

The Transformation of Muhammadiyah School Education Through Values-Based Leadership and the Association Ecosystem: A Model of Sustainable Competitive Advantage Through Community Trust Mediation

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Abstract

This research examines the effects of principal leadership (X_1), the Superior Program of the Prophet's Daily 7 Sunnahs (X_2), and support from the Muhammadiyah Regional Leadership/PDM (X_3) on schools' sustained competitive advantage (Z), with public trust (Y) as a mediator, at SMA Muhammadiyah Toboali, South Bangka Regency. The research employed an explanatory survey design with 370 respondents and analyzed the data using SEM-PLS (SmartPLS 4.0) with 5,000-subsample bootstrapping. The results show that all direct effects of X_1 , X_2 , and X_3 on Y and Z , as well as the effect of Y on Z , are positive and significant. Mediation analysis further confirms that Y partially mediates the relationships between X_1 , X_2 , and X_3 and Z ; therefore, all research hypotheses are supported. The model demonstrates strong explanatory power for variations in public trust and sustained competitive advantage and indicates good predictive relevance. The findings emphasize that Muhammadiyah schools' competitiveness is strengthened by values-based leadership, the institutionalization of religious habituation as a strategic capability, and organizational support from the Muhammadiyah association that builds public trust. Practically, schools should strengthen integrative leadership, ensure the consistent implementation of the 7 Sunnahs program as an organizational culture, enhance governance synergy with PDM, and systematically manage public communication and engagement to reinforce trust as a lever for sustained competitiveness.

Keywords: principal leadership; public trust; sustained competitive advantage; Muhammadiyah schools; 7 Sunnahs program

INTRODUCTION

The transformation of education in value-based schools is increasingly relevant amid demands for service quality, public accountability, and competition between educational institutions. In the context of Islamic schools, including Muhammadiyah's educational charity, transformation is not only interpreted as administrative improvements or academic achievements, but also as the strengthening of governance, religious culture, character development, and the quality of learning services that are consistent with the orientation of values (monotheism, trust, worship) as emphasized in the paradigm of Islamic Education Management (MPI). In the MPI framework, organizational effectiveness is understood as a means to blessings and benefits; hence, the indicators of school success go beyond technocratic measures and include moral-spiritual dimensions as well as social legitimacy. This social legitimacy is seen mainly in public trust, namely the belief of stakeholders that schools have the ability, good faith, and integrity to meet expectations of education services, and it also functions as social capital that supports institutional sustainability. (Stuart Stuart, 2024; Qurtubi, 2025) (Mayer et al., 1995) (Putnam, 2000).

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The phenomenon of SMA Muhammadiyah Toboali provides a concrete illustration of the transformation of Muhammadiyah schools through value-based leadership and the strengthening of the organizational ecosystem. The school experienced a phase of decline (2004–2010), which was marked by weakening performance, depletion of resources, and erosion of public support, in line with the concept of organizational decline and the distress stage (Hofer, 1980; Weitzel & Jonsson, 1989). The change in leadership in 2010 became a turning point toward a turnaround process through the repositioning of values, management revitalization, and renewal of school culture (Bibeault, 1982). The transformation was strengthened through the institutionalization of the 7 Daily Sunnah Practice Program as a structured habituation that shapes religious character, discipline, and school culture (Supiandi, 2020), and it went hand in hand with the restoration of legitimacy and increased public support, reflected in the growth in the number of students to 735 in the 2024/2025 academic year.

The state of the art emphasizes that change and the sustainability of school competitiveness need to be understood through the integration of leadership, programs/culture, trust, the institutional ecosystem, and organizational strategy. The transformational leadership literature highlights role modeling, inspiration, intellectual stimulation, and individual consideration as drivers of organizational change. The spiritual leadership literature adds value dimensions (meaningful vision, hope/faith, and altruistic love) that reinforce intrinsic motivation and commitment, and leadership effectiveness tends to increase when spirituality and integrity form the basis of leader behavior. In the context of Islamic schools, the spiritual leadership of the principal is related to strengthening the morale and performance of teachers. In terms of external legitimacy, qualitative research shows that Islamic leadership contributes to increased public trust, while studies of trust in schools confirm that trust strengthens institutional effectiveness through cohesion and cooperation between school and community actors (Bass & Avolio, 1994; Fry, 2003, 2008; Reave, 2005; Nurabadi et al., 2021; Fanani, 2023; Bryk & Schneider, 2002).

