

The effect of intellectual capital and networking on the organizational values of Islamic Boarding Schools (A case study on Khalaf Islamic Boarding Schools in Demak)

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Abstract

Purpose - This study aims to determine the effect of intellectual capital and networking on the organizational values of Islamic boarding schools seen from the resources they have.

Method - The population in this study is the khalaf Islamic boarding schools in Demak Regency. The sampling technique is done by purposive sampling which is a sample selection technique using certain criteria or considerations. Samples taken as many as 40 boarding schools. Data testing is done by SEM-PLS and processed using the WarpPLS 5.0 program.

Result - The analysis shows that intellectual capital has a positive and significant effect on the organizational values of Islamic boarding schools as evidenced by a positive path coefficient (0.306) and a significance value <0.05 (P-value 0.017). Likewise, the network has a positive and significant effect on the organizational values of Islamic boarding school as evidenced by a positive path coefficient (0.324) and a significance value <0.05 (P-value 0.012).

Implication - It is expected that khalaf Islamic boarding schools will pay attention to the importance of intellectual capital, both from human capital, structural capital and relational capital and networking to improve organizational values but not to erase the classical boarding school tradition.

Originality - The originality of this study is the object of the research. If previous researches conducted research on economic and banking organizations, this research used Islamic education organizations (khalaf Islamic boarding schools) as the object of research.

Keywords: intellectual capital; networking; organizational value; islamic boarding schools



Introduction

Education in the 21st century shows a dichotomy between western education that tends to be secular and Islamic education which is confined in rigid dogma. Islamic boarding school is the only official institution of Islamic education in Indonesia and has an important role in developing Indonesian education as a whole. In this globalization era, Islamic education faces various kinds of problems such as: (1) power relations and orientation of Islamic education which are still narrow, (2) professionalism and quality of human resources that are lacking, and (3) curriculum problems that have not been well organized. The problems are threats for the existence of Islamic boarding schools.

Knowledge in the form of intellectual capital is the main actor as a way to create and maintain competitive advantage in organizations (Fairuzabadi, 2011). For organizations that have implemented knowledge-based management, capitals such as natural resources, financial resources and other physical assets will be less important than capital based on knowledge and technological innovation (Rulfah M. Daud and Abrar Amri, 2008). Human capital or often known as intellectual capital is an intangible asset that is difficult to measure, given that humans have a dynamic nature and relatively change along with changing situations and conditions. To measure these human resources, of course, the right dimensions and indicators are needed so that the measurement results are accurate. Determination of dimensions and indicators as a result of the manifestation of the operationalization of a variable, it will determine the validity of the instrument that will be used to measure the variable of human capital (Cecep Hidayat, 2013).

Bontis in Fairuzabadi (2011) argues that in general intellectual capital is defined as collective knowledge inherent in employees, organizational routines and network relationships of the organization. While Nahapiet and Ghoshal and Stewart in Fairuzabadi (2011) define intellectual capital as the overall knowledge and capabilities that can be used to achieve competitive advantage for organizations. From this definition, it can be seen that

intellectual capital can be applied to any type of organization, both profit-oriented and public (non-profit) organizations. However, from a variety of existing research, most of them take research on profit organizations, while research on public sector organizations especially education is still very rare and limited. For this reason, this study examined the effect of intellectual capital and networking on the organizational values of Islamic boarding schools in Demak, and the types are *khalaf* boarding schools.

Literature Review

Resource-Based Theory

The theory used as the basis for explaining the relationship between intellectual capital and networking for organizational values in Islamic boarding schools is resource-based theory. Resource-based theory in Ardianus and Peter's (2016) research, according to Fahy, is a natural resource owned by a company. Whereas according to Ferreira et al., the success of a company is very much determined by the resources it has and the capabilities of a company that are able to turn those resources into economic benefits (Paulus and Murdapa, 2016). Resource-based theory discusses the resources that an organization has and how to manage and utilize its resources. Resource-based theory views organizations as a collection of resources and abilities. Organizational ability in managing resources properly can create competitive advantages so as to create broad networking arising from increased organizational value.

