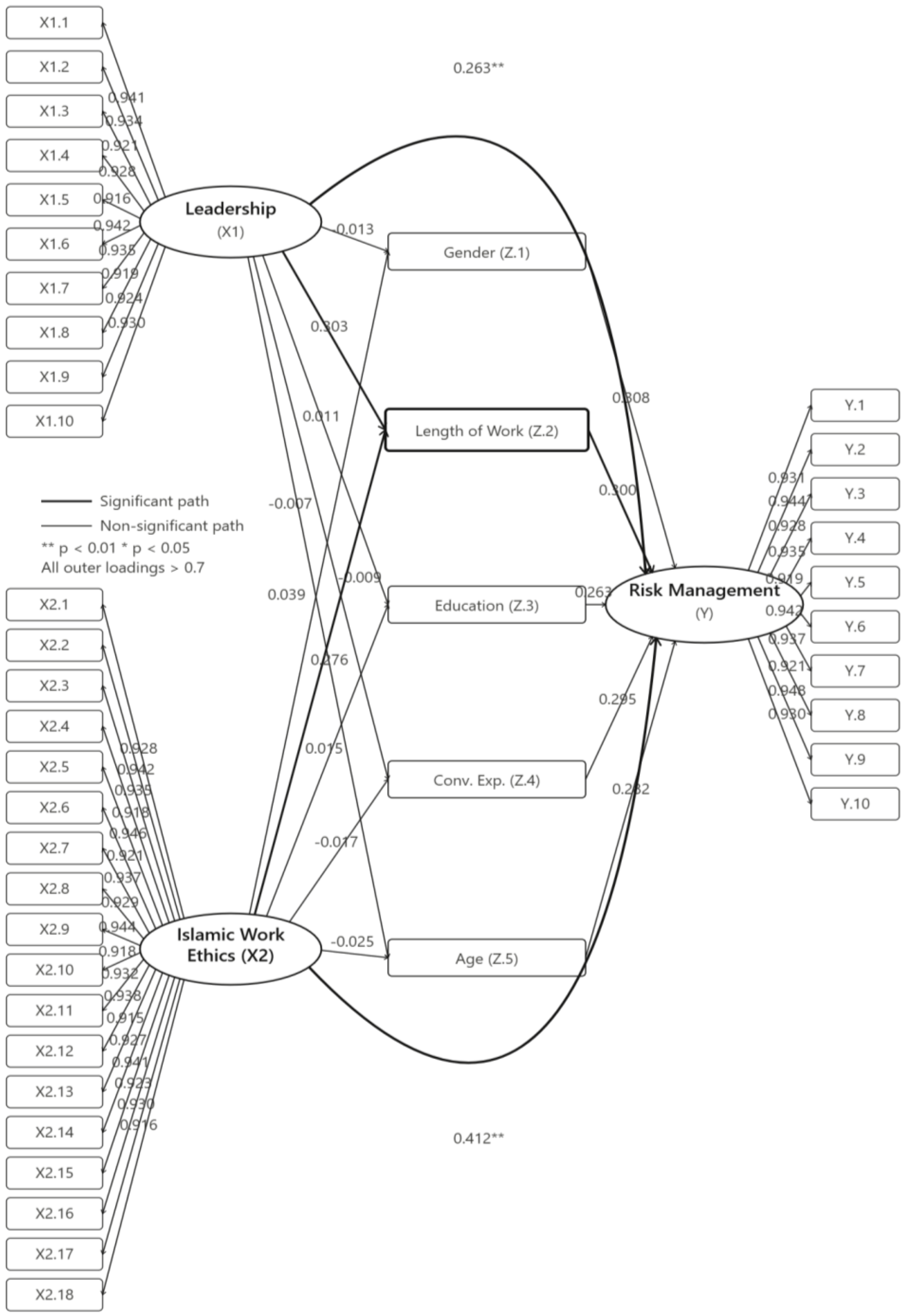

Figure 1. Test Results Based On Outer Loading BJB Syariah

The diagram presents the complete PLS-SEM measurement and structural model for Bank Jabar Banten Syariah. The left side displays the ten Leadership indicators (X1.1 through X1.10) and eighteen Islamic Work Ethics indicators (X2.1 through X2.18) connected by arrows to their respective latent variable ovals, with outer loading values ranging from 0.915 to 0.946, all surpassing the 0.7 validity threshold. The right side shows ten Risk Management indicators (Y.1 through Y.10) connected outward from the Y oval with loadings between 0.919 and 0.948. The five single-indicator Employee Characteristics constructs occupy the center, with thicker arrows marking the two statistically significant mediation paths through Length of Work (Z.2). The two curved paths carrying the direct effects of Leadership (0.263**) and Islamic Work Ethics (0.412**) on Risk Management arc above and below the mediator block respectively, with the IWE direct path showing the larger structural coefficient throughout the model.

