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Synergizing Local Culture and Religious Values for Inclusive Human Resource Development: Evidence From Muslim-Majority Organizations in Southeast Asia

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ABSTRACT

Religious organizations in Southeast Asia face increasing challenges in preserving local cultural and religious identities while developing human resources capable of responding to globalization, digital transformation, and growing demands for organizational inclusivity. Although cultural and religious values are widely recognized in human resource management research, they are often treated as contextual factors rather than as core resources shaping organizational practices. This study aims to identify and analyze the cultural-religious values underlying human resource development in Nahdlatul Ulama (NU) and Muhammadiyah, examine how these values are operationalized in inclusive practices, and develop a conceptual framework of value synergy for inclusive human resource development. This research employed a qualitative comparative case study involving twenty-eight purposively selected participants, including organizational leaders, higher education administrators, cadre development managers, and members of both organizations. Data were collected through semi-structured interviews, document analysis, and limited participant observation and analyzed using thematic within-case and cross-case strategies. The findings reveal two distinct models of value-based human resource development. NU develops a relational-spiritual model grounded in Aswaja, sanad, tasamuh, tawazun, and ukhuwah. In contrast, Muhammadiyah applies a formal, structured model based on *tajdid*, *amanah*, 'adl, *ihsan*, and *rahmatan lil 'alamin*. Both models promote inclusivity through different mechanisms, although NU faces potential network exclusivity and Muhammadiyah experiences tensions related to performance pressure. The study implies that cultural and religious values can function as strategic organizational resources when systematically translated into inclusive human resource development practices, contributing to sustainable organizational capability.

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INTRODUCTION

Religious organizations in Southeast Asia, especially *Nahdlatul Ulama* (NU) and *Muhammadiyah* in Indonesia, are facing an important challenge (Wang & Qiu, 2025). They need to maintain the cultural and religious identities that are central to their existence, while also developing human resource (HR) capacities that can compete in a complex and digital global environment (Albert et al., 2025; Atluri et al., 2026; Rosdiana et al., 2024; Zailani et al., 2022). This challenge is not only about management, but also about understanding how local and religious values can be transformed into organizational capabilities that are adaptive and inclusive (Aslihah & Wasehudin, 2023; Asrori et al., 2025; Budiyono et al., 2024; Chotijah et al., 2025; Ghafar et al., 2025; Sutrismi et al., 2025).

In Indonesia, NU and Muhammadiyah are the two largest Islamic organizations in the world, with a combined membership of more than 100 million people (Abdullah et al., 2023; Junaedi et al., 2026; Moraru & Colareza, 2025; Munandar et al., 2026). They have played a key role in human resource development through large educational networks, from *pesantren* (Islamic boarding schools) to universities ("Socio-Cultural Transformation within Indonesian Academics," 2025). NU is known for its Aswaja (*Ahlussunnah wal Jama'ah*) tradition and pesantren-based approach, while Muhammadiyah is recognized for its spirit of *tajdid* (renewal) and modernist perspective (Anwar et al., 2026; Apriyana et al., 2026; Arif et al., 2024; Azizah et al., 2025; Bahri et al., 2026; Hidayati et al., 2025). Each organization has developed its own HR development model based on different religious interpretations and cultural practices. However, rapid socio-economic changes driven by digital technology, demographic trends, and global uncertainties have created new challenges for these models (Huang et al., 2026). The national congresses of both organizations have stressed the importance of strengthening HR capacity to meet global challenges, with a focus on cadre development, professionalism, and collaboration across sectors (Anwar et al., 2026; Yani et al., 2022).

A more specific issue is the so-called integration paradox. Cultural and religious values are important for identity and organizational cohesion, but there are concerns that focusing too much on tradition could limit innovation and HR adaptability. Studies show that universities linked to NU and Muhammadiyah have changed significantly, moving from plutocratic to meritocratic systems, while still keeping their religious and ideological focus as a way to protect their identity. This change indicates that local and religious values do not have to conflict with developing competitive human resources. Instead, these values can provide an ethical and cultural base that supports and strengthens organizational capacity (Arifin et al., 2025; Faridi et al., 2026).