Organizational Value

In the research of Mitja Gorenak and Suzana Kosir (2012), Savetlik states that organizational values are values that are driven by management and have proven themselves as good foundations for organizational development. Organizational values are intended to inspire employees with the creative energy they possess, which is expected to be able to push the organization towards the desired direction. Cingula sees organizational value as "what people within the organization think is good for the organization, what needs

to happen within the organization and what might be needed within the organization in the future." That way, the value of the organization is understood as something that reflects the mission and objectives of the organization's strategy (Gorenak and Kosir, 2012).

Organizational values are beliefs in behavior that are choices about what is good or bad, important or not important, which shape the character of an organization and emerge from leaders. Value shapes behavior. Behavioral psychologists show a very clear relationship between values, attitudes and behaviors. Changing our behavior can influence outcomes. Value leads to attitude, then leads to behavior, and finally affects organizational performance. Woodcock and Francis in Muflihin (2018) state that organizational values are a fundamental force that will determine the success of an organization. Without an understanding of the organization's values described in its vision and mission, the organization will experience disorder, obscurity and even fragmentation. Therefore, the right management values will determine the success of an organization.

There are five elements that influence the formation of organizational culture. Organizational value is one of them. Value is the basic value adopted by the organization. Every organization has core values as guidelines for thinking and acting for all citizens in achieving the goals or mission of the organization. Organizational value can be measured using six indicators, namely: openness, security with work, feelings of respect, cooperation, organizational clarity and support and attention.

Intellectual Capital

One intangible asset that is very important in the information and knowledge era is intellectual capital intellectual capital. Intellectual capital is a very important and very strategic role in an organization. Intellectual capital is the virtual assets of an organization that can be used to create value for organizations through a combination of human capital and structural capital (Umi Narimawati, 2014). Brooking in Izhar Arif's research (2014) states that intellectual capital is a term given to intangible assets which are a

combination of markets and intellectual property centered on humans and the infrastructure that allows organizations to continue to function. Roos et al. also state that intellectual capital includes all processes and assets that are not normally displayed on the balance sheet and all intangible assets (such as trademarks, patents and brands) that are considered as modern accounting methods (Izhar Arif, 2014). Intellectual capital is considered as knowledge with potential value. Intellectual capital shows that knowledge is transformed into something valuable to the organization, whereas knowledge assets are an exchange of forms for knowledge transformation.

In the research of Ihyaul Ulum and Nadya Novianty (2012), according to Bontis in his journal entitled "A Review of Models Used to Measure Intellectual Capital", intellectual capital consists of three main components, namely: human capital, structural capital or organizational capital and relational capital. Here are some classifications of intellectual capital elements based on IFAC:

Table 1. Intellectual Capital Elements

Human Capital	Structural Capital/Organizational Capital	Relational Capital
1. Know-how	1. Patent	1. Brand
2. Education	2. Copyrights	2. Consumer
3. Vocational cualification	3. Design rights	3. Consumer loyalty
4. Job related to knowledge	4. Trade secret	4. Company's name
5. Psychometric assessment	5. Trademarks	5. Distribution network
6. Job related to competence	6. Servicemarks	6. Business collaboration
7. Entrepreneurial spirit, innovative spirit, proactive and reactive ability, ability to change	7. Management philosophy	7. Licence agreement
	8. Company culture	8. Supporting contracts
	9. Information system	9. Franchise agreement
	10. Network system	
	11. Financial relation	
	12. Infrastructure	

Source: IFAC, 1998

Intellectual capital in Islamic boarding schools should be measured for several reasons (Ari Dewi Cahyati, 2012): (1) Transparency of public institutions should increase. In knowledge-based societies, people want comprehensive access to information about where public funds are allocated. (2) The value of the Islamic boarding school needs to be compared with other boarding schools, so that it gives information which boarding school is better. Islamic boarding schools should implement new learning methods. Good practice transfers should increase, if the boarding school can get access to its intellectual capital. (3) The strength of the relationship between the boarding school and its partners is not possible without "common language". This collaboration will cause academics and business practitioners to be able to develop mutually beneficial relationships. (4) Measurement of intellectual capital in Islamic boarding schools will make a closer understanding of the needs of the community and relation partners.

