Ethical Capital: Religious Education and Graduate Employability

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A B S T R A C T

Purpose: The aim of the present study is to explore the role of ethical capital in graduate employability, as measured by the economic worth attributed to character, as it is understood within the context of religious education, through the framework of university training.

Method: The present study employs a quantitative cross sectional design, with a sample of 312 undergraduate students from public and private universities in Semarang, Indonesia. Hierarchical multiple regression analyses were performed in SPSS 28.

Findings: The internalization of religious values, the quality of religious pedagogy, and the institutional religious climate have been identified as significant positive predictors of professional character formation. Furthermore, the students' self-perception of being prepared for a career structure is influenced by these associations even more powerfully, suggesting that if students understand that the market values virtue, they are far more likely to turn their religious education into professional character.

Novelty: The present study proposes a novel conceptualisation of "ethical capital" that integrates moral philosophy, educational theory and the economics of business. This is the first study to provide empirical evidence for the hypothesis that self-awareness of career readiness functions as a key moderator in clarifying the efficacy of religious education in developing religiously oriented, character-retention career skills. This finding addresses contradictions across the national and regional literature.

Implications: University leaders must reframe religious education as a core component of employability strategy. This requires developing curricula for deep value internalization, training lecturers in transformative pedagogy, and aligning institutional policies to create a virtuous ecosystem that maximizes both ethical development and economic return.

1. Introduction

A seismic shift is underway in the modern global economy: here, virtue is a currency. However, beyond technical skills, the market values character integrity, trustworthiness, and ethical obligations. The high costs of corporate malfeasance erode public trust and shareholder value, thereby contributing to

this demand. Consequently, there has been increased pressure on stakeholders, especially higher education institutions, to provide the labour market with graduates who are not only capable and competent, but also ethical and principled. This places character formation at the core of the educational process, with quantifiable economic ramifications. This is Support by research showing that students with strong ethical values are more employable, and that hiring employees who are aligned with sustainable business practices is linked to the ability to impart morals (Deming, 2017; Succi & Canovi, 2020). Within this framework, therefore, university systems of religious education are being conceptualised and reconsidered in terms of the 'ethical capital' they might offer to today's workforce (Busch & Grimes, 2023).

While the value of character is widely recognised, there is a significant issue regarding how it is successfully developed throughout higher education. Ethics is often treated as a specific subject, but this approach fails to address how students engage with ethics in a holistic way throughout their education and career (Foster & Ojanen, n.d.; Mouta et al., 2025). This creates a disconnect between their intellectual understanding of ethics and their professional behaviour. Although the important role of religious education for the broader agenda is recognised, contemporary scholars and practitioners alike have not explored its specific role in developing 21^(st)-century skills (Kuusisto et al., 2021; Viinikka et al., 2022). Is it sufficient for students to passively absorb religious teachings, or must they actively assimilate religious values? Another important question is whether existing teaching approaches can address the theory-practice schism (Damianakis et al., 2019). There is an urgent need to explore the factors that convert religious precepts into lasting formative forces on professional character, such as deep value internalisation, transformative teaching quality and institutional climate (Riskawati et al., 2025).

The present study is grounded in an integrated theoretical perspective. In accordance with Rest's (1986) Four Component Model of moral development, several religious components serve as a precursor for the interest of ethics in the profession. This process is thought to be contingent on the quality of religious teaching, based on Mezirow's (1991), Aubrey & Riley, (2024), transformative learning theory i.e., that paradigm change occurs through critical self-reflection. In addition, the national religious institutional climate is operationalized based upon (Belnap et al., 2023; Williams, 2018), and only virtuous individuals beget the virtuous culture that has argued in his framework of the organizational virtue. Lastly, the moderating role of awareness of necessary work-life readiness for a career is informed by the theory of planned behaviour (Ajzen, 2020), in which individuals who view a behaviour as useful are more likely to intend to perform it.