Although research on the relationship between local culture, religion, and human resource development has grown quickly, there are still important theoretical and empirical gaps. Reviews of Human Resource Management (HRM) literature show that cultural and religious values are often seen only as moderators, such as alignment factors, contextual elements, or boundary conditions, instead of being integrated as core value systems in HRM (Hasanah et al., 2023; "The Early History of Human Resource Management," 2026). Many recent studies also focus too much on the collectivism-individualism dimension and overlook other aspects of cultural and religious values. In addition, cultural values are often examined separately rather than as part of a connected system, which limits our understanding of the complex dynamics in religious organizations (Diantoro, 2025; Qorib & Umiarso, 2025).

Within Southeast Asia, research on Muslim organizations remains fragmented. Studies examining Islamic values in Human Resource Management, such as *amanah* (trustworthiness), '*adl* (justice), *ihsan* (excellence), and *syura* (consultation), have largely focused on Islamic educational settings (Muthohirin, 2025). These studies have yet to systematically connect these values to human resource development practices in major religious organizations such as NU and Muhammadiyah (Fahira & Setyawan, 2024; Utama, 2023). Research on green HRM that incorporates Islamic ethics and Javanese wisdom shows that local and religious values provide a moral foundation and social infrastructure for specific practices (Gede Agung et al., 2024). However, these values do not directly produce desired behaviors; instead, they must be integrated into tangible managerial practices.

A further gap concerns the ways in which NU and Muhammadiyah, shaped by distinct ideological orientations, have developed different models of human resource development. Most existing studies on these organizations are descriptive-historical or broadly focused on education, and do not provide detailed comparative analysis of their HRM and human resource development practices (Idwin et al., 2025). NU emphasizes traditional-reflective approaches, centered on *pesantren* (Islamic boarding schools) and scholarly lineages (*sanad*), while Muhammadiyah adopts a modernist-reformist orientation, prioritizing formal education and renewal (Husna et al., 2023). These contrasting orientations suggest the presence of distinct approaches to human resource development that require systematic examination.

A third gap is both methodological and conceptual. Most studies use qualitative-descriptive methods or single-case studies. While these provide rich contextual insights, they often do not produce theoretically grounded generalizations that can be empirically tested. At present, there is no conceptual framework that directly integrates local cultural and religious values as a basis for inclusive human resource development in Muslim organizations in Southeast Asia (Alatas & Slama, 2026; Islam et al., 2026; Khan et al., 2025; Nilan & Maunati, 2025). The concept of inclusive human resource development, which focuses on access, participation, and capacity building for all members without discrimination, offers a promising way to connect religious values with contemporary human resource development practices (Haque et al., 2026; Javid et al., 2024; Shrestha et al., 2026).

This study makes three original contributions that address these gaps. First, it develops and tests a conceptual framework that brings together local culture and religious values for inclusive human resource development in Muslim organizations in Southeast Asia, with a focus on comparing Nahdlatul Ulama and Muhammadiyah (Amalia, 2026b, 2026a). The framework moves beyond description by examining how these values are translated into concrete human resource development practices and how this process supports organizational inclusivity and capacity.

The study draws on institutional theory and the resource-based view to explain how religious organizations turn cultural and religious values into strategic capabilities. Institutional theory shows how these values shape organizational practices, while the resource-based view highlights their role as unique resources that provide competitive advantage. Combining these perspectives creates a framework for understanding how organizations develop human resources rooted in tradition while responding to modern demands.

This study aims to identify and analyze the local cultural and religious values that shape human resource development in Nahdlatul Ulama and Muhammadiyah. It examines how these values are applied in inclusive HR practices that strengthen organizational capacity. The study also develops a conceptual framework for integrating local culture and religious values in HR development, which can be adapted by Muslim organizations in Southeast Asia. Finally, it formulates theoretical and practical implications for building HR models that are grounded in cultural and religious values while meeting global challenges.

