

# HOW INDIVIDUAL INNOVATION MEDIATES THE EFFECT OF ISLAMIC SPIRITUALITY ON EMPLOYEE READINESS

## COMO A INOVAÇÃO INDIVIDUAL MEDIA O EFEITO DA ESPIRITUALIDADE ISLÂMICA NA PRONTIDÃO DOS FUNCIONÁRIOS

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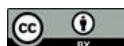
The authors declare that there is no conflict of interest

### Abstract

This study investigates the influence of Islamic spirituality on employee readiness, both directly and indirectly, through the mediating role of individual innovation. The research focuses on the Islamic banking sector, particularly Bank Riau Kepulauan Riau Sharia, as the transition to a sharia-based system necessitates readiness that combines technical competence with spiritual values and innovative capacity. This study employed an explanatory quantitative design using a survey method. Data were collected from 359 employees with at least one year of service and direct involvement in banking operations, selected through convenience sampling. The questionnaire was structured on a five-point Likert scale to measure Islamic spirituality, individual innovation, and employee readiness. The data were analyzed using structural equation modelling with partial least squares (SEM-PLS). The findings reveal that Islamic spirituality significantly enhances employee readiness, both directly and through its positive effect on individual innovation. Theoretically, the study extends competency theory by conceptualizing spirituality as an affective competency that fosters innovation and readiness for change. Practically, it emphasizes the integration of spiritual values into HRM policies and the cultivation of innovation to strengthen employee adaptability. Limitations include its single-

### Resumo

*Este estudo investiga a influência da espiritualidade islâmica na prontidão dos funcionários, tanto direta quanto indiretamente, por meio do papel mediador da inovação individual. A pesquisa se concentra no setor bancário islâmico, particularmente no Banco Riau Kepulauan Riau Sharia, visto que a transição para um sistema baseado na sharia exige prontidão que combine competência técnica com valores espirituais e capacidade inovadora. Este estudo empregou um delineamento quantitativo explicativo, utilizando um método de levantamento. Os dados foram coletados de 359 funcionários com pelo menos um ano de serviço e envolvimento direto em operações bancárias, selecionados por amostragem de conveniência. O questionário foi estruturado em uma escala Likert de cinco pontos para mensurar a espiritualidade islâmica, a inovação individual e a prontidão dos funcionários. Os dados foram analisados por meio de modelagem de equações estruturais com mínimos quadrados parciais (SEM-PLS). Os resultados revelam que a espiritualidade islâmica aumenta significativamente a prontidão dos funcionários, tanto diretamente quanto por meio de seu efeito positivo na inovação individual. Teoricamente, o estudo amplia a teoria da competência ao conceituar a espiritualidade como uma competência afetiva*



institution and cross-sectional scope, suggesting the need for longitudinal and multi-sector studies to improve generalizability.

**Keywords:** Islamic Spirituality. Individual Innovation. Employee Readiness.

*que promove a inovação e a prontidão para a mudança. Na prática, enfatiza a integração de valores espirituais nas políticas de gestão de recursos humanos e o desenvolvimento da inovação para fortalecer a adaptabilidade dos funcionários. As limitações incluem seu escopo uniinstitucional e transversal, sugerindo a necessidade de estudos longitudinais e multissetoriais para melhorar a generalização.*

**Palavras-chave:** Espiritualidade Islâmica. Inovação Individual. Prontidão dos Funcionários.

## 1 INTRODUCTION

The transformation of organizations from conventional to Sharia systems requires optimal employee readiness. Low employee readiness can hinder change, cause resistance, and even reduce organizational performance (Mathur et al., 2023). In the context of Sharia banking, employee readiness is crucial as a foundation for technical adaptation and an understanding of Sharia principles. Previous studies have confirmed that readiness has a significant influence on performance and innovation (Singh et al., 2021; Taneja et al., 2024). Therefore, understanding the factors that determine employee readiness is a strategic issue for both practitioners and academics.

This study employs an Islamic spirituality-based framework that functions as a moral foundation and intrinsic motivation for employees. Islamic spirituality comprises a framework of Islamic values, beliefs, and practices that regulate the vertical relationship with Allah, influencing employees' work ethics, commitment, and psychological resilience (Abbas et al., 2025; Khodayarifard et al., 2013). Employees will be better equipped to handle changes within the organization if they internalize these values.