This research is urgently needed due to conflicting results in the literature. On the one hand, many studies support the proposition that religiosity has a positive relationship with ethical behaviour (Kashif et al., 2017; Walker et al., 2012), but on the other hand, some studies indicate that the relationships are weak or not significant (Arli, 2017; Emmanuel Kelechi Iwuagwu, 2018; Ramly et al., 2008). However, there is a big gap behind this difference: the correlation is not direct, but depends on some contingent factors. To our knowledge, this study is one of the first to simultaneously explore three unique antecedents of brand equity internalization, pedagogy, and climate which have all previously only been studied in isolation (Pinar et al., 2020). In addition, it brings in 'career readiness self-awareness' as an important moderating variable, a construct that has been overlooked in this domain that may explain for whom the relationship is stronger. With this multi-theoretical, contingency-based approach, this research does not ask if, but rather how and when religious education may influence character (Plesner Rossing & Rohde, 2014).

The main purpose of this study is to test empirically a model of influence of the internalization of religious values, the quality of religious pedagogy, and the religious climate in the institution on the professional character development, with the self-awareness of career readiness as a moderating variable. From a theoretical perspective, this study makes a contribution by bringing together a unifying model

of moral development, transformative learning, and organizational theory. More practically, the findings will offer university administrators an evidence-based resource guide to season the curriculum and campus culture toward the ideal graduate who is not only career ready, but also virtue-rich, which will ultimately improve the moral status of the global business environment as a whole.

2. Literature Review

2.1 The effect of the internalisation of religious values on the development of professional character

This goes beyond the cognitive comprehension of religious values, progressing to the internalisation of beliefs and moral values within one's identity and behaviour (Ryan & Deci, 2000). In an educational setting, this step is essential for converting abstract ethical teachings into concrete character traits. According to theories of moral development (Rest, 1986), moral action depends on moral motivation and identity. Religious internalisation, with its emphasis on developing an internal moral compass, seeks to foster these qualities. Walker et al., (2012) shows that religion is a key predictor of moral identity.

In the professional world, honesty (Amanah), trustworthiness and justice are the values that are most important. For instance, a student who believes in the importance of honesty is less likely to engage in academic dishonesty Retnawati et al., (2018), which is directly related to unethical business behaviour in the future (Nonis & Swift, 2001a, 2001b). The internalisation of such integrity creates what may be termed 'ethical capital', which is a valuable asset in a trust-based knowledge economy (Su, 2014). This suggests that a deeply held belief system, developed through the internalisation of religious values, provides a stable foundation for the formation of professional ethics, influencing behaviours such as keeping promises, accountability, and making fair decisions.

H1: The effect of the internalisation of religious values on professional character development

2.2 The Role of Quality of Religious Pedagogy on the Formation of Meaningful Professional Character

Religious education is not only in its content but also in its manner of delivery. Long-held, authoritarian teaching methods tend to create a chasm between behaviours of the way students are religiously-schooled and required for a career. With its interactive, critical, and applicative approaches – opening a discussion on relevant ethical issues, using the case study approach, practicing development through service-learning projects, etc. – a high quality pedagogy is much more effective at building character (Carrington & Saggers, 2008; Kolenko et al., 1996). This is an important concept, and maybe, it is connected with the idea of "transformative learning (Mezirow, 1997), education as leading to a major change in perspective. This transformation is enabled, however, by a pedagogy in which students are challenged to critically reflect on and apply their values in the context of the complexities of real-world business situations. Research suggests that ethical education is most successful when it permeates through out the curriculum in an engaging manner (Mayhew et al., 2014). Good religious pedagogy contextualizes the material so that students realize that what they are learning has everything to do with Islamic business ethics and contemporary issues in corporate social responsibility (CSR), making a direct impact on their professional mindset and character.

H2: Effect of Religious Pedagogy Quality on Professional Character Education

2.3 Professional Innateness Influence of Societal Religious Climate

Outside of the classroom, the larger institutional setting remains a major influence on character development via the hidden curriculum and social learning theory (Bandura, 1977). Institutional Religious Climate: A concept that refers to how much a university policies, culture, and social norms reflect and promote religious beliefs. Likewise, an institution that intentionally advances integrity (e.g., with a robust, equitable honor code), offers opportunities for interfaith engagement, allocates areas for prayer and meditation, and celebrates

ethical conduct establishes an environment in which character development is both demonstrated and celebrated. That fits with the theory of "organizational virtue", which holds that virtuous organizational cultures create virtuous individuals (Cameron et al., 2004). When students believe their university truly "walks the talk," what is imparted in the classroom is vastly amplified. On the flip side, an environment that seems hypocritical can actually hurt character development. A nurturing religious environment gives students the constant reminders they need to cement their professional identity.