METHODS

A qualitative approach utilizing a comparative case study design was employed in this research to systematically compare value-based HR development practices within Nahdlatul Ulama (NU) and Muhammadiyah (Ozola-Cīrule & Martinsone, 2026). Data collection involved semi-structured interviews with twenty-eight (28) participants selected via purposive sampling (Robinson & Bailey-Rodriguez, 2026), comprising organizational leaders, higher education administrators, cadre development managers, and cadres/members from both organizations. Secondary data were obtained through the analysis of official organizational documents (congress resolutions, cadre development curricula, institutional regulations) and limited observation of cadre development and training activities. The study utilized a multiple-sources-of-evidence strategy to ensure the validity and reliability of findings through triangulation (Mey, 2022)

Data sources included semi-structured interviews with key informants, organizational documents (policies, HR development program reports, cadre development curricula), and limited participant observation of activities relevant to HR development. The primary research instrument was a semi-structured interview guide developed based on the study's theoretical framework. Interviews were conducted either face-to-face or online (via video conferencing platforms), depending on participant availability and preference. Each interview lasted between 60 and 90 minutes. Limited participant observation was conducted during HR development activities accessible to the researcher, such as cadre training, internal seminars, or coordination meetings addressing HR development.

Data analysis employed a thematic approach using a within-case analysis strategy (analyzing the NU and Muhammadiyah cases in depth and separately), followed by a cross-case analysis (comparing patterns, similarities, differences, and theoretical relationships between the cases) (Xu et al., 2025). The data coding and categorization process yielded key themes reflecting values, operationalization mechanisms, dimensions of inclusivity, and emerging organizational tensions (Miles Huberman, 2024; T.D. Little, 2024). Data validation techniques included: (a) source triangulation—using interviews, documents, and observations to verify findings; (b) researcher triangulation—involving a second researcher in the coding and analysis process to minimize individual bias; and (c) member checking—sharing summaries of findings with key participants to verify the accuracy of interpretations (Candra Susanto et al., 2024; Syauqi et al., 2026).

FINDINGS AND DISCUSSION

Founded in 1926, Nahdlatul Ulama, or NU, has grown into the world's largest Islamic organization, its influence woven through the lives of some one hundred million followers. Guided by the doctrine of *Ahlussunnah wal Jama'ah* (Aswaja), NU's presence is felt in the quiet courtyards and bustling halls of more than thirty thousand pesantren scattered across the Indonesian archipelago. Here, the shaping of character and intellect unfolds not only through the rhythms of daily prayer and study, but also through formal education—madrasas and over a hundred higher learning institutions bearing the NU name. Leadership, too, is carefully nurtured, with programs such as the Pendidikan Kader Penggerak Nahdlatul Ulama (PKPNU) guiding the next generation. Muhammadiyah, established earlier in 1912, stands as Indonesia's foremost modernist Islamic movement, its community numbering around sixty million. With a spirit of tajdid-renewal-Muhammadiyah has built its own vast network of schools and over 170 higher education institutions, each one a testament to its commitment to learning and progress. The cultivation of human resources here is rooted in formal education, professional training, and the steady strengthening of institutions through the Cadre Education Council (MPK).

Local Cultural and Religious Values Underpinning Human Resource Development Practices

Through careful study of conversations, written records, and daily life within Nahdlatul Ulama, five guiding values emerge, each one shaping the way its people are formed and nurtured. Aswaja stands as the theological bedrock, while *sanad* preserves the unbroken chain of scholarly tradition. *Tasamuh* encourages a spirit of tolerance, tawazun upholds the delicate balance so prized in the community, and *ukhuwah* binds members together in solidarity. Woven together, these principles create a living tapestry of meaning, each thread strengthening the whole.

> "Aswaja is not merely a name; it is the way we understand knowledge, the way we respect teachers, and the way we manage differences. All of this is reflected in how we develop our cadres." (NU Central Board Member, May 2026)

It is the principle of *sanad* that sets NU apart, a reverence for the lineage of knowledge passed from teacher to student through the generations. Here, the cultivation of talent is measured not only by skill, but by the assurance that each lesson is rooted in an unbroken chain of learning. Instructors and mentors are chosen with care, their academic achievements matched by the respect they command within the pesantren tradition, guardians of both wisdom and continuity.