This study also highlights the role of individual innovation as a mediator connecting Islamic spirituality and employee readiness. Individual innovation refers to the ability to formulate novel ideas and implement them within an organization, which has been shown to enhance performance and employee readiness (Heksarini, 2017; Najm & Ali, 2022). Thus, this research approach combines the aspects of spirituality and individual innovation as a strategic solution in improving employee readiness in Islamic banking. This study aims to examine and analyze the direct and indirect influence of Islamic spirituality on employee readiness, with a focus on the role of individual innovation as a mediator. Thus, this study provides a more comprehensive understanding

of the factors that determine employee readiness in supporting sharia-based organizational transformation.

The novelty of this study lies in the model of Islamic spirituality as the primary determinant influencing employee readiness through individual innovation. Previous studies have generally emphasized the role of human capital or technical factors, such as training and work experience (Isa & Muafi, 2022; Tjahjadi et al., 2024). This study bases Islamic spirituality values as the primary foundation for employee readiness. Furthermore, this study highlights individual innovation as a mediator that bridges the relationship between Islamic spirituality and employee readiness. This perspective enriches the literature by emphasizing that employee readiness is not only determined by spiritual motivation, but also by how that motivation is translated into creative and innovative actions in the work environment (Doronin et al., 2020; Najm & Ali, 2022).

Theoretically, this study expands Competencies theory by incorporating spirituality as part of individual competencies and also enriches the Readiness for Change model (Holt et al., 2007; Nelly et al., 2024) by introducing an individual innovation mediation pathway, thereby making it more contextual in explaining employee readiness in Islamic value-based organizations. Practically, this study has direct implications for the management of Islamic banking. The internalization of Islamic spirituality values can be utilized as a strategy to foster a culture of integrity, while support for individual innovation catalyzes the enhancement of employee readiness (Najm & Ali, 2022; Tjahjadi et al., 2024). This is important to ensure that employees are not only technically adaptable but also have the spiritual motivation and creativity that support the success of organizational transformation. Ultimately, this study highlights the significance of cultivating Islamic spirituality as an intrinsic motivator and bringing it to life through individual innovation. Thus, employee readiness can be formed sustainably and support the achievement of performance and the success of organizational strategies in the long term.

## 2 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### 2.1 Competency theory

Competency theory explains that individual excellence is based on a combination of knowledge, skills, attitudes, and values (Hamzah et al., 2024; Nelly et al., 2024; Sun et al., 2020)). Competency is not limited to technical abilities, but also involves affective and behavioral dimensions that enable individuals to adapt, solve problems, and innovate (Sun et al., 2020). In an organizational context, competency management encourages innovation, creates a collaborative work environment, and ultimately improves employee readiness to face change (Hamzah et al., 2024). Thus, competency theory is an important foundation for understanding the relationship between individual innovation, spirituality, and employee readiness.

### 2.2 Islamic spirituality and employee readiness

Islamic spirituality encompasses the values of sincerity, honesty, responsibility, and concern for others, which guide employee behavior in the workplace (Anwar & Abdullah, 2021; Hassi et al., 2021). Research shows that employees with high Islamic spirituality tend to have inner peace, intrinsic motivation, and moral commitment to contribute to organizational goals (Aboobaker et al., 2022; Roemer et al., 2021). Additionally, these spiritual principles directly influence employees' readiness and capacity to confront workplace changes. Spiritually inclined employees, particularly those of Islamic faith, are better equipped to encounter new situations and challenges when they perceive their work as a form of worship and connect it to a broader purpose (Iqbal et al., 2024). Islam teaches people to be honest, have a strong sense of duty, and seek meaningful employment. These teachings help people stay open and willing to change.

H1: Islamic spirituality has a positive effect on employee readiness.

