

# The Role of Pesantren in Economic Empowerment of the Ummah: A Qualitative Descriptive Study in Indonesia

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## Article Information:

Received Februari 30, 2025

Revised Maret 25, 2025

Accepted Maret 30, 2025

**Keywords:** *Pesantren, Economic Empowerment, Islamic Entrepreneurship, Maqashid Shariah, Business Incubation*

## Abstract

Pesantren, or Islamic boarding schools, hold strategic potential in advancing the economic empowerment of Muslim communities in Indonesia, particularly in rural and underserved regions. This study investigates how pesantren contribute to the economy of the ummah through institutional business practices, student entrepreneurship incubation, and community integration. Employing a qualitative descriptive approach, data were collected from three pesantren in Java through in-depth interviews, observations, and document analysis. The findings reveal three major themes: (1) pesantren serve as localized economic actors by managing small-scale agribusinesses and cooperatives, although most lack formal business structures; (2) some pesantren have developed business incubator programs to train santri in entrepreneurship, though these remain informal and unsupported by structured curricula; and (3) strategies to enhance pesantren's economic role include capacity building, stakeholder collaboration, digital transformation, and alignment with national policies. These findings are analyzed in light of Islamic economic principles, maqashid shariah, prophetic traditions, DSN MUI regulations, and scholarly perspectives on Islamic entrepreneurship. The study concludes that while pesantren have great potential as agents of economic empowerment, sustainable impact requires institutional reform, structured educational integration, and systemic policy support.

## How to cite:

Hakim, L., Zikrifah, A., Rahma Melati, T., Tresnawati, D., Karti, K., & Kresnapatty, D. (2025). The Role of Pesantren in Economic Empowerment of the Ummah: A Qualitative Descriptive Study in Indonesia . El-Kahfi | Journal of Islamic Economics, 6(01), 108-120. <https://doi.org/10.58958/elkahfi.v6i01.473>

## E-ISSN:

2722 – 6557

## Published by:

Manna wa Salwa College of Islamic Economics, Tanah Datar, West Sumatra, Indonesia

## INTRODUCTION

Economic inequality remains a critical issue in Indonesia, particularly among Muslim-majority rural communities. According to data from the Central Statistics Agency (BPS), as of 2023, more than 9.57% of the Indonesian population still lives below the poverty line, with a significant proportion residing in regions with limited access to education and economic infrastructure (BPS, 2023). This inequality is further exacerbated by limited access to productive economic resources and lack of entrepreneurship education among the Muslim populace. A study by Badan Wakaf Indonesia (2022) highlights that the utilization of Islamic social finance, such as zakat and waqf, remains suboptimal in reducing poverty due to fragmentation in distribution and lack of integration with sustainable economic models.

Pesantren, as one of the oldest and most widespread Islamic educational institutions in Indonesia, have traditionally played roles beyond religious instruction, including social leadership and community development (Azra, 2019). As of 2023, Indonesia is home to more than 28,000 pesantren, housing over 5 million students (Ministry of Religious Affairs, 2023). Many pesantren are located in rural and semi-urban areas—settings where economic stagnation and social vulnerability are prevalent. This geographic positioning places pesantren in a strategic position to drive grassroots economic transformation, particularly through the development of micro-enterprises and cooperative ventures (Rachman & Tidjani, 2024).

Several pesantren have pioneered innovative economic initiatives. For instance, Pesantren Al-Ittifaq in Bandung has successfully implemented agribusiness models that integrate students into production chains, marketing, and value-added processing. These models have proven effective in empowering local communities economically while maintaining Islamic values (Helin G. Yudawisastra et al., 2023). However, not all pesantren have been able to replicate such success. Many continue to face significant challenges in terms of business management knowledge, access to capital, digital literacy, and regulatory support (Mulyadi, 2021). These constraints limit their capacity to scale economic initiatives and sustain impact.