In terms of programs and culture, studies show that religious programs can improve the image of schools, and religious differentiation strengthens the competitiveness of Islamic schools. In particular, the 7 Sunnah Program is understood as a structured and sustainable practice of daily worship that shapes religious character, discipline, and school culture. However, many studies still position religious programs as activities or symbolic images, and have yet to assert them as strategic capabilities that operate through specific social mechanisms (e.g., trust) to produce lasting advantages (Nurlina et al., 2023; Iswati & Hidayat, 2023; Supiandi, 2020).

In strategic management, the Resource-Based View (RBV) explains that sustainable excellence arises from valuable resources and capabilities that are difficult to replicate (J. B. Barney, 1991; Peteraf, 1993). This logic can be adapted to educational institutions by emphasizing intangible resources such as leadership, culture, reputation, networking, and spiritual capital (Wajdi & Rahman, 2024). In Muhammadiyah schools, these internal capabilities interact with the organizational ecosystem, especially the support of the Muhammadiyah Regional Executive (PDM) as a source of institutional legitimacy and consistency with the values of Muhammadiyah educational charities. However, there are integration gaps: (1) leadership studies and religious program studies tend to be separate and

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are not yet woven together as a package of strategic capabilities; (2) the contribution of PDM support to trust and school strategic outcomes is still rarely tested (Sabri, 2023); and (3) trust is often seen as important but has not been widely positioned as a mediating variable that explains the causal mechanisms through which value-based leadership, the 7 Sunnah Program, and organizational support result in sustained competitive advantage (Bryk & Schneider, 2002; Fanani, 2023).

Based on these gaps, this article offers conceptual–mechanistic novelty by placing public trust as a “conversion axis” that explains how value-based (transformational–spiritual) leadership, the 7 Sunnah Program as a culture-forming strategic routine, and PDM support as organizational capital translate into sustained competitive advantage through external legitimacy (Bass & Avolio, 1994; Fry, 2003, 2008; Supiandi, 2020; Sabri, 2023; Putnam, 2000; Bryk & Schneider, 2002). Within the framework of RBV/SCA, spiritual capital and value-based capabilities can be a source of sustainable excellence when they are appropriately organized and generate stable public support (Barney, 1991; Peteraf, 1993; Wajdi & Rahman, 2024).

In line with these novelties, the research problems were formulated as follows: how does school principal leadership based on transformational–spiritual integration (ITSL) (X_1), the 7 Sunnah Program as a strategic capability (X_2), and PDM support as organizational capital (X_3) affect public trust (Y) and schools’ sustained competitive advantage (Z)? To what extent does public trust mediate the influence of these three variables on sustained competitive advantage? Using SEM-PLS, this study tested the direct influence of X_1 – X_3 on Z , the influence of X_1 – X_3 on Y , the influence of Y on Z , and the indirect influence of X_1 – X_3 on Z through Y (Bryk & Schneider, 2002; Fanani, 2023; Sabri, 2023; Supiandi, 2020).

The purpose of this research is to develop and test an integrative model of Muhammadiyah school transformation that explains the influence of ITSL, the 7 Sunnah Program, and PDM support on sustained competitive advantage, with public trust as a mediation mechanism that connects internal capabilities and external legitimacy. Theoretically, it contributes to the development of strategic management and Islamic education literature by introducing public trust as a mediating mechanism that converts value-based capabilities into sustained competitive advantage. Practically, the findings provide insights for school principals, Muhammadiyah organizational leaders, and policymakers in designing strategies to strengthen institutional competitiveness through value-based leadership, religious program institutionalization, and ecosystem synergy that fosters public trust.