### **2.3 Islamic spirituality and individual innovation**

Islamic spirituality can also encourage individual innovation. Spiritual values such as the search for meaning, sincerity, and moral commitment motivate employees to think creatively, seek new solutions, and innovate (Akkas & Asutay, 2022; Hassi et al., 2021). Empirical research further supports the notion that the presence of Islamic spiritual values enhances intrinsic motivation among employees and fosters a more profound sense of dedication to maintaining high standards of work quality, which in turn strengthens innovative behaviours (Adawiyah & Pramuka, 2017; Salem et al., 2023). Consequently, Islamic spirituality is increasingly viewed as a significant factor that positively contributes to the propensity of individuals to innovate within their professional environments, highlighting its potential role in facilitating organizational growth and adaptability.

H2: Islamic spirituality has a positive effect on individual innovation.

### **2.4 Individual innovation and employee readiness**

Individual innovation can be defined as the capacity of employees to generate, refine, and apply novel ideas within their respective work environments, thereby contributing to the continuous improvement of organizational processes and outcomes (Fuller et al., 2007; Kör et al., 2021). This capability is not only instrumental in enhancing organizational efficiency, but it also plays a pivotal role in fostering a proactive mindset, cultivating openness to ongoing learning, and building resilience in the face of evolving workplace challenges (Salem et al., 2023; Ullah et al., 2024). Empirical evidence from previous studies indicates that individuals who consistently engage in innovative behaviours tend to exhibit greater self-confidence and adaptability when confronted with organizational change, which in turn translates into higher levels of readiness to embrace such changes (Rismansyah et al., 2024). Therefore, individual innovation emerges as a critical determinant in shaping employee readiness. In summary, enhancing innovative capabilities among employees not only promotes adaptability and the acquisition of new competencies but also fosters a proactive attitude, all of which are essential in equipping employees to effectively navigate and respond to the dynamic and complex nature of contemporary organizational environments.

H3: Individual innovation has a positive effect on employee readiness.

## 2.5 Individual innovation mediates the impact of islamic spirituality on employee readiness

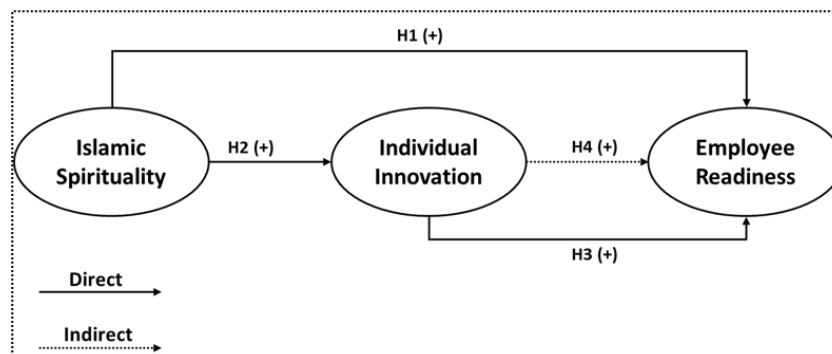
Based on competency theory, it is posited that the development of employee competence is a multifaceted process that integrates cognitive, affective, and psychomotor dimensions, all of which collectively contribute to enhanced individual performance within organizational settings (Hamzah et al., 2024; Nelly et al., 2024). Islamic Spirituality provides a foundation of values that strengthen integrity, discipline, and intrinsic motivation at work (Akkas & Asutay, 2022; Hassi et al., 2021). Nevertheless, the translation of these spiritual principles into tangible work readiness necessitates the presence of an intermediary mechanism: individual innovation. This construct encompasses the employee's ability to integrate spiritual values into innovative behaviors, which include creative problem-solving, the formulation of novel solutions, and adaptability to evolving professional challenges (Kör et al., 2021; Salem et al., 2023). Thus, Islamic Spirituality not only directly encourages employee readiness but also works through the channel of individual innovation as a mediator. This aligns with Competency theory, which emphasizes that values and attitudes (spirituality) must be translated into practical skills (innovation) to foster stronger readiness.

H4: Individual innovation mediates the relationship between Islamic spirituality and employee readiness.

## 2.6 Research framework

**Figure 1**

*Research Framework.*



In this model, Islamic spirituality is predicted to have a positive effect on both employee readiness and individual innovation, both directly and indirectly. This means that the Islamic spiritual values held by employees not only increase their readiness to face change but also encourage innovative behavior (Hassi et al., 2021; Isa & Muafi, 2022; Roemer et al., 2021). Moreover, individual innovation serves as a mediating variable that enhances the impact of Islamic spirituality on employee readiness, facilitating the adaptation of innovative employees to organizational dynamics. This model underscores the significance of Islamic spirituality and individual initiative in shaping employees' readiness to address organizational challenges.