Table 1. Cultural-Religious Values in NU

Value	Operational Definition	Manifestation in HR Development	Code Frequency
Aswaja	Ahlussunnah wal Jama'ah theological framework	Foundation for cadre development curricula; orientation towards religious moderation	42
Sanad	Valid chain of scholarly transmission	Instructor selection based on scholarly credibility; mentoring	38
Tasamuh	Tolerance of differences	Inclusive recruitment; diversity management	31
Tawazun	Balance between the worldly and the hereafter	Holistic development programs (intellectual-spiritual)	28
Ukhuwah	Solidarity and brotherhood	Mentoring systems; support for cadres	26

Catatan: Frekuensi kode menunjukkan berapa kali nilai tersebut muncul sebagai kode dalam analisis tematik.

The frequency with which each value appeared in the analysis reflects its prominence within the organization's practices. Within Muhammadiyah, five guiding values quietly shape the cultivation of its people. There is tajdid, the ever-present spirit of renewal; amanah, a deep-rooted sense of trustworthiness; 'adl, the pursuit of justice; *ihsan*, a striving for excellence; and *rahmatan lil 'alamin*, an orientation toward benefit that extends to all. Together, these principles reveal Muhammadiyah's character: modern in outlook, yet ever attentive to the call for renewal.

> "*Tajdid* does not mean abandoning tradition; rather, it is about continuously updating our methods of human resource development to ensure they remain relevant to the times." (Muhammadiyah University Leadership, May 2026)

The value of amanah finds expression in a system of evaluation both formal and precise, more so than that of NU. Here, Muhammadiyah blends the measured rigor of modern managerial tools, such as assessments guided by clear performance indicators, with the enduring presence of religious principles.

Table 2. Cultural-Religious Values in Muhammadiyah

Value	Operational Definition	Manifestation in HR Development	Code Frequency
Tajdid	Spirit of renewal and purification	Curriculum innovation; integration of religious and general knowledge	45
Amanah	Trustworthiness and responsibility	Formal performance evaluation systems; accountability	36
'Adl	Justice and proportionality	Merit-based recruitment; equitable distribution of opportunities	33
Ihsan	Excellence and highest quality	High competency standards; professional development	29
Rahmatan lil 'alamin	Universal benefit	Community service orientation; social impact	24

A closer look reveals that, though both organizations are rooted in religious values, their paths diverge in both belief and practice. NU leans toward the careful transmission of knowledge and a sense of holistic balance, while Muhammadiyah turns its gaze toward renewal and the pursuit of excellence. These distinctions shape the ways each approaches the recruitment, development, and evaluation of their people.

Table 3. Comparison of Cultural-Religious Values: NU vs. Muhammadiyah

Dimension	Nahdlatul Ulama (NU)	Muhammadiyah
Theological Orientation	Aswaja (traditional-reflective)	*Tajdid* (modernist-refractive)
Source of Authority	*Sanad* (scholarly transmission)	*Amanah* (individual responsibility)
Inclusivity Approach	*Tasamuh* (tolerance based on ukhuwah)	*'Adl* (justice based on merit)
Development Orientation	Tawazun (holistic balance)	*Ihsan* (competitive excellence)
Impact Orientation	*Ukhuwah* (internal cohesion)	*Rahmatan lil 'alamin* (external benefit)

Operationalization of Values in Inclusive HR Development Practices

Within NU, four enduring practices bring its values to life. Mentoring, woven through the scholarly chain of sanad, passes wisdom from one generation to the next. The gatherings of *halaqah* and the thoughtful discussions of *bahtsul masail* foster collective learning. Journeys of *rihlah* and the quiet reflection of ziarah nurture spiritual growth, while the ethic of khidmah instills a spirit of service. These are not merely methods for building skill, but rituals that bind the community and affirm its identity. "Cadre development at NU is not merely about transferring knowledge; it is about transferring values. Through mentoring, halaqah, and khidmah, cadres do not just learn about Aswaja [Ahlussunnah wal Jama'ah]; they experience it." (NU Cadre Development Program Manager)