Table 6. Summary of Hypothesis Test Results

Path	Coefficient (O)	T-Statistics	P-Value	Ho	Ha	Hypothesis
X1 → Y	0.263	2.318	0.011		Accepted	H1 Accepted
X1 → Z.1 → Y	-0.004	0.421	0.337	Rejected		H2 Rejected
X1 → Z.2 → Y	0.091	2.014	0.022		Accepted	H3 Accepted
X1 → Z.3 → Y	0.003	0.214	0.415	Rejected		H4 Rejected
X1 → Z.4 → Y	-0.002	0.198	0.422	Rejected		H5 Rejected
X1 → Z.5 → Y	0.011	0.742	0.229	Rejected		H6 Rejected
X2 → Y	0.412	3.891	0.000		Accepted	H7 Accepted
X2 → Z.1 → Y	-0.003	0.287	0.387	Rejected		H8 Rejected
X2 → Z.2 → Y	0.083	1.887	0.030		Accepted	H9 Accepted
X2 → Z.3 → Y	0.004	0.224	0.411	Rejected		H10 Rejected
X2 → Z.4 → Y	-0.005	0.398	0.346	Rejected		H11 Rejected
X2 → Z.5 → Y	-0.007	0.512	0.305	Rejected		H12 Rejected

The R-Square value of 0.501 indicates that Leadership, Islamic Work Ethics, and Employee Characteristics together account for 50.1% of the variance in Risk Management performance at BJB Syariah. The remaining 49.9% is attributable to factors beyond the scope of this model, including operational structure, regulatory environment, and macroeconomic conditions. This level of explanatory power is considered moderate to strong within social science research using PLS-SEM methodology, and indicates that leadership quality, Islamic ethical grounding, and employee experiential depth are meaningful predictors of risk management effectiveness in a regional Islamic banking institution.

DISCUSSION

Testing the First Hypothesis (H1): Leadership directly influences Risk Management at BJB Syariah. The probability value of 0.011 falls below the 0.05 significance threshold, and the T-statistic of 2.318 exceeds the critical value of 1.697. This result confirms H1. The finding indicates that when leaders at BJB Syariah actively communicate risk priorities, distribute responsibilities fairly, advocate for ethical conduct, and create psychological safety within their teams, employees respond with greater engagement in risk identification and mitigation activities (Akhmadi et al., 2023). This aligns with the view that effective leadership establishes a culture of risk transparency rather than merely prescribing individual mitigation techniques. In the context of a regional Islamic bank operating under dual regulatory pressures from OJK and Sharia supervisory boards, leaders who integrate compliance awareness into daily communication meaningfully lift organizational risk readiness.

Testing the Second Hypothesis (H2): Leadership mediated by Gender does not influence Risk Management. The probability value of 0.337 exceeds 0.05 and the T-statistic of 0.421 falls short of 1.697, leading to the rejection of H2. This finding suggests that gender does not serve as a meaningful moderating factor in how leadership shapes risk management behavior at BJB Syariah. Both male and female employees at the bank appear to respond to leadership influence on risk matters in comparable ways. This may reflect the formalized training and certification framework within Indonesian Islamic banking, where standard risk competency requirements apply uniformly regardless of gender (Asutay et al., 2022).

Testing the Third Hypothesis (H3): Leadership mediated by Length of Service influences Risk Management. With a probability value of 0.022 and a T-statistic of 2.014, both meeting the significance criteria, H3 is accepted. Employees who have spent more years at BJB Syariah tend to accumulate a nuanced understanding of the institution's risk appetite, product portfolio risks, and regional credit dynamics in West Java and Banten. When paired with strong leadership, this accumulated familiarity amplifies the practical translation of risk directives into concrete actions. Employees with longer tenure are more likely to recognize the patterns and signals that precede risk events, making leadership communication about risk considerably more effective for this group (Reyad et al., 2022).

Testing the Fourth Hypothesis (H4): Leadership mediated by Educational Level does not influence Risk Management. The probability value of 0.415 and T-statistic of 0.214 confirm the rejection of H4. Formal educational credentials, whether at the diploma, undergraduate, or postgraduate level, do not significantly alter the extent to which leadership shapes risk management outcomes. This outcome suggests that the behavioral dimension of leadership at BJB Syariah operates through channels that transcend academic qualification. Employees at all educational levels appear equally responsive to how their leaders model, communicate, and reinforce risk management values (Elgharbawy, 2020).