### **3 METHODOLOGY**

#### **3.1 Research method**

This study employs an explanatory quantitative approach utilizing a survey method to investigate the impact of Islamic spirituality on employee readiness, both directly and indirectly through individual innovation. The research design is grounded in competency theory, which posits that superior performance results from a combination of cognitive, affective, and behavioural competencies (Hamzah et al., 2024; Nelly et al., 2024; Sun et al., 2020). The study's population includes all employees of Bank Riau Kepulauan Riau Sharia, selected using a convenience sampling technique. The criteria for inclusion in the sample consist of permanent employees who have been with the bank for at least one year and are directly engaged in banking operations and services.

#### **3.2 Data set**

The type of data used in this study is primary data collected through a structured questionnaire that utilizes a 5-point Likert scale, where 1 indicates strong disagreement and 5 indicates strong agreement. Data collection methods included the direct distribution of questionnaires, online distribution via Google Forms, and a limited number of interviews with Human Resource Development (HRD) personnel to enhance the supporting information. The research variables comprised (1) Islamic Spirituality (X), assessed through the dimensions of worship, seeking Allah's pleasure, and forgiveness;

(2) Individual Innovation (Z), evaluated based on the dimensions of idea generation, idea promotion, and idea realization; and (3) Employee Readiness (Y), gauged by the dimensions of commitment to change, openness to change, and readiness to change.

**Table 1**

*Respondent Demographics*

Characteristic		Frequency	%
Gender	Male	243	68
	Female	116	32
Years Old	21- 30	103	29
	30- 40	201	56
	40- 50	38	11
	>50	17	5
Education	Senior High School	137	38
	Degrees	180	50
	Master Degree	40	11
	Doctoral	2	1
Total		359	

Source: Data Processed, 2025

Based on the respondent characteristics table, this study involved 359 employees, with the majority being male, numbering 243 people (68%), while females numbered 116 people (32%). In terms of age, most respondents were in the 30-40 age group, numbering 201 (56%), followed by the 21-30 age group, numbering 103 (29%), then the 40-50 age group, numbering 38 (11%), and the rest were >50 years old, numbering 17 (5%). In terms of education level, most respondents were graduates, totaling 180 people (50%), while high school graduates numbered 137 people (38%). These data indicate that the research respondents were predominantly male employees, aged 30-40 years, with the majority holding college degrees.

**Table 2**

*Summary descriptive statistics*

Variable	Min	Max	Mean	Std. Deviation
Islamic Spirituality	1.33	4.83	3.26	0.75
Individual Innovation	1	5	3.88	0.80
Employee Readiness	1.22	5	3.74	0.72
<b>Valid N (listwise)</b>	359			

Source: Data Processed, 2025

Table 2 presents descriptive statistics from 359 respondents. The Islamic Spirituality variable has an average score of 3.26 and a standard deviation of 0.75. The Individual Innovation variable has the highest average at 3.88, with a standard deviation of 0.80, suggesting a relatively satisfactory level of individual innovation accompanied by greater variability in responses. Meanwhile, employee readiness averages 3.74 with a standard deviation of 0.72, indicating a reasonably high level in this category.

### 3.3 Data analysis

The data in this study were analysed using Partial Least Squares (PLS) techniques. Structural Equation Modelling with Partial Least Squares (SEM-PLS) is one approach within the broader framework of Structural Equation Modelling (SEM).

## 4 RESULTS

### 4.1 Validity and reliability test

Based on Table 3 of the outer loading analysis results, all indicator items in each variable exhibit a loading factor value above 0.70, indicating that all indicators make a strong enough contribution to measuring the construct they represent.