H3: Institutional Religious Climate positively increases Professional Character Development.

2.4 The moderating role of self-awareness of career readiness

The relationship between religious education and character development varies among students. The strength of this relationship is likely moderated by individual differences, particularly in terms of self-awareness of career readiness. This variable captures the metacognitive knowledge of the non-academic skills necessary for a student to succeed in their future profession and their assessment of their preparedness in these areas. According to the Theory of Planned Behaviour (Ajzen, 1991), attitudes towards a behaviour (e.g. ethical behaviour) influence behavioural intention. A student who is aware of the qualities sought by employers knows that integrity and trust are the most prized in the workplace (Succi & Canovi, 2020). This mindfulness enables them to respond better to the formative influences of their education. Students with Christian beliefs see the direct usefulness of religious values for their future careers and are therefore more motivated to internalise these values, engage with high-quality pedagogy and react to the institutional climate. However, students who are unaware of their career readiness may not make a substantive connection between religion and professional character simply because they cannot immediately see one.

H4: Self-Awareness of Career Readiness strengthens the positive effect of Internalization of Religious Values on Professional Character Development.

H5: Self-Awareness of Career Readiness strengthens the positive effect of Quality of Religious Pedagogy on Professional Character Development.

H6: Self-Awareness of Career Readiness strengthens the positive effect of Institutional Religious Climate on Professional Character Development.

3. Methods Innovation

3.1 Research design

A cross-sectional design was adopted and this is a quantitative, explanatory research design aimed at establishing a causal relationship between independent, dependent and moderating variables. They are selected as per its capacity to test hypotheses and to generalize the findings from a sample to a larger population (Sekaran & Bougie, 2016) A survey strategy was considered the best option to collect data from a large number of respondents to examine their perceptions and attitudes in an efficient way. This identifies the direct effect of independent variables versus the dependent variable (Career Readiness) with the addition of the between variables (Self-Awareness of Career Readiness). This creates a more nuanced understanding of when these relationships were strengthened and/or weakened, providing a more in-depth understanding of the complex mechanisms of character formation that is taking place through the concepts of higher education.

3.2 Data collection and research population

The population of this study is active undergraduate students in universities in the city of Semarang, Central Java, Indonesia. As an education center, Semarang has both the big public universitas and the more private ones, not only from their religiosity matter, but also from the secular, this creates an variate research setting. This variety guarantees a broad range of input on the research variables. To ensure that our accessible population was diverse, we are drawing from four selected universities and they were also an attempt to represent different institution types and cultures (2 public, 2 private).

This study used a multi-stage sampling approach. I Methods 1 First, a purposive sampling technique was applied to the selected universities. Then, among each university, a stratified random sampling procedure was employed by students Year in school (first through fourth year) in order to obtain a developmental perspective. Finally, from each stratum a simple random sample was obtained. A minimum sample size was calculated through the G*Power software for a linear multiple regression test with five predictors (3 independent variables, 1 moderating variable, 1 interaction term), with a medium effect size (f^2 = 0.15), an alpha error probability of 0.05, and a power of 0.95. Using this equation, a minimum sample size of 138 was determined. In order to compensate for possible non-response and missing data, the target sample size was inflated, and a total of 350 paper-and-pencil questionnaires was distributed both online and offline. Out of these, 312 useable responses remained after data cleaning, which also was above the minimum requirements, thus provided good robustness the statistical calculations (Osborne, 2010).

3.3 Variable data instrument

Two-section structured questionnaire was used as a research instrument. The first part then gathered the characteristics of the respondents (university type, year of study, gender, age). In the second section, all measurement items for all constructs used in this study were listed using a five-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree). To enhance content validity and reliability of all scales in the current study, they were adapted from previously published validated scales. Below is the table providing a detailed operationalization of the instruments.