RESEARCH METHODS

This study uses an explanatory quantitative approach to test the causal relationships between variables through hypothesis testing. The analysis was performed with SEM-PLS because it is suitable for testing models with multiple latent constructs and for estimating direct and indirect (mediating) effects simultaneously (Ghozali & Latan, 2020; Hair et al., 2021). Limited interviews with key informants (principals) were used as confirmation to reinforce the interpretation of the quantitative findings.

The research was conducted at Muhammadiyah Tobaoli High School, South Bangka Regency, Bangka Belitung Islands Province, Indonesia. The research population includes internal and external stakeholders of the school, namely teachers and education staff, grade XII

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students, external communities (parents/guardians, alumni, community leaders), as well as elements of the Muhammadiyah organization related to AUM education (PDM and related elements). The questionnaire initially collected 436 responses, which were then filtered (based on completeness and consistency of answers) so that 370 responses were suitable for analysis. The composition of the respondents included teachers/education staff (52), grade XII students (145), external community members (120), and elements of the Muhammadiyah organization (53). Respondents were obtained through a combination of total sampling (for teacher and education staff groups), proportionate random sampling (for student groups according to proportions), and purposive sampling (for external community groups and organizational elements) in accordance with the characteristics and objectives of the study.

Variables and measurements. The research model consists of school principal leadership based on transformational–spiritual integration (ITSL) (X_1), the Superior Program of 7 Sunnah as a strategic capability (X_2), PDM support as organizational capital (X_3), community trust (Y), and the school's sustained competitive advantage (Z). Each construct is measured using statement items on a Likert scale of 1–5. The operationalization of the 7 Sunnah Program refers to the concept of structured habituation and school culture (Supiandi, 2020); public trust refers to the dimensions of ability–benevolence–integrity (Mayer et al., 1995) and to trust in educational institutions (Bryk & Schneider, 2002); while SCA refers to the RBV/SCA principles (Barney, 1991; Peteraf, 1993).

Key data were collected using questionnaires distributed offline and online. The instrument was reviewed through content validation by experts to ensure the conformity of indicators with the constructs, then tested on a limited basis to ensure item clarity and measurement consistency. After data collection, responses were checked for completeness, responses that did not meet the criteria were filtered out, and the data were coded for statistical analysis. All data processing and analysis were carried out using SmartPLS version 4. The software was used to generate descriptive statistics and to test the SEM-PLS model, including the evaluation of measurement models (outer model), structural models (inner model), and tests of path significance through bootstrapping procedures. Interview data were used as confirmatory material to strengthen the explanation of the quantitative results.

The analysis began with descriptive statistics of respondents and variables. The next stage was SEM-PLS analysis, which included the evaluation of measurement models and structural models. Convergent validity was assessed through outer loadings (≥ 0.70) and AVE (≥ 0.50) (Ghozali & Latan, 2020; Hair et al., 2021). Construct reliability was assessed through Composite Reliability (≥ 0.70) and Cronbach's Alpha (≥ 0.70). Discriminant validity was evaluated primarily through the Heterotrait–Monotrait Ratio of Correlations (HTMT) (≤ 0.90). The strength of the structural model was evaluated using R^2 and effect size f^2 , while the significance of the paths was tested by bootstrapping 5,000 subsamples at a significance level of 5% ($p \leq 0.05$). The mediation test was determined based on the significance of indirect effects and the pattern of direct–indirect influences in accordance with mediation analysis recommendations in SEM (Hair et al., 2021).