Networking

The main challenge of an organization leader is to create an environment where people can exploit information in a more effective way. In this case, the main concept is by building networking. Networking is able to connect the actors with various partners such as business partners, friends, agents, mentors to get the needed resources such as information, money, moral support and network actors (Susilowati and Hariyadi, 2013).

Building networking means building a mutually beneficial relationship with partners. There are three actors in the network, namely social actors, supporting actors and inter-company relations actors, each of which consists of: (1) Social networks or social actors consist of relationships, friends, and work partners. (2) The support network consists of supporting agents such as banks, government agencies and non-government organizations. (3) Networking between companies involves other organizations both large and small scales.

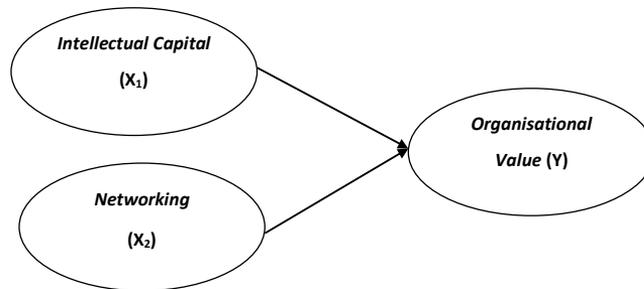


Figure 1. Theoretical Framework

Hypothesis Development

H₁: Intellectual capital has a positive effect on organizational value of Islamic boarding schools

H₂: Networking has a positive effect on organizational value of Islamic boarding schools

H₃: Intellectual capital and networking have a positive effect on organizational value of Islamic boarding schools

Research Methods

This research is a field research with a quantitative approach. It applies descriptive and verification research types with survey methods in the context of confirmatory that is research that explains the causal relationships of variables through hypothesis testing. Data collection is done by interview and questionnaire. The collected data is processed using descriptive and quantitative analysis tools. The analysis technique used to analyze data is SEM (Structural Equation Model) using the WarpPLS 5.0 program.

The population in this study is the *khalaf* boarding schools in Demak Regency, which is ± 67 boarding schools that provide general subjects in *madrassas* with a classical system and open public schools in boarding schools environment. The sampling technique is done by purposive sampling with sample criteria are Islamic boarding schools based on *khalaf* that are boarding schools which receive new things which are considered good in

addition to maintaining good old traditions. The boarding schools also have financial records even though it is simple so that 40 boarding schools are obtained as the samples. The data were collected using a questionnaire method and measured on a Likert scale. Data analysis techniques were carried out using Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach and calculations using the WarpPLS 5.0 program.

Results and Discussion

Table 2 below is the *khalaf* boarding schools as the objects of this study. The questionnaire was given to respondents who knew about the entire boarding school, including financial matters. Table 3 below shows the general description of respondents in the study.

Table 2. List of Islamic Boarding Schools

NO	Name of Boarding Schools	NO	Name of Boarding Schools
1	PP. Nurul Ulum Mranggen	21	PP. Darul Ulum Sayung
2	PP. Roudlotul Muttaqin Mranggen	22	PP. Nurul Qur'an Sayung
3	PP. Anwarul Quran Mranggen	23	PP. Al – Inhdl Sayung
4	PP. Hidayatus Sholihin Mranggen	24	PP. Al – Hikmah Sayung
5	PP. Al - Amin Mranggen	25	PP. Hidayatul Mubtadiin Sayung
6	PP. Al – Bahroniyah Mranggen	26	PP. Al - Fatah Demak
7	PP. Al - Ma'arif Mranggen	27	PP. As – Shidqiyyah Demak
8	PP. Sholihyah Mranggen	28	PP. Sabilul Huda Demak
9	PP. Al – Ishlah Mranggen	29	PP. Darussalam Demak
10	PP. Al - Ma'ruf Mranggen	30	PP. Az - Zahra Demak
11	PP. Al – Hadi Mranggen	31	PP. Al – Ishlah Demak
12	PP. Al – Ghozali Mranggen	32	PP. Bustanu Usyqil Qur'an Demak
13	PP. Roudhotul Qur'an Mranggen	33	PP. Subulussalam Bonang
14	PP. Mansyaul Huda Karangawen	34	PP. Sulamul Huda Bonang