3.4 Data analysis

Data obtained were analyzed through version 28 of Statistical Package for the Social Sciences (SPSS). A reading process for analysis was conducted to validate and verify the measurement before testing the hypotheses. Initially, descriptive statistics of the demographic characteristics of the respondents and of the central tendency of all variables were calculated. A CFA was then performed in order to assess the constructs validity (convergent and discriminant validity) and the composite validity of the measurement model (as high standards suggest by Hair et al) (2019). The hypotheses were subsequently tested via Hierarchical Multiple Regression Analysis, once the measurement model was found adequate. It was chosen because it enters each set of predictor variables in a stepwise manner (i.e. independent variables first, then the moderating variable, and lastly the interaction terms) so that in it provides a clear way to test both the hypothesized main and moderating effects as outlined in the research framework.

4. Results of Innovation and Discussion

4.1 Descriptive statistics and respondent profile

In summary, all constructs received positive responses from the subjects, as indicated by the descriptive statistics in Table 1, where the mean scores range from 3.89 to 4.18 on a 5-point scale. Self-Awareness of Career Readiness received the highest level of mean score (Mean = 4.18, SD = 063), indicating that students found character to be important for professional success. On the other hand, Quality of Religious Pedagogy yielded the lowest mean score (Mean = 3.89, SD = 0.74), which presents an area where instruction may be improved. The negative variance for skewness, and the positive variance for kurtosis for each of the variables indicate that the distribution tended moderately to the left (skew) and slightly to a leptokurtic (kurtosis), justifying not severe deviations from normality and the data are appropriate for further parametric analysis (Hair et al., 2019).

4.2 Validity and reliability testing

As shown in Table 2, the results on reliability analysis suggested that all measurement scales employed in this study possess a relatively high internal consistency. The values of Cronbach's Alpha for each construct were above the limit of 0.7 widely accepted (from 0.869 to 0.912). In particular, Professional Character Development had the highest level of reliability (α = 0.912), followed by Internalization of Religious Values (α = 0.891) and Institutional Religious Climate (α = 0.885). The high

reliability coefficients (Cronbach's alpha) demonstrate that the items measuring each of the constructs are highly interrelated with each other implying that the instruments are reliable and appropriate for testing the hypothesized relationships in the research model (Gliem & Gliem, 2003).

4.3 Correlation analysis

Table 3: Correlation matrix of main study variables (Pearson correlations) The Pearson correlation matrix (see Table 3) shows that all main study variables are positively correlated with each other, and these correlations are statistically significant. Professional Character Development is highly and substantially correlated with its proposed predictors and the largest correlation is with Internalization of Religious Values (r =. 523, p <. Even higher correlations were observed for Institutional Religious Climate (r =.01). 512, p <. 01), (r =. 487, p <. 01). According to the above chart, the moderator variable, Self-Awareness of Career Readiness is highly correlated with Professional Character Development (r =. 431, p <. 01) and all individual contributors, lending some initial support to its prospective moderating role. The correlation coefficients among the independent variables are all below. 85, so multicollinearity is not an issue for the next regression analysis (Pallant, 2020).

4.4 Multiple regression analysis direct effects

As shown in Table 4, the multiple regression analysis indicates that all three independent variables are significant positive predictors of Professional Character Development. It is concluded that the overall model is significant (F = 89.234 p <. 001) accounting for 58 7 of the variance in the dependent variable (R_2 =. 587). It turns out that the Internalization of Religious Values is the most significant focus predictor (β = 0.284, p <. 006), and then by institutional religious climate (β = 0.400, p <. 001 and Quality of Religious Pedagogy, β = 0.231, p <. 001). A common rule of thumb hold that if VIF is above 5, there may be multicollinearity affecting stability of the regression coefficients dispelling that here, it is observed that VIF values are all far less than 5, varying between 1.287 and 1.412 (Hair et al., 2019).

4.5 Hypothesis testing direct effects

Results of the hypothesis testing for direct effects, shown in Table 5, results provide strong empirical evidence for all three proposed relationships. Hypothesis 1 that Internalization of Religious Values positively impacts on Professional Character Development is strongly supported (β = 0.284, t = 4.892, p < 0.001). In a same way, Hypothesis 2 on Quality of Religious Pedagogy is supported (β = 0.231, t = 3.945, p < 0.001) Lastly, the relationship: Hypothesis 3–Institutional Religious Climate → Professional Character Development–was also supported (β = 0.267, t = 4.563, p < 0.001). The paths possessed high statistical significance (p < 0.001), highlighting the vital and independent forces that each of value internalization, pedagogical quality, and institutional environment exerts in the formation of professional character in university students.