Research on pesantren economic empowerment is growing, yet most studies remain descriptive and lack critical examination of the structural and institutional barriers faced by pesantren. For example, studies by Makki (2020) and Harindiarsyah & Setiawan (2021) identify potential but fall short in analyzing how internal governance or external partnerships affect sustainability and scalability. Moreover, there is limited literature that comprehensively explores how pesantren combine their educational missions with entrepreneurship training and community empowerment in a consistent and institutionalized manner. This gap suggests the need for deeper qualitative inquiry into how these three domains—education, economy, and social welfare—are integrated in pesantren praxis.

The relevance of this study is underscored by the growing emphasis on Islamic economics and its potential to address socio-economic inequalities. According to the National Sharia Economic Masterplan (KNEKS, 2021), pesantren are identified as key actors in the halal value chain and Islamic microfinance ecosystem, particularly in rural settings. In line with this vision, several national programs such as “Santripreneur” and “Pesantrenpreneur” have been launched to promote entrepreneurship within Islamic boarding schools. Nevertheless, there is insufficient empirical evidence on the effectiveness

of such programs or the institutional readiness of pesantren to implement them sustainably (Asri, 2022).

The integration of pesantren into Indonesia's broader economic development agenda is not only a policy imperative but also a religious-social mission. Islamic economic principles emphasize justice, empowerment of the poor, and community-based development—values that align with the ethos of pesantren (Chapra, 2008). Yet, many pesantren leaders are still unfamiliar with financial literacy, business planning, or legal aspects of cooperatives and small enterprises. These limitations necessitate a comprehensive framework for capacity building and institutional transformation (Ahmad & Zaini, 2015). Preliminary observations conducted by the researchers in several pesantren across West Java and East Java reveal diverse economic activities ranging from goat farming and fishponds to student-run food stalls and online craft sales. However, these activities are often informal, unstructured, and reliant on ad hoc funding and voluntarism.

This condition raises the critical question: How can pesantren systematically and sustainably contribute to the economic empowerment of the ummah? What factors enable or constrain their role as economic actors beyond their educational mandate? Therefore, this study seeks to explore the current practices, challenges, and strategic potential of pesantren in promoting economic empowerment among Muslim communities in Indonesia. By employing a qualitative descriptive approach, this research aims to fill the gap in empirical understanding and contribute to the design of integrated pesantren-based economic empowerment models.

## METHODS

This study employed a qualitative descriptive research design aimed at exploring the economic empowerment role of pesantren within Muslim communities in Indonesia. The qualitative approach was chosen to allow an in-depth and contextual understanding of the initiatives, challenges, and strategies employed by pesantren in fostering economic development.

The research was conducted in three pesantren located in West Java and East Java, which were purposively selected based on the following criteria: (1) active involvement in community-based economic activities, (2) presence of student entrepreneurship programs, and (3) accessibility and willingness to participate in the research. These pesantren represent a variation in size, rural-urban setting, and institutional structure, providing a diverse basis for analysis.

Data collection was carried out through three primary techniques:

1. In-depth semi-structured interviews with key informants, including pesantren leaders (kyai), managers of pesantren-owned business units, selected students involved in entrepreneurship programs (santri), and local community members who collaborate with the pesantren.
2. Participant observation during site visits to pesantren-run businesses such as agriculture, livestock, cooperatives, and student market stalls.
3. Document analysis of pesantren economic reports, promotional materials, internal business plans, and regulatory documents relevant to pesantren entrepreneurship development.

The interviews were conducted face-to-face, recorded with consent, and transcribed verbatim for analysis. A total of 15 informants were involved across the three sites, ensuring triangulation of perspectives from both institutional and community actors.

Data were analyzed using the thematic analysis method following the framework of Miles and Huberman (1994), which involves:

1. Data reduction – organizing interview transcripts and field notes into meaningful codes;
2. Data display – grouping the codes into thematic categories using visual matrices;
3. Conclusion drawing and verification – identifying patterns and relationships between themes, and validating findings across data sources.