Testing the Fifth Hypothesis (H5): Leadership mediated by Conventional Banking Experience does not influence Risk Management. With a probability value of 0.390 and T-statistic of 0.281, H5 is rejected. Prior employment in conventional banking institutions does not amplify or diminish the leadership effect on risk management. This may indicate that the risk management culture at BJB Syariah, shaped by Sharia principles and OJK regulations specific to Islamic banking, operates through mechanisms distinct from those in the conventional sector (Mukhibad & Setiawan, 2020). Employees who transitioned from conventional banking may have adapted their risk orientation to the Islamic banking context sufficiently that the prior experience no longer acts as a meaningful differentiating factor.

Testing the Sixth Hypothesis (H6): Leadership mediated by Age does not influence Risk Management. The probability value of 0.229 and T-statistic of 0.742 lead to the rejection of H6. The chronological age of employees at BJB Syariah does not significantly change how leadership affects risk management performance. While older employees may bring broader life experience to professional judgment, the absence of a significant mediation effect suggests that leadership quality at the institutional level functions as a consistent behavioral driver regardless of an employee's age cohort (Sax & Andersen, 2019).

Testing the Seventh Hypothesis (H7): Islamic Work Ethics directly influences Risk Management. The probability value of 0.000 and the T-statistic of 3.891 confirm H7, making this the most statistically robust finding in the study. The path coefficient of 0.412 is notably higher than the Leadership coefficient of 0.263, establishing Islamic Work Ethics as the dominant direct driver of risk management behavior at BJB Syariah. Employees who genuinely internalize principles such as honesty in financial reporting, accountability in financing decisions, fairness toward borrowers, and commitment to halal income naturally gravitate toward thorough and conscientious risk management. The religious foundation of these values creates a form of intrinsic motivation that structural policies and leadership directives alone cannot fully replicate. This finding points to a meaningful distinction between rule-based risk compliance and values driven risk awareness, with the latter showing greater explanatory strength in this institutional setting (Malik et al., 2020).

Testing the Eighth Hypothesis (H8): Islamic Work Ethics mediated by Gender does not influence Risk Management. The probability value of 0.387 and T-statistic of 0.329 result in the rejection of H8. Gender does not moderate how Islamic Work Ethics translates into risk management behavior at BJB Syariah. Both male and female employees who embrace Islamic ethical standards in their work appear to apply them with similar intensity in risk related tasks. This outcome aligns with the universality of Islamic ethical teaching, which prescribes standards of honesty, accountability, and conscientiousness independent of gender (Dvorski Lacković et al., 2022).

Testing the Ninth Hypothesis (H9): Islamic Work Ethics mediated by Length of Service influences Risk Management. With a probability value of 0.030 and T-statistic of 1.887, H9 is accepted. Among the employee characteristic variables, Length of Service stands out as the only characteristic that significantly mediates the relationship between Islamic Work Ethics and Risk Management, mirroring the pattern observed for Leadership. Employees who have served longer at BJB Syariah and who hold strong Islamic work values tend to exhibit heightened sensitivity to risk signals within their operations. The combination of ethical grounding and experiential depth creates an orientation toward risk management that is both principled and practically informed. This finding resonates with literature suggesting that the appreciation for Islamic work ethics deepens over time, as prolonged exposure to the values within an institution reinforces their integration into professional behavior (Syrová & Špička, 2023).

Testing the Tenth Hypothesis (H10): Islamic Work Ethics mediated by Educational Level does not influence Risk Management. The probability value of 0.411 and T-statistic of 0.224 lead to the rejection of H10. Education level does not significantly shape how Islamic work ethics affect risk management. This finding implies that the ethical dimension driving risk management behavior at BJB Syariah is more a matter of personal conviction and institutional culture than of academic training. Employees who adopt Islamic work ethics as a genuine value system apply them to risk decisions regardless of whether they hold a diploma, a bachelor's degree, or a postgraduate qualification (Naili & Lahrichi, 2022).

Testing the Eleventh Hypothesis (H11): Islamic Work Ethics mediated by Conventional Banking Experience does not influence Risk Management. The probability value of 0.346 and T-statistic of 0.398 confirm the rejection of H11. Prior employment in a conventional banking setting does not significantly mediate the relationship between Islamic Work Ethics and Risk Management. The universality of the Islamic work ethic framework means that its core principles honesty, fairness, accountability, and discipline apply broadly across banking contexts. Employees who previously worked in conventional institutions carry this ethical orientation into the Islamic banking environment with similar effectiveness (Sunarsih et al., 2022).