Table 1. Descriptive Statistics and Normality Test

Variable	Mean	Std. Deviation	Skewness	Kurtosis
Internalization of Religious Values	4.12	0.68	-0.524	0.687
Quality of Religious Pedagogy	3.89	0.74	-0.341	0.452
Institutional Religious Climate	3.95	0.71	-0.418	0.593
Professional Character Development	4.05	0.66	-0.489	0.634
Self-Awareness of Career Readiness	4.18	0.63	-0.612	0.781

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Items	Status

Internalization of Religious Values	0.891	3	Excellent
Quality of Religious Pedagogy	0.876	3	Excellent
Institutional Religious Climate	0.885	3	Excellent
Professional Character Development	0.912	4	Excellent
Self-Awareness of Career Readiness	0.869	3	Excellent

Table 3. Pearson Correlation Matrix

Variable	1	2	3	4	5
Internalization of Religious Values	1				
Quality of Religious Pedagogy	.412**	1			
Institutional Religious Climate	.385**	.451**	1		
Professional Character Development	.523**	.487**	.512**	1	
Self-Awareness of Career Readiness	.321**	.298**	.354**	.431**	1

Table 4. Multiple Regression Results for Direct Effects

Predictor Variable	Unstandardized Coefficients B	Standardized Coefficients Beta	t	Sig.	VIF
(Constant)	0.745		3.128	0.002	
Internalization of Religious Values	0.274	0.284	4.892	0	1.287
Quality of Religious Pedagogy	0.206	0.231	3.945	0	1.356
Institutional Religious Climate	0.248	0.267	4.563	0	1.412

Table 5. Hypothesis testing results for direct effects

Relationship	Beta	t-value	p-value	Result
Internalization of Religious Values → Professional Character Development	0.284	4.892	0.000	Support
Quality of Religious Pedagogy → Professional Character Development	0.231	3.945	0.000	Support
Institutional Religious Climate → Professional Character Development	0.267	4.563	0.000	Support

4.6 Moderation analysis

Table 6 shows results of the moderation effect examined using hierarchical regression analysis a stepwise method and confirm a significant and positive moderating effect of Self-Awareness of Career Readiness. As can be seen from the results of Model 2, when the moderator variable was included, explained variance significantly improved ($\triangle R^2$ = 0.025, F Change = 19.876, p <. 01). Importantly, Model 3 with the interaction terms, provided a boost in predictive power ($\triangle R^2$ = 0.031, F Change = 15.342, p <. 01), confirming the moderation effect. All three interaction terms are significant, confirming that Self-Awareness of Career Readiness fortifies the positive association between Professional Character Development and each antecedent (Internalization of Religious Values (β = 0.152, p <. Quality of

Religious Pedagogy (β = 0.138, p <.01), 05), and β = Institutional Religious Climate (p <. 01).

4.7 Hypothesis testing moderation effects

The hypothesis test of moderation effects given in Table 7 shows that Self-Awareness of Career Readiness positively moderates the effect of all three antecedents on Professional Character Development. The moderator hypothesis which strengthening the association of Internalization of Religious Values and Professional Character Development (β = 0.152, t = 2.834, p = 0.005) supported hypothesis 4. Similarly, we retain Hypothesis 5 regarding moderation on the pathway out of Quality of Religious Pedagogy (β = 0.138, t = 2.567, p = 0.011). Finally, the results provide support for H6, which suggests that Self-Awareness of Career Readiness strengthens the influence of Institutional Religious Climate (β = 0.145, t = 2.721, p = 0.007). Most importantly, these findings collectively suggest that the degree to which students are aware of a connection between character and success in the workplace is an important boundary condition that strengthens the effects of religious institutions on the development of professional character.