To ensure trustworthiness, this study applied several qualitative validity strategies:

- Triangulation across data sources and methods (interviews, observations, documents)
- Member checking by sharing findings with key informants for feedback and confirmation
- Peer debriefing with academic colleagues to review coding and interpretation
- Audit trail documentation for transparency and replication

Ethical clearance was obtained from the institutional ethics board, and informed consent was secured from all participants. Anonymity and confidentiality were maintained throughout the study.

This methodological approach enables a rich, contextualized, and grounded understanding of how pesantren operationalize their economic roles, how they integrate entrepreneurship with education, and how they interact with local communities in contributing to the broader economic welfare of the ummah.

## **RESULT AND DISCUSSION**

### **RESULT**

#### **The Role of Islamic Boarding Schools in the Economic Empowerment of the Ummah**

This study explored how pesantren perceive and implement their role in the economic empowerment of the ummah. One of the main research questions asked to informants was: "What kind of economic activities does your pesantren engage in to support the welfare of santri and the surrounding community?" This question aimed to uncover the actual economic practices embedded in the day-to-day operations of the pesantren.

Informants responded with a variety of answers, indicating that pesantren economic activities were centered around agriculture, livestock farming, and food production. For instance, a pesantren leader in Central Java stated: "We cultivate chili and rice not only to feed our santri but also to sell in the local market. It has become a routine business that sustains the pesantren's kitchen." Another key question presented to informants was: "To what extent does your pesantren involve students (santri) in these economic activities?" Responses revealed that many pesantren not only run economic programs for financial sustainability but also use them as practical learning spaces for students, although the level of involvement varies.

For example, one caretaker from an East Java pesantren explained: "Our students help in packaging food and delivering orders during weekends. It teaches them discipline and market skills. But we still don't have a structured business unit or formal supervision." This reflects the informal nature of many pesantren economic efforts. Additional questions included: "How are these economic programs organized and funded?" and "Is there a long-term vision or business plan for your pesantren economic activities?" Answers to these questions pointed to a general absence of long-term planning, with most programs relying on trial-and-error and donations.

Some pesantren leaders acknowledged the need for better business management. One informant admitted: "We operate out of habit and goodwill. We do not yet have a business roadmap or financial projections. We need support in that area." These remarks underline a gap between the vision of economic empowerment and the institutional capacity to achieve it. Observations conducted at the pesantren sites confirmed that while economic activities were present—such as farming areas, fish ponds, and student-run canteens—there was a lack of formal documentation, standard operating procedures, or business accountability mechanisms.

The research also examined how the surrounding communities view the economic role of pesantren. In response to the question "How has the pesantren contributed to your economic condition or opportunities?" one local vendor responded: "The pesantren buys vegetables from my farm regularly. It helps us survive, especially during hard times." While the findings show promising community integration, most pesantren have not yet institutionalized their economic contributions as part of a measurable impact model. The benefits remain anecdotal and undocumented. There is great potential, but also a clear need for planning and monitoring.

The table below summarizes the key responses from selected informants regarding various aspects of the pesantren's role in economic empowerment:

**Tabel 1. Informants' Responses on the Economic Role of Islamic Boarding Schools**

Aspect Asked	Sample Responses from Informants
<b>Types of Economic Activities</b>	<ul style="list-style-type: none"> <li>- Agriculture (rice, chili, vegetables)</li> <li>- Livestock (goats, catfish)</li> <li>- Food processing</li> </ul>
<b>Involvement of Santri</b>	<ul style="list-style-type: none"> <li>- Helping with harvesting and packaging</li> <li>- Managing food stalls on weekends</li> </ul>
<b>Organization and Management Structure</b>	<ul style="list-style-type: none"> <li>- Informal and non-documented</li> <li>- No business plan or clear financial structure</li> </ul>
<b>Source of Capital and Funding</b>	<ul style="list-style-type: none"> <li>- Community donations</li> <li>- Reinvested income</li> <li>- Zakat and waqf-based assistance</li> </ul>
<b>Community Perception of Pesantren's Economic Role</b>	<ul style="list-style-type: none"> <li>- Positive and supportive</li> <li>- Seen as a source of opportunity</li> <li>- Considered socially helpful</li> </ul>