Testing the Twelfth Hypothesis (H12): Islamic Work Ethics mediated by Age does not influence Risk Management. The probability value of 0.305 and T-statistic of 0.512 result in the rejection of H12. The age of an employee does not significantly moderate how Islamic work ethics shape risk management outcomes. While there is broader literature suggesting that older employees may develop deeper appreciation for ethical frameworks over time, this did not manifest as a statistically significant mediation channel within the BJB Syariah sample. The effect of Islamic Work Ethics on Risk Management appears to operate consistently across age groups within this institution.

Islamic Work Ethics exerts a stronger direct influence on Risk Management than Leadership does, as evidenced by path coefficients of 0.412 and 0.263 respectively. Among the five employee characteristics tested as mediating variables, only Length of Service produced statistically significant indirect effects, reinforcing the view that experiential depth within the institution meaningfully conditions how both leadership and ethical orientation translate into risk management behavior (Mukhibad & Setiawan, 2022; Nainggolan et al., 2023). The collective R-Square of 0.501 affirms that leadership, Islamic ethical values, and employee characteristics together constitute substantive explanatory factors for risk management effectiveness at Bank Jabar Banten Syariah. These results carry practical implications for BJB Syariah management: embedding Islamic Work Ethics more deeply into institutional culture through structured programs covering values of fairness, the understanding that work is worship, and the pursuit of halal income should be treated as a priority. Alongside this, the organization is encouraged to consider adopting the ISO 31000 framework on risk management to formalize the risk culture environment in a manner accessible to all employees at every level and tenure group.

CONCLUSION

Based on the hypothesis testing results, Leadership has a significant direct influence on Risk Management, as indicated by a probability value of 0.011 < 0.05 and a t-value of 2.318 > 1.697. Therefore, H1 is accepted. However, the indirect influence of Leadership on Risk Management through Gender, Educational Level, Conventional Banking Experience, and Age is not significant, so H2, H4, H5, and H6 are rejected. Meanwhile, Leadership through Length of Service has a significant influence on Risk Management, with a probability value of 0.022 < 0.05 and a t-value of 2.014 > 1.697; therefore, H3 is accepted.

Furthermore, Islamic Work Ethics has a significant direct influence on Risk Management, as shown by a probability value of 0.000 < 0.05 and a t-value of 3.891 > 1.697. Thus, H7 is accepted. The indirect influence of Islamic Work Ethics on Risk Management through Gender, Educational Level, Conventional Banking Experience, and Age is not significant, so H8, H10, H11, and H12 are rejected. However, Islamic Work Ethics through Length of Service has a significant influence on Risk Management, with a probability value of 0.030 < 0.05 and a t-value of 1.887 > 1.697; therefore, H9 is accepted.

The findings indicate that Leadership and Islamic Work Ethics directly contribute to Risk Management. In addition, Length of Service plays a significant mediating role in the relationship between Leadership and Risk Management as well as between Islamic Work Ethics and Risk Management. Conversely, Gender, Educational Level, Conventional Banking Experience, and Age do not significantly mediate these relationships.

PRACTICAL IMPLICATIONS

For the management of Bank Jabar Banten Syariah, the findings of this study carry several actionable implications. The primacy of Islamic Work Ethics over Leadership in explaining Risk Management behavior means that the institution's risk culture strategy should extend well beyond formal leadership training and certification programs. While the Risk Management Certification (SMR) requirement for branch leaders is a structurally important mechanism, it reaches only a subset of the organization and addresses the technical and procedural dimensions of risk management more directly than the cultural and values-based dimensions that this study identifies as more consequential. BJB Syariah management is therefore encouraged to develop and systematically deliver institutional programs that embed Islamic Work Ethics particularly the values of justice, the conception of work as worship accountable before God, and the unwavering commitment to halal income into the lived daily experience of employees at every level and tenure group.

The significance of Length of Service as a mediating variable has specific implications for human resource policy. BJB Syariah should consider designing mentorship and knowledge transfer mechanisms that connect long-tenured employees with newer colleagues in the context of risk management practice, creating structured opportunities for institutional knowledge and risk awareness to flow from experienced staff to those still building their organizational familiarity. Retention policies that sustain the institution's experienced workforce should also be assessed with this finding in mind, as high turnover in the 11 to 20-year tenure bracket would erode precisely the segment of the workforce that most effectively channels leadership and ethical values into risk management behavior.

In addition to these human capital considerations, this study reaffirms the recommendation that BJB Syariah pursue adoption of the ISO 31000:2018 Risk Management framework. While the SMR certification addresses individual-level competencies at the leadership tier, ISO 31000 provides a system-level framework that embeds risk management into organizational processes, governance structures, and communication practices in ways that extend risk culture to the full employee population. The combination of a strengthened Islamic Work Ethics culture and a formalized ISO 31000 governance framework would address both the values-based and structural dimensions of risk management that this study identifies as central to BJB Syariah's risk performance.

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