RESULTS AND DISCUSSION

Descriptive statistics: early signals of the strength of value-based assets

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Descriptive statistical results (n = 370) showed that all variables had a high response tendency, with an average value above 4.00 (scale 1–5) and a relatively homogeneous response distribution (SD < 0.60). Scientifically, this pattern indicates that the transformation of SMA Muhammadiyah Tobaoli is strongly perceived to be supported by intangible assets (value-based leadership, institutionalized religious routines, and support of the organizational ecosystem) which then becomes the foundation of the school's reputation and social legitimacy. These findings are in line with the MPI paradigm which emphasizes the orientation of monotheism-trust-worship as the basis for governance and service quality, not just a technocratic achievement. Statistical details of the variables are presented in Table 1. (Stuart Stuart, 2024; Qurtubi, 2025)

Table 1. Descriptive statistics of research variables (n = 370)

Variable	Red	Standard Deviation
Principal's Leadership (X ₁)	4,54	0,54
7 Sunnah Featured Programs (X ₂)	4,56	0,52
PDM Support (X ₃)	4,36	0,58
Community Trust (Y)	4,41	0,56
School Competitive Advantage (Z)	4,46	0,55

Source: Primary data (n = 370), processed by the author, 2025.

Evaluation of measurement models: proof of valid and reliable instruments

The measurement model shows a strong quality so that the results of causal relationships are interpretable. The entire construct meets high reliability (*Cronbach's Alpha* 0.940–0.968; *composite reliability* 0.949–0.972), as well as adequate convergent validity (*AVE* 0.651–0.774). Scientifically, this means that the indicators that measure leadership, the 7 Sunnah program, PDM support, trust, and SCA represent constructs consistently and not the result of random responses. A summary of reliability and AVE is presented in Table 2.

Table 2. Construct reliability and convergent validity

Construct	Cronbach Alpha	Rho_A	Composite Reliability	AVE
X ₁	0,956	0,958	0,962	0,715
X ₂	0,940	0,941	0,949	0,651
X ₃	0,967	0,967	0,971	0,769
Y	0,960	0,962	0,965	0,736
Z	0,968	0,968	0,972	0,774

Source: *SmartPLS 4 (Construct Reliability and Validity) output, primary data processed by the author, 2025*

Furthermore, the discriminant validity was tested with HTMT to ensure that the two different constructs were indeed completely different (not excessively "overlapping"), and the

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test results were met with the value of the entire construct pair < 0.90 . The high but still safe HTMT value between *trust* and SCA (0.897) shows that the relationship between the two is very close, this is in accordance with social capital theory but still different constructs, so that the trust mediation test is valid (Putnam, 2000; Bryk & Schneider, 2002). The HTMT results are presented in Table 3.

Table 3. Discriminative validity (HTMT)

	X₁	X₂	X₃	Y	Z
X₁	–				
X₂	0,713	–			
X₃	0,695	0,773	–		
Y	0,674	0,756	0,778	–	
Z	0,699	0,786	0,806	0,897	–

Source: SmartPLS 4 (HTMT) output, primary data processed by the author, 2025.

Evaluation of structural models: explanatory power and predictability

Structural models have a strong descriptive power. The variation in public confidence (Y) is explained by X₁–X₃ of $R^2 = 0.605$, while the variation in continuous competitive advantage (Z) is explained by X₁–X₃ and Y of $R^2 = 0.775$ (Table 4). These findings suggest that trust and SCA in value-based schools are not "vague" phenomena, but can be explained substantially by a combination of internal capabilities and organizational capital.

Table 4. R-square and Q² endogenous constructs

Endogenous Variable	R²	R² Adjusted	Q²
Y – Public Trust	0,605	0,602	0,405
Z – Competitive Advantage	0,775	0,773	0,581

Source: SmartPLS 4 output (R-square and Q-square/predictive relevance), primary data processed by the author, 2025.