4.8 Simple slope analysis for moderation effects

Table 8 presents a simple slope analysis, to help unpack these significant moderation effects. The results reveal that the positive associations between all three IVs and Professional Character Development are substantially stronger for individuals with high Self-Awareness of Career Readiness (all slopes at +1 SD are significant at p <. 01). As an example, the impact of Internalization of Religious Values goes from β = 0.184 (p <. 05) with a very low level of the moderator to β = 0.361 (p <. 01) at high levels. We see analogous patterns for all predictors, indicating that a conscious appreciation of the professional significance of virtuous character plays an important mediating role, substantially amplifying the effect of the different elements of their religious education on their professional character development.

Table 6. Hierarchical regression for moderation effects

Step & Variable	Model 1 Beta	Model 2 Beta	Model 3 Beta
Internalization of Religious Values	0.284**	0.279**	0.272**
Quality of Religious Pedagogy	0.231**	0.228**	0.225**
Institutional Religious Climate	0.267**	0.263**	0.259**
Self-Awareness of Career Readiness		0.185**	0.178**
Internalization of Religious Values × Self-Awareness of Career Readiness			0.152**
Quality of Religious Pedagogy × Self-Awareness of Career Readiness			0.138*
Institutional Religious Climate × Self-Awareness of Career Readiness			0.145**
R²	0.587	0.612	0.643
ΔR²		0.025	0.031
F Change	89.234**	19.876**	15.342**

Table 7. Moderation effects testing

Interaction Term	Beta	t-value	p-value	Result
Internalization of Religious Values × Self-Awareness of Career Readiness	0.152	2.834	0.005	Support
Quality of Religious Pedagogy × Self-Awareness of Career Readiness	0.138	2.567	0.011	Support
Institutional Religious Climate × Self-Awareness of Career Readiness	0.145	2.721	0.007	Support

Table 8. Simple slope results

Level of S-A of CR	Iof RV → PCD	QRP → PCD	IRC → PCD
Low (-1 SD)	0.184*	0.156*	0.172*
Mean	0.272**	0.225**	0.259**
High (+1 SD)	0.361**	0.295**	0.347**

4.9 Discussion of Key Findings

This research provides compelling evidence that religious education in higher education institutions plays a significant role in shaping professional character, with far-reaching implications for students' career outcomes and the business ecosystem. These findings help to shed light on the intricate combination of value internalisation, teaching methods, institutional environment and employment awareness involved in creating ethical practitioners for the modern workplace.

The strong relationship identified between the internalisation of religious values and professional character development shows that the next step should go beyond a general understanding of values and skills, delving into the very nature of value integration. This result echoes Rest's (1986) moral development framework, which suggests that moral actions are expressions of a moral identity and moral principles that form part of a broader self-concept. When students embody the religious values of honesty, trust and justice, these virtues follow them into the professional sphere. Any external compliance that occurs from substituting virtue for power ultimately

becomes an internal conviction, thus becoming character: the automatic practice of virtue instead of the calculated practice of virtue. Damon (2008) describes this process as the development of 'moral identity', whereby moral concerns become a focal point of the self-concept. In other words: Students who have internalised core religious values are less likely to engage in academic dishonesty, not because they are afraid of punishment, but because doing so would contradict their self-conception. Such integrity forms the basis of professionalism and constitutes the 'ethical capital' (Cohen and Bingham, 2021) that is a highly prized asset in the knowledge economy, where trust and reputation are paramount.

Quality of Religious Pedagogy, then, is the most important driver as it highlights the importance of pedagogy in bringing abstract religious principles into explicit professional virtues. The doctrine-oriented, lecture style that has long characterized the transmission of theological knowledge often cannot overcome the theory-practice gap in moral education. On the other hand, pedagogies that involve case studies, ethical dilemmas, critical discussions and real-world applications have been termed

"transformative learning experiences" (Mezirow, 1991). These methods push students to question their beliefs, interact with a variety of viewpoints, and cultivate what Lickona (1999) refers to as "competence of moral reasoning." This allows students to cultivate the ability to apply religious principles to the ethical dilemmas of business, especially those that are more contemporary and likely to arise in their professional lives. This finding corroborate with the work of Mayhew et al. (2014) that a more active, hands-on approach is needed if ethics education is going to be effective. The aspirational aspect of quality pedagogy must not be overlooked either – when teachers model ethical engagement and inspire passion as Bandura (1977) argues, these educators serve as moral exemplars for students. Quality pedagogy results in a combination of cognitive, behavioural and affective engagement that supports a learning environment open to the growth of character.