15	PP. AI – Furqon Karangawen	35	PP. As – Salafiyah Bonang
16	PP. AI – Mubasyir Krangawen	36	PP. Maftuhah Karangtengah
17	PP. AI – Roudhotut Tholibin Karangawen	37	PP. Langgar Wali Sunan Kalijaga Wonosalam
18	PP. Asnawiyah Kebonagung	38	PP. Nahdlatul Fata Wonosalam
19	PP. AI - Ma'arif Kebonagung	39	PP. Miftahul Ulum Wonosalam
20	PP. AI – Hidayatul Muftadi'in Kebonagung	40	PP. Zahrul Ulum Madaniyah Wonosalam

Table 3. Percentage Results of Respondent Data

Information	Total	Percentage
Number of sample	40	100%
Sex		
Male	16	40%
Female	24	60%
Age		
15-25	27	68%
26-35	9	22%
>35	4	10%
Education		
Elementary School	1	2%
Junior High School	2	5%
Senior High School	25	63%
S1 (Under Graduate)	11	28%
S2 (Graduate)	1	2%
Work Experience		
0-5 years	27	68%
6-10 years	7	17%
>10 years	6	15%

Source: Primary data processed, 2019

Descriptive Statistic Test

Table 4 explains the variables in the study, including the dependent variable, the organizational value of Islamic boarding schools, and the independent variables, namely intellectual capital and networking.

Table 4. Results of Descriptive Statistic Test

	Variable	Indicator	N	Min	Max	Mean	Str. dev
JIAFR 78	Organizational Value	OV1	40	2	5	4,075	0,694
		OV2	40	1	5	4,125	0,853
		OV3	40	3	5	4,325	0,572
	Intellectual Capital	IC1	40	3	5	4,350	0,622
		IC2	40	3	5	3,900	0,709
		IC3	40	1	5	4,075	0,859
	Networking	NET1	40	3	5	4,300	0,564
		NET2	40	1	5	3,275	1,012
		NET3	40	1	5	3,850	1,075

Source: Primary data processed, 2019

The results of the descriptive analysis can be described as follows: for the organizational value of Islamic boarding schools, the mean value is 4.175 and the standard deviation value is 0.141. Intellectual capital has a mean value of 4.108 with a standard deviation of 0.120, while networking has a mean value of 3.808 with a standard deviation of 0.279.

Validity Test

The validity test is done with convergent validity and discriminant validity. Convergent validity is done by looking at loading which is considered valid if it has a value > 0.70, while it is considered significant if the P-value < 0.05. Following are the results of data processing in table 5.

Table 5. Results of Combined Loadings and Cross-Loading Output

Indicator	IC	NET	OV	Value	Remark
IC1	(0,664)	-0,631	0,097	<0,001	Meet the convergent validity
IC2	(0,809)	0,287	0,006	<0,001	Meet the convergent validity
IC3	(0,793)	0,235	-0,088	<0,001	Meet the convergent validity
NET1	-0,199	(0,746)	-0,073	<0,001	Meet the convergent validity
NET2	0,186	(0,761)	-0,047	<0,001	Meet the convergent validity
NET3	0,009	(0,778)	0,116	<0,001	Meet the convergent validity

OV1	0,067	0,140	(0,777)	<0,001	Meet the convergent validity
OV2	0,234	-0,452	(0,524)	<0,001	Meet the convergent validity
OV3	-0,222	0,162	(0,789)	<0,001	Meet the convergent validity

Source: Primary data processed, 2019

Another validity testing of convergent validity is by looking at the average variance extracted (AVE) value. The recommended AVE value must be > 0.50. Here are the results of AVE for each construct in table 6. Based on the AVE value shown in table 6, the three constructs have met the convergent validity criteria.