The value of R^2 in the endogenous construct indicates that the model has substantive explanatory power. The proportion of variation in public trust (Y) explained by value-based leadership (X₁), Program 7 Sunnah (X₂), and PDM support (X₃) indicates that trust in Muhammadiyah schools is formed through consistent institutional signals—including leadership quality, institutionalized religious routines, and structural legitimacy of the organizational ecosystem—not just momentary perceptions (Mayer et al., 1995; Bryk & Schneider, 2002; Putnam, 2000). The R^2 value of higher sustainable competitive advantage (Z) confirms that the competitiveness of value-based schools can be understood through the logic of resource bundling: internal capabilities and ecosystem support reinforce each other through relational mechanisms (trust) thus forming a stable reputation, loyalty, and public support. In terms of predictability, a positive Q^2 value indicates that the model has predictive relevance, i.e. it is able to predict endogenous constructs better than models without predictors. In PLS-SEM,

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$Q^2 > 0$ is understood as an indication of adequate predictive ability, and a more comprehensive predictive evaluation can be referred to through the prediction assessment guidelines in PLS-SEM (Al As'adie Stuart O'Neill, 2024; J. Barney, 1991) (Geisser, 1975; Stone, 1974) (Hair et al., 2021; Shmueli et al., 2019)

Table 5. multicollinearity (VIF)

Path relationships	VIVID
$X_1 \rightarrow Y$	2,095
$X_1 \rightarrow Z$	2,170
$X_2 \rightarrow Y$	2,540
$X_2 \rightarrow Z$	2,794
$X_3 \rightarrow Y$	2,497
$X_3 \rightarrow Z$	2,972
$Y \rightarrow Z$	2,757

Source: SmartPLS 4 (Collinearity Statistics/VIF) output, primary data processed by the author, 2025.

The results of the collinearity test (VIF) in the safe range show that the contribution of each predictor to trust and competitive advantage can be interpreted more convincingly, because there is no indication of extreme redundancy between variables that has the potential to obscure the estimation of the path coefficient (Hair et al., 2021; Ghazali & Latan, 2020). These findings are important because value-based leadership, the 7 Sunnah Program, and organizational support can conceptually intersect; Moderate VIF implies that all three represent different but complementary dimensions: leadership as a motor of change (Bass & Avolio, 1994; Fry, 2003; 2008), the 7 Sunnah program as a strategic routine to form a culture of discipline and consistency of service (Supiandi, 2020), as well as PDM support as organizational capital that strengthens institutional legitimacy and support networks (Sabri, 2023). With controlled collinearity, the interpretation of direct and indirect effects in subsequent tests becomes more *robust* (Henseler et al., 2015; Hair et al., 2021).

Hypothesis testing: scientific findings and mechanistic explanations

Hypothesis testing was carried out through a bootstrapping procedure (5,000 subsamples) to assess the significance of the direct influence between variables at the level of 5%. The results of the direct path test (path coefficients) are presented in Table 6 below.

Table 6. Direct line test results (Bootstrapping, n = 370)

Path relationships	β	t	p
$X_1 \rightarrow Y$	0,182	3,077	0,002
$X_1 \rightarrow Z$	0,100	2,183	0,029
$X_2 \rightarrow Y$	0,285	4,123	0,000
$X_2 \rightarrow Z$	0,126	2,434	0,015
$X_3 \rightarrow Y$	0,391	5,220	0,000

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$X_3 \rightarrow Z$	0,276	4,138	0,000
$Y \rightarrow Z$	0,475	5,880	0,000

Source: SmartPLS 4 (Bootstrapping—Path Coefficients) output, primary data processed by the author, 2025.