The table above reflects a diverse yet fragmented landscape of economic activity within pesantren. The types of businesses show consistency with rural economic potential, particularly agriculture and food production. Santri involvement, while present, is informal and lacks systematic pedagogical structure. Most pesantren lack business governance and strategic planning, which could hinder sustainability and scalability. Community responses were positive, showing that pesantren are already perceived as contributors to local welfare. However, the overall model of economic empowerment remains underdeveloped and heavily dependent on traditional practices and informal systems rather than institutional entrepreneurship. These findings emphasize the importance of transforming informal economic efforts into structured, accountable, and visionary economic programs to truly position pesantren as engines of ummah economic empowerment.

#### **Islamic Boarding School Business Incubator Program**

One of the key aspects explored in this study was how pesantren function as incubators for entrepreneurship among santri (students). The guiding interview question was: "Does your pesantren provide specific training or programs to help santri develop

entrepreneurial skills or start businesses?” Informants from two pesantren described structured efforts to develop business incubator models for students. These efforts included basic entrepreneurship classes, mentoring from alumni entrepreneurs, and student involvement in managing small-scale businesses such as canteens, t-shirt printing, and digital marketing.

One teacher explained: “We have a business skills program every Friday. Santri learn how to make business plans and promote their products on social media. Some already sell their goods online.” This suggests that the concept of incubation is starting to take shape, although still in early stages. Another informant stated: “The pesantren helps students who are interested in business by connecting them with alumni who are already entrepreneurs. But we don’t yet have funding support or access to professional mentoring.” This points to the potential of alumni-based incubation, yet also highlights its limitations.

A question asked to santri was: “Have you received any hands-on training or mentoring in starting a business? If so, what kind of support did you receive?” A santri from West Java replied: “I learned to bake and sell cookies through the pesantren’s cooperative. It helped me build confidence and earn money during school.” Observations confirmed that students were directly involved in product creation, marketing, and bookkeeping for small pesantren businesses. However, there was a lack of formal curriculum integration or long-term entrepreneurial tracking after graduation.

When asked, “What are the main challenges in developing a structured business incubator within your pesantren?”, informants consistently cited three issues: lack of seed funding, insufficient staff capacity to mentor students, and absence of institutional support from the education system. One informant shared: “Our kyai supports entrepreneurship, but we need professionals to help us guide the students. Right now, it’s more trial-and-error. We want to grow, but we need a system.” This reflects the need for ecosystem-building and knowledge transfer. While enthusiasm was high, few pesantren had formal partnerships with external business incubators or Islamic microfinance institutions that could strengthen the sustainability of these efforts. The potential is evident, but the infrastructure is weak.

The table below presents a summary of the informants’ responses regarding the structure, impact, and challenges of pesantren-based business incubator programs:

**Tabel 2. Informants' Responses on Business Incubator Programs in Pesantren**

Aspect Asked	Sample Responses from Informants
<b>Type of Entrepreneurial Activities Offered</b>	<ul style="list-style-type: none"> <li>- Baking and selling snacks</li> <li>- Digital marketing projects</li> <li>- Printing and merchandise production</li> </ul>
<b>Program Structure and Delivery</b>	<ul style="list-style-type: none"> <li>- Weekly business workshops</li> <li>- Alumni mentoring</li> <li>- Informal coaching</li> </ul>
<b>Involvement of Santri in Business Incubation</b>	<ul style="list-style-type: none"> <li>- Product development, marketing, bookkeeping</li> <li>- Management of mini-markets and food stalls</li> </ul>
<b>Challenges Faced</b>	<ul style="list-style-type: none"> <li>- Lack of funding</li> <li>- Limited professional mentorship</li> <li>- Absence of formal institutional framework</li> </ul>
<b>Long-Term Vision and Sustainability</b>	<ul style="list-style-type: none"> <li>- Desire to formalize programs</li> <li>- Need for partnerships with microfinance and business incubation institutions</li> </ul>

The findings indicate that the concept of a business incubator within pesantren is emerging, particularly in innovative pesantren with visionary leadership. While entrepreneurial activities do exist and involve student participation, they are still conducted informally and without long-term strategy or systemic support.