Yet, beneath these traditions, certain tensions emerge. The close bonds formed through mentoring and the *sanad* can sometimes foster a sense of exclusivity, leaving those without access to particular mentor circles to navigate their development alone. "*Sometimes it feels difficult to break into the inner circle, because they have known each other for a long time*." (NU cadre not affiliated with a major pesantren).

Table 4. Mechanisms for Operationalizing Values within NU

Mechanism	Description	Operationalized Values	Impact on Inclusivity
Mentoring and Sanad	Personal relationship between mentor and cadre	Sanad, ukhuwah	Access based on personal closeness; potential for exclusivity
Halaqah & Bahtsul Masail	Collective scholarly discussion forums *Tasamuh* (tolerance)	*Tasamuh* , tawazun	Open participation; inclusive within the bounds of tradition
Rihlah and Ziarah	Collective spiritual journeys	Tawazun, ukhuwah	Collective experience; strengthens emotional bonds
Khidmah	Orientation towards dedication and service	Ukhuwah, *tasamuh*	Community-oriented; potential for service

The analysis identified four principal mechanisms through which values are operationalized in Muhammadiyah's human resource development: formal education and structured training, KPI-based performance evaluation systems, ongoing professional development programs, and amal usaha (organizational enterprises) that function as laboratories for development. These mechanisms illustrate Muhammadiyah's formal, structured, and results-oriented approach.

> "In Muhammadiyah, human resource development is measurable. We have standards, we have KPIs, and we have evaluations. Yet, all of this is imbued with the spirit of amanah—the understanding that every position is a trust for which one must be accountable." (Muhammadiyah University Leader).

The analysis also identified tensions in the operationalization of values within Muhammadiyah. The KPI-based evaluation system, which foregrounds amanah (trust and responsibility) and 'adl (justice), may generate significant performance pressure that does not consistently align with the rahmatan lil 'alamin (mercy to the worlds) orientation.

> "Performance targets are high, yet one sometimes feels pressured. Is this what is meant by *ihsan* (excellence/virtue)?" (Young Muhammadiyah Lecturer)

Table 5. Mechanisms for Operationalizing Values in Muhammadiyah

Mechanism	Description	Operationalized Values	Impact on Inclusivity
Education & Training	Institutionalized, structured training programs	Tajdid, ihsan	Qualification-based access; potential for academic exclusivity
KPI Evaluation	Formal, measurable performance assessment	Amanah, 'adl	Transparency; potential for high performance pressure
Professional Development	Continuous training and certification	Ihsan, tajdid	Equal opportunities; significant resource requirements
Charitable Enterprises	Practical involvement in AUM institutions	Rahmatan lil 'alamin	Practical experience; potential for excessive workload

Table 6. Comparison of Value Operationalization: NU vs. Muhammadiyah

Dimension	Nahdlatul Ulama (NU)	Muhammadiyah
Primary Approach	Relational-spiritual	Formal-structured
Primary Methods	Mentoring, halaqah, khidmah	Formal training, KPIs, charitable enterprises
Basis of Inclusivity	Personal closeness and tradition	Qualifications and meritocracy
Source of Tension	Network exclusivity (inner circle)	Excessive performance pressure
Outcome Orientation	Character and identity formation	Technical competence and contribution

Conceptual Framework of Value Synergy for Inclusive HR Development

The analysis delineated four dimensions of inclusivity that emerge from human resource development practices in both organizations: access, defined as the degree to which development programs and opportunities are available to all members; participation, referring to the involvement of members in decision-making and organizational activities; capacity building, indicating the opportunities provided for members to develop competencies; and recognition, reflecting the extent to which members' contributions are valued and acknowledged.

Table 7. Dimensions of Inclusivity in HR Development.