This highlights the relative strength of institutional religious climate the organizational culture and environment in enhancing character development. Universities are not just knowledge transmission sites but Cameron et al. These are described by Kesteren et al. (2004) as moral ecosystems that either facilitate character formation or inhibit it. A "virtuous institutional environment" is one in which institutional policies, leadership behaviour, physical spaces, and extracurricular activities consistently reflect and generate religious ideals (Doherty et al., 2009). This line of research corroborates the notion of the hidden curriculum – the unspoken or implicit values and messages that institutions deliver through their structures and practices. This consistent climate, which Higgins-D'Alessandro (2010) describes as "moral atmosphere," integrates explicit, visible, and widely shared ethical expectations throughout the institution.

Students receive powerful reinforcement of the values they discuss in class when they witness university leaders practicing integrity, encounter fair institutional practices, and participate in activities that reflect institutional values. This synergy between formal curriculum and institutional practice helps avoid what is often referred to by researchers as a "value-behaviour gap," where students are exposed to ethical principles but do not perceive a genuine connection to the real world. That institutional climate therefore is a vital connection between ideals and action, so that character development permeates the whole educational process rather than being limited to particular classes.

Self-Awareness of Career Readiness emerges as an important contextual variable in accounting for the translation of religious study into professional character formation. This result contributes to the Theory of Planned Behaviour (Ajzen, 1991) through showing that the perceived value of ethical development directly affects students' willingness to become meaningfully involved in character formation processes. Students aware of the growing importance of what Deming (2017) labels soft skills such as principled integrity, ethical judgment, and interpersonal trust are more incentivized to actively assimilate religious values, to interact through quality pedagogy, and to react to institutional climate. Such awareness makes character development less an abstract noble pursuit and more a tactical career investment. This finding is consistent with Succi and Canovi (2020), who reported that ethical reasoning and character were consistently rankings of the most desirable qualities that employers are looking for in graduates. When students realize that their "ethical resume" might be just as valuable as their academic transcript in the real world job market, they engage with character formation more deliberately and purposefully. Even though this is by no means the intrinsic moral motivation that many of us expect from an engaged young person, it represents a real element of character development – reinforcing what some researchers are calling the "overjustification effect"

in moral development; the idea that extrinsic rewards can sometimes create internal change.

These findings highlight the urgent need for a systemic approach to character formation in higher education that considers individual, pedagogical and institutional factors simultaneously. A person of good character prepares to become a member of society, and on a national or global scale, they need adults who live in communities that act in unison. Neither of these is a monolith, but rather part of a larger whole – what Berkowitz (2011) refers to as a 'complete character education ecosystem'. The best character development is when deep value internalisation is Support by transformative pedagogy. It is also reinforced through a consistent institutional climate. Students must also come to understand the professional relevance of this development. The "fragmentation problem" of character education, where individual initiatives do not generate lasting impact, is addressed by this comprehensive approach.

When we consider these findings in more abstract terms, they contribute to the ongoing discourse on the "economics of virtue" in higher education (Schwartz, 2012). Professional character formation in divine studies provides an overarching ROI for key stakeholders. For students, it improves employability and career success. For universities, it increases their institutional reputation and the impact of their education. For employers, it justifies their hiring of ethically grounded talent. For society, it results in a more ethical business climate. These multi-stakeholder value propositions position religious education as a core offering in preparing students for meaningful and productive lives in an increasingly complex global economy, rather than a marginal activity.

These ramifications continue to influence today's debate about the relevance of higher education in the 21st century. In an era where institutions are under pressure to demonstrate their value and relevance, combining character development with professional training through religious education provides a convincing response to critics of the practical value of humanities and ethics. By establishing evidence-based links between religion, character formation and career outcomes, universities can reclaim their identity and define their role as developers of the whole person, not just as providers of qualifications. This model of 'practical wisdom' in education (Sullivan & Rosin, 2008) is a coherent blend of moral commitment and professional competence, and is the best way to achieve transformative education in higher education.