Discriminant validity testing is done by comparing the AVE square root for each construct with the correlation value between constructs in the model. The value is considered good if AVE square root for each construct is greater than the correlation between constructs in the model. Based on table 7, all indicators have met the criteria for discriminant validity.

Table 6. Average Variance Extracted (AVE) Value

Latent Variable	AVE Value	Criteria	Remark
IC	0,575	>0,50	Meet the convergent validity
NET	0,580	>0,50	Meet the convergent validity
OV	0,500	>0,50	Meet the convergent validity

Source: Primary data processed, 2019

Table 71. Values of Loading Factor Latent Indicator with Other Constructs

Indicator	Loading Factor	Other constructs			Remark
		IC	NET	OV	
IC1	(0,664)	>	-0,631	0,097	Meet the discriminant validity
IC2	(0,809)	>	0,287	0,006	Meet the discriminant validity
IC3	(0,793)	>	0,235	-0,088	Meet the discriminant validity
NET1	(0,746)	>	-0,199	-0,073	Meet the discriminant validity
NET2	(0,761)	>	0,186	-0,047	Meet the discriminant validity

NET3	(0,778)	>	0,009		0,116	Meet the discriminant validity
OV1	(0,777)	>	0,067	0,140		Meet the discriminant validity
OV2	(0,524)	>	0,234	-0,452		Meet the discriminant validity
OV3	(0,789)	>	-0,222	0,162		Meet the discriminant validity

Source: Primary data processed, 2019

Reliability Test

The next test is the construct reliability test which is measured by looking at the value of composite reliability. Criteria for composite reliability are considered reliable if the value of composite reliability > 0.70 (Haribowo, 2017). Following are the results of the latent variable output coefficients in the analysis can showed in table 8.

Based on table 8, the composite reliability results of each construct have met the criteria. It shows that there are no indicators of each variable that has a low loading factor value. Then, it can be concluded that all variables are reliable.

Evaluation of Structural Model (Inner Model)

The next step is to do an inner model which includes R-squared/Adjated R-squared, Q-squared, and Goodness of Fit (Gof) tests. However, this research does not intend to evaluate model fit, so 10 model fit sizes are not included in this study.

Based on table 9, the Adjated R-squared value of 0.287 is known. It means it is included in the moderate category and shows variations that can be explained by the two independent variables by only 28.7% while 71.3% is explained by other variables outside this study. The Q-squared value generated by the model is 0.322 which indicates >0 which means the model has predictive validity. The value of full collinierity VIF produced by all variables is <3.3, which means that it falls into the ideal category. So, it can be concluded that there is no multicollinearity problem in the model.

Table 8. Values of Latent Variable Coefficients

	IC	NET	OV	Criteria	Remark
Composite reliability	0,801	0,806	0,744	>0,7	Reliable

Source: Primary data processed, 2019

Table 9. Output Latent Variable Coefficient Results

	IC	NET	OV
R-squared			0,323
Adj. R-squared			0,287
Composite reliab.	0,801	0,806	0,744
Cronbach's alpha	0,626	0,638	0,488
Avg. var. extrac.	0,575	0,580	0,500
Full Collin. VIF	1,917	1,676	1,351
Q-squared			0,322

Source: Primary data processed, 2019

1st Hypothesis Test

The intellectual capital variable significantly influences the organizational value of Islamic boarding school. It can be observed through the value of the path coefficient/ beta weights that are positive that is 0.510 and P-value <0.001 (<0.05). Path coefficient (beta weight) 0.510 shows that if there is an increase in intellectual capital by one unit, then the organizational value of Islamic boarding schools will also increase by 0.510 and vice versa. Each decline in intellectual capital by one unit, then the organizational value of Islamic boarding schools will also decrease by 0.510. The results of data processing effect size for path or R-squared value shows the number 0.260 which means that the intellectual capital variable influences the organizational value of the Islamic boarding school by 26% while the remaining 74% is influenced by other variables.