**Table 3**

*Result of the validity test*

Variable	Item	Loading Factor		
<i>Islamic spirituality</i>	IS1	0.721		
	IS2	0.794		
	IS3	0.830		
	IS4	0.815		
	IS5	0.757		
	IS6	0.794		
<i>Individual innovation</i>	II1		0.854	
	II2		0.809	
	II3		0.877	
	II4		0.884	
<i>Employee readiness</i>	ER1			0.823
	ER2			0.815
	ER3			0.849
	ER4			0.781
	ER5			0.788
	ER6			0.747

	ER7			0.785
Notes: Islamic Spirituality (IS), Individual Innovation (II), Employee Readiness (ER)				

Source: Data Processed, 2025

Table 3 displays the results of construct validity testing, specifically through the factor loading values for each indicator of the research variables. The indicators for the Islamic Spirituality variable (IS1-IS6) exhibit factor loadings ranging from 0.721 to 0.830, suggesting a relatively substantial contribution to the construct. In contrast, the Individual Innovation variable (II1-II4) exhibits very high factor loading values, ranging from 0.809 to 0.884, indicating that these indicators are highly representative of the construct. Additionally, the Employee Readiness variable (ER1-ER7) demonstrates satisfactory factor loading values between 0.747 and 0.849, confirming that all items are valid for measurement purposes. Overall, this table illustrates that all indicators have values exceeding 0.70, thereby meeting the convergent validity criteria and making them suitable for research model analysis (Hair et al., 2017; Sekaran & Bougie, 2019).

**Table 4**

*Result of Reliability Test*

Variable	Cronbach's Alpha	rho_A	Composite Reliability	AVE
Islamic Spirituality	0.885	0.962	0.906	0.618
Individual Innovation	0.880	0.891	0.917	0.734
Employee Readiness	0.905	0.908	0.925	0.638

Source: Data Processed, 2025

Table 4 shows the results of the reliability and construct validity tests. Cronbach's Alpha values for all variables were above 0.80 (Islamic Spirituality = 0.885; Individual Innovation = 0.880; Employee Readiness = 0.905), indicating satisfactory internal consistency. The composite reliability value is also very high (>0.88), indicating that the indicators consistently represent the construct in question. In addition, the Average Variance Extracted (AVE) value for all variables exceeds 0.50 (Islamic Spirituality = 0.618; Individual Innovation = 0.734; Employee Readiness = 0.638), thus meeting the criteria for convergent validity. Therefore, all constructs in this study are declared reliable and valid for use in further analysis (Hair et al., 2017; Sekaran & Bougie, 2019).

## 4.2 R-Square test results

**Table 5**

*Result of R-Square*

Dependent Variable	R-Square	R Square Adjusted
Individual Innovation	0.373	0.371
Employee Readiness	0.361	0.359

Source: Data Processed, 2025

Table 5 presents the R-square test results, indicating the predictive ability of the research model. The Individual Innovation variable has an R-square value of 0.373, meaning that the independent variables in the model can explain 37.3% of the variation in individual innovation. In comparison, the remaining 62.7% is influenced by factors outside the scope of the study. Meanwhile, the Employee Readiness variable has an R-square value of 0.361, which means that 36.1% of the variation in employee readiness is explained by the construct studied, and other factors influence 63.9%. The R-squared value falls within the moderate category, indicating that the model can be considered quite satisfactory in explaining the relationship between variables (Hair et al., 2017).

## 4.3 Goodness of fit test results

**Table 6**

*Goodness of Fit Models*

	Saturated Model	Estimated Model
SRMR	0.102	0.113
d_ULS	1.602	1.964
d_G	0.711	0.734
Chi-Square	1204.483	1225.915
NFI	0.737	0.732

Source: Data Processed, 2025

Table 6 presents the results of the Goodness of Fit (GoF) test for the research model. The Standardized Root Mean Square Residual (SRMR) value is 0.102 for the saturated model and 0.113 for the estimated model, indicating an acceptable level of model fit, despite being slightly above the ideal threshold of 0.08. The d\_ULS and d\_G values are relatively small (1.602 and 1.964, respectively; 0.711 and 0.734, respectively),

suggesting that the difference between the empirical covariance matrix and the model is minimal. Additionally, the Chi-Square values (1204.483 and 1225.915) and the Normed Fit Index (NFI) of 0.737 imply that the model has a moderate level of feasibility. Overall, this table suggests that the research model is acceptable for hypothesis testing; however, there remains room for improvement to enhance the model's fit level (Hair et al., 2017).