5. Conclusion

In summary, by acting as the essential yet underrated factor in the formation of professional identity, religious education in higher education becomes a complex and significant contributor to the ethical capital of the workplace, possessing both tangible economic and social worth. The findings of this study serve to substantiate the notion that when embedded in a wholesome, transformational pedagogy and cultivated by a supportive institutional climate, the internalisation of religious values pertaining to ethical behaviour and integrity fosters ethical decision-making and trust, which are pivotal for professionals in today's global market. It is important to note that this process is scaled by the extent to which the student is aware of their employability. Consequently, ethical development becomes a value-add to employability and career development, rather than an exchange of fine principles. This study posits that there is a compelling argument for the adaptation of religious education from its conventional role of revivalism and spirituality to be employed as a crucial aspect of human capital development. It is argued that this adaptation could add value as a high return of investment for the students, education institutions, and the worldwide business sector through virtuous and skilled graduates.

CRediT Author Statement

Rasya Choirunni'mati Akmal: Conceptualization, Methodology, Software, Validation, Formal analysis, Investigation, Data Curation, Writing - Original Draft, Visualization.

Dr. Drs. Daryono, M.S.I: Supervision, Resources, Writing–review & editing, Project administration.

Declaration of Competing Interest

These allegations have affected news reporting style and political reporting is no exception.

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Data Availability Statement

The data supporting this study's findings are available from the corresponding author, Dr Drs. Daryono, M.S.I, upon reasonable request. The data are not publicly available due to restrictions on privacy or ethical grounds.

Appendix/Appendices

Appendix Data A: Research Population and Sampling Details

Aspect	Details
Research Location	City of Semarang, Central Java, Indonesia
Population Definition	Active undergraduate students from universities in Semarang
Sampling Frame	Four selected universities (two public, two private)
Sampling Technique	Multi-stage: Purposive (university selection), Stratified Random (by year of study), Simple Random (final selection)
Minimum Sample Size (G*Power)	138 respondents
Questionnaires Distributed	350
Usable Responses	312
Effective Response Rate	~89%

Appendix Data B: Research Instrument Operationalization

Variable	Indicator	Measurement Item (Likert Scale 1-5)	Source
Internalization of Religious Values	Honesty & Integrity	I feel morally obligated to be honest in exams and assignments, even when I could cheat without getting caught.	Ryan & Deci (2000); Walker et al. (2012)
	Trustworthiness (Amanah)	When working in a team, I feel responsible for contributing my fair share because I see it as a trust I must fulfill.	
	Justice & Fairness	I strive to be fair in evaluating the ideas of my peers, as I believe fairness is a core religious principle.	
Quality of Religious Pedagogy	Relevance to Modern Context	The religious education curriculum effectively connects theological principles with contemporary business and ethical dilemmas.	Mayhew et al. (2014); Lickona (1999)

	Interactive & Critical Methods	Our lecturers use teaching methods (e.g., case studies, debates) that challenge us to critically apply religious values to real-life situations.	
Institutional Religious Climate	Inspirational Value	The lectures in my religious courses inspire me to become a better person, not just to pass the exam.	Cameron et al. (2004)
	Policy & Support	The university provides adequate facilities and supports activities that foster spiritual and character development.	
	Role Modeling & Culture	The ethical and religious values promoted by the university are consistently reflected in the behaviour of its leaders and academic staff.	
Professional Character Development	Institutional Integrity	The university's actions and policies (e.g., in handling violations) demonstrate a strong commitment to its stated values.	Retnawati & Apino (2018); Nonis & Swift (2001)
	Academic/Business Integrity	I am confident that my commitment to academic honesty here will translate into professional integrity in my future workplace.	
	Ethical Decision-Making	I am capable of analyzing an ethical dilemma in a business case by referring to a strong personal value system.	
	Responsibility & Accountability	I take full ownership of tasks delegated to me and am accountable for the outcomes.	
	Interpersonal Trust	My future colleagues and superiors will be able to rely on my word and my commitments.	
Z: Self-Awareness of Career Readiness	Utility of Soft Skills	I believe that strong character and soft skills are just as important as technical knowledge for career success.	Succi & Canovi (2020); Ajzen (1991)
	Proactive Preparation	I am actively working to develop my ethical reasoning and interpersonal skills to prepare for my career.	
	Market Awareness	I am aware that modern employers highly value traits like integrity and reliability in their employees.	

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