Dimension	Operational Definition	Manifestation in NU	Manifestation in Muhammadiyah
Access	Availability of opportunities for members	Network- and pesantren (Islamic boarding school) tradition-based	Qualification- and formal merit-based
Participation	Involvement in decision-making	Consultation and collective deliberation	Formal meetings and procedural voting
Capacity Building	Opportunities for competence enhancement	Mentoring, halaqah (study circles), and khidmah (service)	Structured training & formal education

Recognition	Appreciation of members' contributions	Informal and symbolic-cultural recognition	Formal recognition, certification & remuneration

This study uses cross-case analysis to develop a conceptual framework that shows how local cultural and religious values can work together to support inclusive HR development. The framework has three interconnected layers. The organizational context, represented by NU and Muhammadiyah, acts as a moderator that shapes how these values are understood and applied.

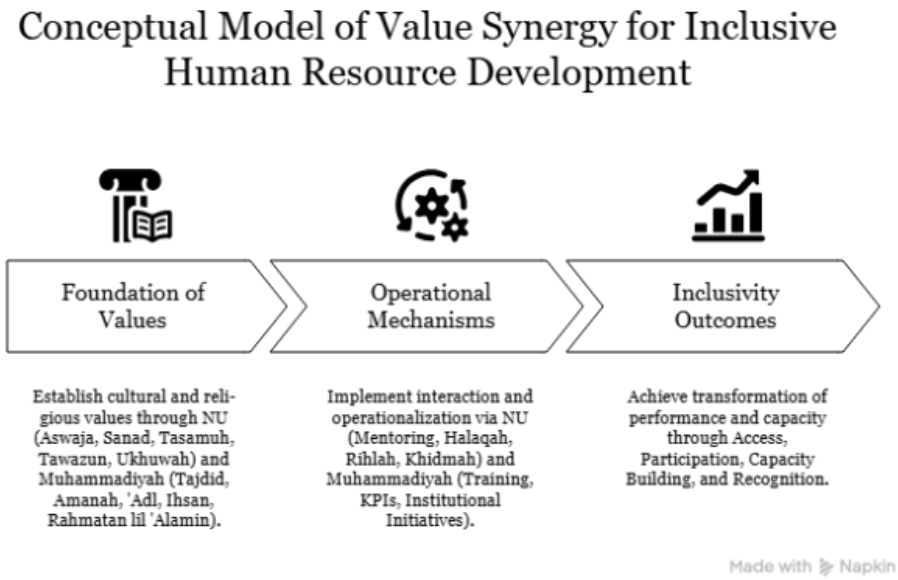


Figure 1. Conceptual Framework of Value Synergy for Inclusive HR Development

The cross-case analysis produces theoretical propositions about how local cultural and religious values can work together to support inclusive HR development across five main areas. These values provide the ethical foundation for how organizations define, develop, and evaluate human resources. Their effectiveness depends on how well stated values match actual practices. Each organization applies these values through mechanisms that fit their specific context, so there is no single universal model. The relational-spiritual model used by NU and the formal-structured model used by Muhammadiyah are both effective when they match the organization's theological and cultural background.

Inclusivity in value-based HR development has several dimensions, including access, participation, capacity building, and recognition. Each of these can be put into practice in different ways, but all should be based on the core values of the organization. There are challenges in this process, such as balancing exclusivity and inclusivity, standards and flexibility, and performance and spirituality. Addressing these challenges requires ongoing reflection and careful adjustment of values to fit the context. When local cultural and religious values are combined effectively, they help build sustainable organizational capability by strengthening collective identity, social cohesion, and a focus on service beyond individual interests.

Discussion

The research findings show that Nahdlatul Ulama (NU) and Muhammadiyah, although both are based on Islamic principles, have developed human resource development ecosystems that are fundamentally different in their value orientation, operational mechanisms, and views on inclusivity. These differences are not just variations in how they apply shared principles. Instead, they reflect distinct theological orientations that influence how each organization understands people, work, and the goals of capacity building.