Based on **Table 6**, all direct pathways tested showed a **positive and significant effect** ($p \leq 0.05$). Principal's leadership based on transformational–spiritual integration (X_1) increases **public trust** (Y) ($\beta = 0.182$) and contributes to **sustainable competitive advantage** (Z) ($\beta = 0.100$), in line with transformational and spiritual leadership theories that emphasize exemplary, inspiration, and value-based intrinsic motivation (Bass & Avolio, 1994; Fry, 2003; 2008; Reave, 2005) and evidence in Islamic schools that spiritual leadership strengthens morale and performance (Nurabadi et al., 2021). The 7 Sunnah Flagship Program (X_2) also had an effect on Y ($\beta = 0.285$) and Z ($\beta = 0.126$), confirming that institutionalized religious habituation works as a *strategic routine* for shaping discipline and service culture, not just a symbolic activity (Supiandi, 2020), and is consistent with findings about religious programs as a source of image/differentiation of Islamic schools (Nurlina et al., 2023; Iswati & Hidayat, 2023). PDM support (X_3) is the strongest predictor for Y ($\beta = 0.391$) and has a direct effect on Z ($\beta = 0.276$), which can be explained through its role as *organizational capital* that supports legitimacy, value consistency, and educational AUM support network (Sabri, 2023). Meanwhile, Y is the strongest determinant for Z ($\beta = 0.475$), in line with the theory of social capital and trust in schools that trust strengthens cohesion, community support, and stability of public choice so that excellence is more resistant to competition (Putnam, 2000; Bryk & Schneider, 2002). This coefficient pattern indicates trust as the main channel that converts internal capabilities and ecosystem support into reputation and sustainability of competitiveness, so that the next analysis examines the **role of Y mediation** in the relationship between X_1 – X_3 to Z .

Effect size (f^2) and mediation test: trust as a "conversion axis"

After the significance of the direct pathway was confirmed (Table 6), the analysis was continued to assess the amount of practical contribution of each pathway through the f^2 effect measure, as well as test the mechanism of mediating public trust (Y) through estimation of specific indirect effects. A summary of the effect size and the results of the mediation test is presented in Table 7, as follows.

Table 7. Effect size (f^2) and indirect influence (mediation)

Relationships/Pathways	f^2	β	p
A. Effect size (f^2)			
$X_1 \rightarrow Y$	0,036	–	–
$X_2 \rightarrow Y$	0,081	–	–
$X_3 \rightarrow Y$	0,145	–	–
$X_1 \rightarrow Z$	0,018	–	–
$X_2 \rightarrow Z$	0,026	–	–
$X_3 \rightarrow Z$	0,111	–	–
$Y \rightarrow Z$	0,397	–	–
B. Indirect influence (bootstrapping)			
$X_1 \rightarrow Y \rightarrow Z$	–	0,086	0,010
$X_2 \rightarrow Y \rightarrow Z$	–	0,135	0,001

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$X_3 \rightarrow Y \rightarrow Z$	–	0,186	0,001
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Source: SmartPLS 4 output (f^2 ; specific indirect effects), primary data ($n = 370$) processed by the author.

Based on Table 7A, the effect size interpretation follows the general thresholds of $f^2 = 0.02$ (small), 0.15 (medium), and 0.35 (large) (Cohen, 1988; Hair et al., 2021). The results show that the influence of $Y \rightarrow Z$ has a large effect size ($f^2 = 0.397$), so public trust is the most dominant factor in shaping the school’s sustained competitive advantage. In contrast, the direct influence of $X_1 \rightarrow Z$ is very small—close to small ($f^2 = 0.018$), $X_2 \rightarrow Z$ is relatively small ($f^2 = 0.026$), and $X_3 \rightarrow Z$ is also small ($f^2 = 0.111$). In the trust construct (Y), the contribution of $X_1 \rightarrow Y$ is relatively small ($f^2 = 0.036$), $X_2 \rightarrow Y$ is small ($f^2 = 0.081$), while $X_3 \rightarrow Y$ is in the near-medium range ($f^2 = 0.145$), indicating that PDM support has the strongest practical impact on increasing trust compared to the other predictors.

Furthermore, Table 7B shows that all indirect effects through Y are significant ($p \leq 0.05$), namely $X_1 \rightarrow Y \rightarrow Z$ ($\beta = 0.086$; $p = 0.010$), $X_2 \rightarrow Y \rightarrow Z$ ($\beta = 0.135$; $p = 0.001$), and $X_3 \rightarrow Y \rightarrow Z$ ($\beta = 0.186$; $p = 0.001$). These findings confirm that public trust serves as a conversion mechanism that translates value-based leadership, the strategic routine of the 7 Sunnahs, and the support of the organizational ecosystem into a sustained competitive advantage. Since the direct X_1 – $X_3 \rightarrow Z$ pathways remain significant (see Table 6), this pattern suggests partial-complementary mediation, meaning that trust strengthens (rather than replaces) the influence of internal capabilities and organizational capital in generating external legitimacy and stable public support.