#### 4.4 Hypothesis test results

**Table 7**

*Hypothesis Testing*

	Original Sample	Sample Mean	Std. Deviation	t-stat (Sig.)	P Values
<b>Direct Effect:</b>					
H1: IS → ER	0.367	0.371	0.034	10.816	0.000*
H2: IS → II	0.601	0.604	0.028	21.667	0.000*
H3: II → ER	0.610	0.614	0.040	15.117	0.000*
<b>Indirect Effect:</b>					
H4: IS → II → ER	0.367	0.371	0.034	10.816	0.000*
Notes: Human Capital (HC); Islamic Spirituality (IS); Knowledge Sharing (KS); Employee Readiness (ER), Significant Level: < 5% (***)					

Source: Data Processed, 2025

The statistical results presented in the table indicate that all tested hypotheses were significant at the 5% level ( $p < 0.05$ ). Regarding direct effects, Islamic Spirituality (IS) has a positive influence on Employee Readiness (ER), with a coefficient of 0.367 and a t-statistic of 10.816. Additionally, IS has a positive impact on Individual Innovation (II), yielding the highest coefficient of 0.601 and a t-statistic of 21.667. Furthermore, Individual Innovation (II) also positively affects Employee Readiness (ER), showing a coefficient of 0.610 and a t-statistic of 15.117. In terms of indirect effects, Islamic spirituality influences employee readiness through individual innovation, evidenced by a coefficient of 0.367 and a t-statistic of 10.816, which is also significant. These findings suggest that Islamic spirituality enhances readiness both directly and indirectly through fostering innovation, with the individual innovation variable serving a vital mediating role in this relationship (Hair et al., 2017; Sekaran & Bougie, 2019).

## 5 DISCUSSION

### 5.1 Islamic spirituality has a positive effect on employee readiness (H1)

The results highlight the significant impact of Islamic spirituality on influencing employee behavior and readiness for organizational change. Values such as sincerity, honesty, responsibility, and concern for others serve as guiding principles that influence workplace conduct and decision-making (Anwar & Abdullah, 2021; Hassi et al., 2021). Employees with high levels of Islamic spirituality often experience inner peace, strong intrinsic motivation, and a moral commitment to organizational objectives, which reinforce their willingness to support transformation efforts (Aboobaker et al., 2022; Roemer et al., 2021). These findings further demonstrate that Islamic spirituality directly enhances employees' readiness and capacity to confront workplace changes. Spiritually inclined employees, particularly those who perceive their work as an act of worship, are more open to new situations and challenges because they associate their professional responsibilities with broader spiritual purposes (Iqbal et al., 2024). By grounding their actions in religious teachings that emphasize honesty, responsibility, and meaningful work, employees are more likely to accept change as both a professional necessity and an opportunity to fulfill spiritual obligations.

### 5.2 Islamic spirituality has a positive effect on individual innovation (H2)

The results suggest that Islamic spirituality plays a significant role in driving individual innovation within organizational settings. Spiritual principles such as sincerity, moral commitment, and the pursuit of meaningful work inspire employees to think creatively, explore alternative solutions, and engage in innovative practices (Akkas & Asutay, 2022; Hassi et al., 2021; Septiani et al., 2024). These values operate as intrinsic motivators, encouraging employees to approach their tasks with greater responsibility and creativity.

Empirical evidence supports this perspective by showing that the presence of Islamic spiritual values enhances intrinsic motivation and fosters a stronger sense of commitment to maintaining high standards of work quality (Adawiyah & Pramuka, 2017; Salem et al., 2023). This heightened dedication contributes to the development of innovative

behaviours that support organizational objectives. In this regard, Islamic spirituality not only functions as an ethical foundation but also as a catalyst that channels personal values into constructive organizational outcomes. Consequently, spirituality is increasingly recognized as a significant factor influencing employees' propensity to innovate, particularly in dynamic and competitive environments. By linking spiritual values with innovation, organizations are better positioned to foster adaptability and long-term growth. These findings underscore the importance of integrating Islamic spirituality into organizational culture and human resource strategies as a means of cultivating innovation and strengthening resilience during transformation processes.