In NU, the value system includes Aswaja, *sanad* (chain of transmission), *tasamuh* (tolerance), tawazun (balance), and *ukhuwah* (brotherhood). These values form a relational-spiritual model of human resource development. In this approach, development is seen not only as gaining technical skills but also as building character and identity. This process happens through personal relationships, such as mentoring and sanad, and through collective experiences like *halaqah* and *rihlah*. A cadre member is part of a scholarly and spiritual network that connects them to the pesantren (Islamic boarding school) tradition. As a result, the effectiveness of human resource development in NU depends more on the quality of relationships and depth of experience than on formal measurable standards (Anilon et al., 2026; Atluri et al., 2026; Hariadi et al., 2024; Idwin et al., 2025; Miftahuddin et al., 2024; Nasirudin et al., 2026).

In Muhammadiyah, the value system includes *tajdid* (renewal), *amanah* (trustworthiness), *'ad*l (justice), *ihsan* (excellence or benevolence), and *rahmatan lil 'alamin* (mercy to the worlds). These values shape a formal and structured model of human resource development. In this model, development is planned, measurable, and focused on results (Huang et al., 2026). Religious values provide an ethical framework for modern management practices such as KPIs, performance evaluations, and professional development. They do not replace these mechanisms. A cadre member must meet specific competency standards, and performance accountability is seen as an expression of *amanah*. This means responsibility is owed both to the organization and to God.

The most important finding is that both models encourage inclusivity, but they do so based on different principles. In NU, inclusivity is based on *tasamuh* (tolerance) and *ukhuwah* (brotherhood), which means acceptance is built on solidarity and equality within the tradition. In Muhammadiyah, inclusivity is based on 'adl (justice), which means fairness is achieved through merit and transparent procedures. Each model also has its own challenges. In NU, personal closeness can sometimes lead to exclusivity for those who do not have access to certain networks. In Muhammadiyah, high performance standards can create pressure that may not always fit with the *rahmatan lil 'alamin* (mercy to the worlds) value.

This study addresses important gaps in the existing literature on Islamic Work Ethic (IWE), which remains fragmented. A systematic review of 122 IWE articles published between 1988 and 2024 shows that research is divided into three main areas: conceptual boundaries, operationalization, and empirical dispersion (Anwar et al., 2026). Bibliometric analysis also shows that most IWE research focuses on the individual level, such as how Islamic work ethics affect satisfaction, commitment, and performance (Hasanah et al., 2023; Sutrismi et al., 2025). However, there is limited explanation of how these values are integrated into organizational structures. This study addresses these gaps by showing that religious values are not only predictors of individual behavior but also form the basis of organizational structures. In NU and Muhammadiyah, values like Aswaja and tajdid influence not only individual work behavior but also how these organizations approach human resource development.

Previous research on Islamic Human Resource Management (IHRM) shows that values such as trustworthiness, justice, and excellence are included in HRM practices. These values help create harmonious organizational cultures, improve productivity, and increase loyalty. However, most studies are focused on Indonesia, Malaysia, and the Middle East, and often treat organizations as if they are all the same. This study addresses these issues by comparing NU and Muhammadiyah. The findings show that there is no single IHRM model. Even within Indonesian Islam, different theological

The findings of this study are consistent with research on the socio-cultural changes in NU and Muhammadiyah universities. In these universities, academic transformation is influenced by religious ideology, which brings together religious discourse, moderation, and science. The study identifies a 'transcendental dialectic' model, showing that religious values help organizations manage the balance between tradition and modernity. While literature on inclusivity in HRM, such as that from the ILO and global DEI frameworks, focuses on formal procedures and clear policies, this study provides another perspective (Dasmadi, 2022; Hasanah et al., 2023). In NU and Muhammadiyah, inclusivity is shaped mainly by cultural and religious values, which influence how people interact and how opportunities are distributed.