Confirmation of the quantitative results was strengthened through interviews with school principals as supporting evidence. Substantively, the principal’s narrative emphasizes that the school transformation process does not occur through a single intervention, but through a bundle of capabilities built simultaneously: (i) strengthening value-based leadership (exemplary conduct, discipline, and consistency of direction), (ii) institutionalization of Program 7 Sunnah as a daily routine that shapes culture, and (iii) consolidation of Muhammadiyah organizational support (PDM) as a legitimacy and network strengthener. The principal also emphasized that public trust increases when schools demonstrate consistency in value practices in real services—e.g., regularity, discipline, open communication with parents, and prompt responses to student needs—so that public perceptions shift from “just a school” to a “reliable institution.” These qualitative findings are in line with the SEM-PLS results, which position Y as the most powerful pathway to Z, and explain mechanically why the influence of value-based variables becomes more “competitive” when converted into external legitimacy through trust.

Summary of Hypothesis Tests and Model Results

After evaluating the magnitude of influence (f^2) and testing the mediation mechanism (Table 7), the next stage summarizes the hypothesis testing decisions for all direct and indirect pathways proposed in the model. A summary of the main path coefficients, significance, and hypothesis acceptance status are presented in Table 8, as follows.

Table 8. Summary of Hypothesis Testing Results

Code	Hypothesis	Type	β	p	Verdict	Types of Mediation
H1	$X_1 \rightarrow Y$	Live	0,182	0,002	Accepted	–

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Hypothesis	Path	Type	Path Coefficient	t-value	Decision	Mediation Type
H2	$X_2 \rightarrow Y$	Live	0,285	<0.001	Accepted	–
H3	$X_3 \rightarrow Y$	Live	0,391	<0.001	Accepted	–
H4	$X_1 \rightarrow Z$	Live	0,100	0,029	Accepted	–
H5	$X_2 \rightarrow Z$	Live	0,126	0,015	Accepted	–
H6	$X_3 \rightarrow Z$	Live	0,276	<0.001	Accepted	–
H7	$Y \rightarrow Z$	Live	0,475	<0.001	Accepted	–
H8	$X_1 \rightarrow Y \rightarrow Z$	Indirect	0,086	0,010	Accepted	Partial-complementary
H9	$X_2 \rightarrow Y \rightarrow Z$	Indirect	0,135	0,001	Accepted	Partial-complementary
H10	$X_3 \rightarrow Y \rightarrow Z$	Indirect	0,186	0,001	Accepted	Partial-complementary

Source: SmartPLS 4 output (bootstrapping), primary data (n = 370) processed by the author.

Based on Table 8, all research hypotheses are supported ($p \leq 0.05$). The variables of value-based leadership (X_1), Program 7 Sunnah (X_2), and PDM support (X_3) were proven to increase public trust (Y), and Y further had a strong effect on sustainable competitive advantage (Z). In addition, the indirect influence of X_1 – X_3 on Z through Y is also significant, thus confirming the role of trust as a mediation mechanism. Because the direct path X_1 – $X_3 \rightarrow Z$ remains significant along with the mediation path, the mediation formed is partial-complementary, which means that trust strengthens the process of converting internal capabilities and organizational capital into external legitimacy and stable public support.

Overall, this study offers a conceptual-mechanistic novelty in the study of Muhammadiyah school transformation by showing that community trust *is* not just a social result, but a "conversion axis" that translates value-based capabilities and organizational ecosystems into sustainable competitive advantages. The novelty lies not only in the simultaneous testing of the influence of ITSL, the 7 Sunnah Program, and PDM support, but in the explanation of how the three *intangible* resources work causally: leadership strengthening, culture-forming strategic routines, and organizational capital of the organization to form *trust*; then *trust* turning it into external legitimacy and stable public support so that the school's competitiveness survives. The novelty model that emphasizes trust as the pivot of value-based capability conversion towards sustainable competitive advantage is presented in the following Figure 2.