### **5.3 Individual innovation has a positive effect on employee readiness (H3)**

The results of this study highlight the importance of individual innovation as a key factor in enhancing employee readiness during organizational transformation. Defined as the ability to generate, refine, and implement novel ideas within the workplace, individual innovation not only enhances organizational efficiency but also equips employees with the capacity to respond proactively to change (Fuller et al., 2007; Kör et al., 2021). This capability cultivates openness to continuous learning, fosters creativity, and builds resilience in the face of the uncertainties of dynamic work environments (Salem et al., 2023; Ullah et al., 2024). Empirical evidence supports this perspective, showing that employees who actively engage in innovative behaviors are more self-confident and adaptable when confronted with transformation processes. Their capacity to experiment, adopt new practices, and integrate novel solutions directly contributes to higher levels of readiness to embrace change (Rismansyah et al., 2024). This suggests that innovation serves as both a behavioral outcome and a strategic resource, linking personal competencies with organizational adaptability.

### **5.4 Individual innovation mediates the impact of Islamic spirituality on employee readiness (H4)**

The results of this study demonstrate that Islamic spirituality strengthens employee readiness by fostering integrity, discipline, and intrinsic motivation. At the same time, individual innovation serves as the mechanism that translates these values into

practical behaviors such as creative problem-solving, adaptability, and proactive engagement (Hamzah et al., 2024; Akkas & Asutay, 2022; Salem et al., 2023). Thus, spirituality contributes both directly and indirectly to readiness, with innovation acting as the bridge between affective values and practical competencies, ensuring that employees are better equipped to navigate organizational transformation.

### **5.5 Theoretical implications**

This study advances Competency Theory by positioning Islamic spirituality as an affective competency that strengthens employee readiness for change. Unlike prior studies that emphasize technical skills and human capital, the findings demonstrate that spirituality contributes to intrinsic motivation, ethical conduct, and innovative behavior, thereby broadening the conceptualization of readiness. Furthermore, the mediation of individual innovation enriches the literature by highlighting how spiritual values can be transformed into creative problem-solving and adaptability, making the readiness framework more contextual for Sharia-based organizations.

### **5.6 Managerial implications**

For managers in Islamic financial institutions, the results underscore the importance of integrating Islamic spiritual values into human resource management (HRM) policies and organizational culture. Training and development programs should not only focus on technical competencies but also incorporate ethical and spiritual dimensions that foster sincerity, patience, and a sense of responsibility. At the same time, leadership should cultivate an innovation-oriented climate that empowers employees to translate these values into practical initiatives. Such strategies will enhance organizational resilience and ensure sustainable transformation in Sharia-based banking.

### **5.7 Limitations and recommendations**

The study has several limitations. First, it was conducted in a single institution, Bank Riau Kepulauan Riau Sharia, which constrains the generalizability of the findings. Second, the cross-sectional design prevents the establishment of long-term causal

relationships. Third, the reliance on self-reported survey data may introduce common method bias. Future research should adopt longitudinal designs to capture the dynamic changes in spirituality, innovation, and readiness that occur over time. Expanding the scope to include multiple institutions and sectors would strengthen external validity and allow for comparative analysis. Additionally, incorporating variables such as leadership style, organizational culture, or knowledge sharing could provide a more comprehensive framework for understanding employee readiness in the context of organizational transformation.

## 6 CONCLUSION

The findings confirm that all proposed hypotheses are supported, indicating that Islamic Spirituality has a significant influence on Employee Readiness, both directly and through Individual Innovation. The study contributes to Competency Theory by framing spirituality as an affective competency that fosters innovation and strengthens readiness for organizational change. Nevertheless, its scope is limited to Bank Riau Kepulauan Riau Sharia, employing a cross-sectional design, which restricts generalizability and causal inference. Future research should adopt longitudinal approaches, include other sectors, and consider variables such as leadership and organizational culture. Practically, the study highlights the importance of integrating Islamic spiritual values into HRM practices to stimulate innovation and enhance readiness, thereby aligning ethical and spiritual foundations with innovation-oriented strategies for sustainable growth in Islamic banking.

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**Institutional Review Board Statement:** Ethical review and approval were waived for this study, as the research does not involve vulnerable groups or sensitive issues.

**Data Availability Statement:** The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy restrictions.

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**Authors' Contribution**

Both authors contributed equally to the development of this article.

**Data availability**

All datasets relevant to this study's findings are fully available within the article.

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