These findings also align with the discourse of the 2025 MPKSDI National Coordination Meeting (Muhammadiyah 2050: The Profile of Progressive Muslim Cadres in the Society 5.0 Era), which emphasizes reforming the cadre development system to address the digital and AI era. Muhammadiyah's formal, structured model provides a solid foundation for such reform; however, the tension between performance standards and the principle of *rahmatan lil 'alamin* (mercy to the worlds) serves as a critical reminder to ensure that metrics do not erode the organization's humanistic orientation.

These findings have three main theoretical implications. First, the study expands the Resource-Based View (RBV) by showing that cultural and religious values can be unique and valuable resources for organizations. These values are not only an ethical base but also support inclusive and sustainable human resource development (Anita et al., 2024). Second, the results question the idea that religious values and modern management practices are separate. In NU and Muhammadiyah, religious values do not prevent the use of modern management tools like KPIs or performance evaluations. Instead, these values give meaning to such practices. This suggests that research on Islamic HRM should consider how religious values shape the way managerial practices are understood and applied. Third, the study adds to the literature on inclusivity in HRM by showing that, in religious organizations, inclusivity is closely linked to the core values of the organization (Anwar et al., 2026; Idwin et al., 2025). Inclusivity is not just a policy or practice, but is shown through actions that reflect ongoing negotiation and reflection.

This research highlights the need for religious organizations to clearly define and put their core values into practice in ways that all members can understand and experience. It is important to move beyond formal statements and ensure that values are reflected in everyday activities. Both NU and Muhammadiyah face challenges in making their values real, especially when balancing exclusivity with inclusivity and standardization with adaptability. To address these issues, organizations should create structured opportunities for reflection and set up systems for ongoing discussion, so members can regularly review and improve their practices. Cadre development programs should support intellectual, spiritual, and social growth together. NU and Muhammadiyah can learn from each other while keeping their unique identities. NU focuses on relationships and spiritual engagement, while Muhammadiyah uses formal and systematic processes. These different approaches offer a range of strategies that can be adapted to different situations. NU could consider adopting some of Muhammadiyah's management methods, and Muhammadiyah could benefit from NU's spiritual traditions. The goal is not to copy each other, but to identify and adapt effective strategies that fit each organization's character.

CONCLUSION

This study concludes that NU and Muhammadiyah have developed fundamentally different value systems, even though both are based on Islam. NU follows the Aswaja framework, whiThis study finds that NU and Muhammadiyah have developed different value systems, even though both are based on Islam. NU uses the Aswaja framework, which emphasizes *sanad* (scholarly transmission), *tasamuh* (tolerance), *tawazun* (balance), and *ukhuwah* (solidarity). These values support a traditional and reflective approach. Muhammadiyah follows the *tajdid* framework, focusing on amanah

(responsibility), *'adl* (justice), *ihsan* (excellence), and rahmatan lil 'alamin (universal benefit). These values encourage a modernist and practical approach.

The differences between the two organizations are not only about interpretation, but also about how they apply religious values in their organizational activities. Both NU and Muhammadiyah have developed methods suited to their contexts. NU uses a relational and spiritual model, with mentoring, halaqah (study circles), *rihlah* (educational journeys), and *khidmah* (service) to build capacity and character. Muhammadiyah uses a formal and structured model, including formal education, KPI-based performance evaluation, ongoing professional development, and institutional charitable activities (amal usaha) as places for development. Inclusivity in NU is based on *tasamuh* (tolerance) and *ukhuwah* (brotherhood), which are built through relationships. In Muhammadiyah, inclusivity is based on 'adl (justice), which is implemented through procedures. Each model faces its own challenges. In NU, close personal relationships can sometimes lead to exclusivity.

In Muhammadiyah, high performance standards can create pressures that may not always support a humanistic approach. This study focused on stated and observed practices, not on long-term quantitative impacts. Future research should compare organizations across Southeast Asia, such as Persis, Al-Washliyah, Buddhist, and Christian groups, to test if the conceptual framework can be applied more widely. Large-scale quantitative surveys are recommended to validate the theoretical framework and instruments for measuring value-based inclusivity and to provide invaluable insights during data collection.

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