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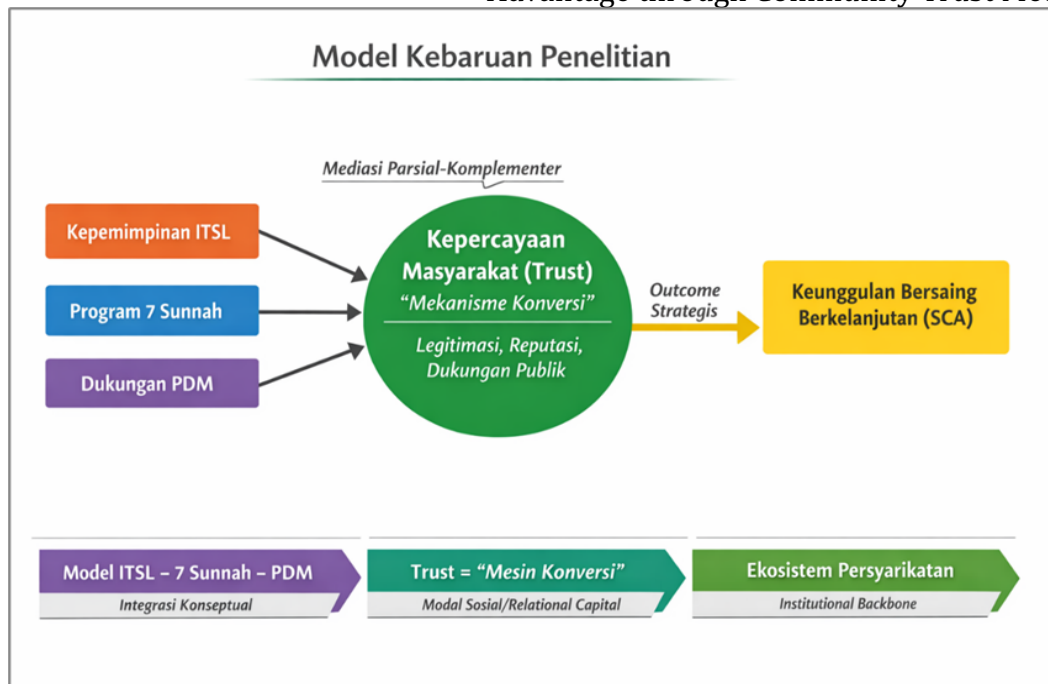


Figure 1. Research Novelty Model: Public Trust as a Conversion Mechanism Towards Sustainable Competitive Advantage

Source: Researcher's Analysis (2025)

CONCLUSION

This research aims to develop and test a Muhammadiyah school transformation model that explains how value-based leadership (ITSL), Program 7 Sunnah, and PDM support form a sustained competitive advantage with the mediation of public trust. The main findings show that all the proposed hypotheses are supported, namely: (1) ITSL, Program 7 Sunnah, and PDM support are determinants that positively shape public trust; (2) these three factors also contribute to sustained competitive advantage; (3) public trust is a key driver of competitive advantage; and (4) public trust acts as a mediation mechanism that converts the organization's value-based capabilities and organizational capital into external legitimacy and stable public support. Thus, the main novelty of this research confirms public trust as a "pivot of conversion" that bridges the school's intangible resources—value-based leadership, the strategic routine of the 7 Sunnahs, and the support of an organizational ecosystem—into a sustained competitive advantage. As a direction for further research, future studies can test the replication of this model in more Muhammadiyah schools across regions, add objective performance measures (e.g., enrolment trends, student retention, and service achievements), and use a longitudinal design to capture the dynamics of trust formation and the sustainability of competitiveness over time.

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