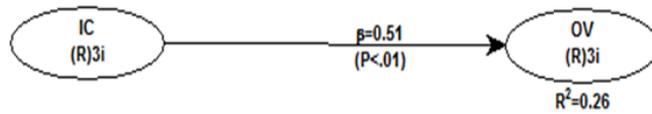


Figure 2. 1st Hypothesis Research Result

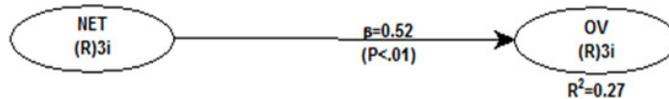


Figure 3. 2nd Hypothesis Research Result

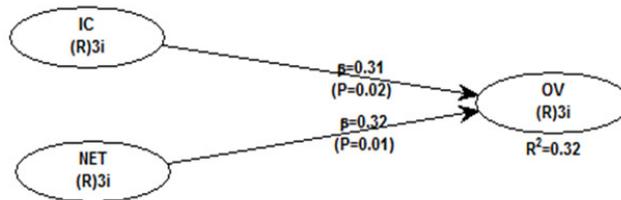


Figure 4. 3rd Hypothesis Research Result

2nd Hypothesis Test

The networking variable significantly influences the organizational value of Islamic boarding school. The path coefficient/beta weights that are positive are 0.516 and P-value <0.001 (<0.05). Path coefficient 0.516 shows that if there is an increase in networking by one unit, the organizational value of Islamic boarding schools will also increase by 0.516 and vice versa. The results of data processing effect size for path or R-squared value shows the number 0.267, which means that the networking variable influences the organizational value of the Islamic boarding school by 26.7% while the remaining 73.3% is influenced by other variables.

3rd Hypothesis Test

From Figure 4, it is known that the path coefficient value for the intellectual capital variable to the organizational value of the Islamic boarding school after being combined changes to 0.306, indicating that if there is an increase in intellectual capital by one unit, the organizational value of the Islamic boarding school will also increase by 0.306 and vice versa. P-value indicates a value of 0.017 (<0.05). Then, for the influence of networking on boarding school organizational values after combined the path coefficient value (beta weight) changed to 0.324 which indicates that if there is an increase in networking by one unit, the organizational value of boarding schools will also increase by 0.324 and vice versa. Every decrease in networking by one unit, then the organizational value of Islamic boarding schools will also decrease by 0.324. P-value indicates a value of 0.012 (<0.05).

R-squared value of intellectual capital and networking variables on the organizational value of Islamic boarding schools simultaneously showed an effect of 0.32, which means that 32% of the organizational value variables are influenced by intellectual capital and networking variables, while 68% are influenced by other variables outside this study.

Discussion Research Result

Based on the results of the study, significant intellectual capital has a positive effect on organizational value of Islamic boarding schools. It is evidenced by the P-value <0.001 , which indicates it is smaller than the predetermined level of significance that is <0.05 , meaning that intellectual capital has a significant effect on the organizational values of Islamic boarding schools. The path coefficient results are 0.510, which means that intellectual capital has a positive effect on organizational value of Islamic boarding schools and shows that the better the utilization of intellectual capital, the higher the value of an Islamic boarding school organization.

R-square value can be seen in the effect size, its value of 0.260 which means that the intellectual capital variable influences the organizational value

of the Islamic boarding school by 26% and the rest (100-26%) is influenced by other variables. The higher the intellectual capital, the higher the value of the boarding school organization.

The results of this study are in line with the research by Listiyowati et al. (2016), which states that intellectual capital is able to improve the financial performance of universities, i.e. when existing human resources are able to make a good contribution it will directly improve the financial performance of universities. The higher the quality of existing human resources, it will encourage the achievement of financial performance in higher education.

However, the small value of R-squared can be explained by Prianka Tiersa Arindha' research (2018) which states that companies that are able to manage intellectual capital efficiently will be able to create value added and competitive advantage that cannot be emulated by other competitors. If an organization is able to utilize intellectual capital properly, the higher the organizational value will be. To create high intellectual capital, collaboration of the three indicators is essential. Human capital will support structural capital and relational capital. Even though employees have high knowledge but are not supported by adequate facilities and infrastructure and have poor operating systems and procedures, intellectual capital cannot be utilized to the full.

It is in accordance with the situation of Islamic boarding schools, where *khalaf*-based boarding schools are as the objects of this study and only a few of them have supporting facilities and infrastructure. Most Islamic boarding schools based on *khalaf* are more inclined to *salaf*, so there are still many things done manually. And to maintain the tradition of a classic boarding school, only a few of them utilize modern technology, including social media.

Based on the results of the study, it is found that networking significantly has a positive effect on organizational value of Islamic boarding schools. The path coefficient results are 0.516, which means that networking has a positive effect on organizational values of Islamic boarding schools and shows that the

more networks are created, the higher the organizational value of an Islamic boarding school.

The value of R2 can be seen in the effect size, which is 0.267 meaning that the networking variable influences the organizational value of the Islamic boarding school by 26.7% and the rest (100-26.7%) is influenced by other variables. The more networks created, the higher the organizational value of the boarding school.

A research conducted by Enny Susilowaty M and Guruh Taufan (2013) found that there is a positive influence between entrepreneurial networks on the performance of SMEs. It is in line with the current study that as more networks are created, they will be able to improve the quality and reliability of Islamic boarding schools. In addition, networking can increase sources of information about the development of systems, technology and movement of Islamic boarding schools which will greatly assist Islamic boarding schools in their changes.

Based on the results of the study, it is found that simultaneous intellectual capital and networking has a significant positive effect on the organizational value of Islamic boarding schools. It shows that if one of the dependent variables does not exist, it can reduce the organizational value of Islamic boarding schools. It means that organizational value will decrease if intellectual capital and networking are not managed properly.

From the estimation results of intellectual capital and networking variables on the organizational value of Islamic boarding schools, an R-squared value of 0.32 is obtained, which means that the intellectual capital and networking variables are able to explain the organizational variables of Islamic boarding schools by 32% and the remaining 68% are influenced by other variables outside this research. The small influence of both can be seen from the percentage of respondent data, most of which are high school graduates and are still under 25 years old. Most of them have served in management for less than 15 years. So it is certain that they are less

competent in managing boarding schools. In addition, the selection of management is usually based on daily activeness criteria regardless of skill.

Conclusion

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Based on the test results and discussion, the following conclusions can be drawn: (1) Intellectual capital has a significant positive effect on organizational value of Islamic boarding schools, meaning that intellectual capital has a positive effect on organizational value of Islamic boarding schools and shows that the higher the utilization of intellectual capital, the higher the organizational value of Islamic boarding schools. (2) Networking has a positive and significant effect on organizational value of Islamic boarding schools, meaning that networking has a positive effect on organizational value of Islamic boarding schools and shows that the more networking, the higher the organizational value of Islamic boarding schools. (3) Simultaneously, intellectual capital and networking on organizational values of Islamic boarding schools obtain an R-squared value of 0.32 which means that the intellectual capital and networking variables are able to explain the organizational variables of Islamic boarding schools by 32% and the rest (100-32%) is influenced by other variables outside this study.

However, this study has limitations which include: (1) The sample used is limited due to lack of area. (2) The ability of independent variables in this study can only explain the effect on the dependent variable by 32%.

Finally, the researchers provide suggestions as the following: (1) For boarding schools, it is expected to pay attention to the importance of intellectual capital, from human capital, structural capital and relational capital as well as networking to improve the organizational values to sustainably uphold the value of Islamic boarding schools by not eradicating the tradition of classical boarding schools. (2) Increase the development of human capital as an investment effort to increase employee productivity and increase structural capital as an effort to improve services. (3) For further researchers, it is advisable to add the sample to get more results and add

some variables that can affect the organizational value of Islamic boarding schools.

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