Students benefit from early exposure to entrepreneurship, but most pesantren lack structured curricula, mentorship, and institutional integration to ensure sustainability beyond the pesantren environment. Moreover, access to funding and formal networks is a major barrier.

The table demonstrates that while the intentions and foundations for business incubation are present, what is needed now is capacity building, structured frameworks, and external collaboration with professional organizations or Islamic financial institutions to move from informal training to true incubation models that produce sustainable young entrepreneurs.

### **Strategies that Can Be Done to Optimize the Empowerment of Islamic Boarding Schools in Supporting the Economy of the People**

To understand the strategic steps needed to optimize pesantren-based economic empowerment, this study asked key informants the guiding question: “In your opinion, what strategies can be applied to improve the economic role of your pesantren?” This question aimed to elicit practical insights based on their lived experience. Most informants emphasized the importance of capacity building, particularly in the area of financial literacy, business management, and entrepreneurship education for both teachers and students. One leader shared: “Our pesantren needs structured training on how to manage business professionally, from budgeting to marketing.”

Another informant added: “We are religiously motivated, but that alone is not enough. To sustain business, we need to teach accounting, leadership, and planning—skills many of us don’t yet have.” This reflects a recognition of the gap between vision and managerial readiness. The study also included the question: “How important is collaboration with external institutions (government, private sector, NGOs) in supporting pesantren’s economic efforts?” Informants widely agreed that partnerships are critical for scaling up. For example, a pesantren had received equipment from a local CSR program and attributed its improved production capacity to that support.

An entrepreneurship mentor stated: “We need partners—not just donors but collaborators—who help us develop long-term models, not just give handouts.” This aligns with sustainable development models that advocate for empowerment over charity. Informants also emphasized the role of policy integration, particularly in aligning pesantren economic initiatives with broader national development frameworks like BUMDes, Islamic microfinance, and vocational education reforms. One local stakeholder stated: “If the Ministry of Religious Affairs and Ministry of Cooperatives align their agendas, pesantren will be in a better position to thrive.”

Another theme that emerged was the need for digital transformation. A teacher commented: “Marketing is key today. We want to sell our santri’s products online, but lack the know-how and infrastructure.” This points to the relevance of digital literacy and e-commerce training in pesantren. In response to the question: “What should the government or other institutions prioritize to help pesantren economically?”, informants suggested tax incentives for pesantren-run businesses, access to low-interest Islamic microfinance, and facilitation of halal certification for pesantren products. In sum, the strategies proposed by informants span across internal improvements (human resources,

mindset), institutional structuring (incubation, curriculum), and external support (policy, finance, partnerships).

These strategies are not isolated but interconnected. The table below summarizes these suggested strategies and the informants' responses across different pesantren:

**Tabel 3. Strategies for Optimizing Pesantren-Based Economic Empowerment**

Strategic Focus Area	Summary of Informants' Responses
<b>Capacity Building</b>	<ul style="list-style-type: none"> <li>- Financial and business training for staff and students</li> <li>- Entrepreneurial mindset development</li> </ul>
<b>Institutional Collaboration</b>	<ul style="list-style-type: none"> <li>- Partnerships with CSR programs, local government, Islamic banks</li> <li>- Alumni network engagement</li> </ul>
<b>Policy and Government Support</b>	<ul style="list-style-type: none"> <li>- Integration into national development programs</li> <li>- Tax relief and halal certification access</li> </ul>
<b>Digital Transformation</b>	<ul style="list-style-type: none"> <li>- Digital marketing training</li> <li>- E-commerce platform utilization</li> </ul>
<b>Curriculum Integration</b>	<ul style="list-style-type: none"> <li>- Embedding entrepreneurship into religious studies</li> <li>- Creating sustainable incubation models</li> </ul>

The table highlights that the optimization of pesantren's economic empowerment role requires a multi-dimensional strategy. Capacity building remains foundational—without trained human resources, even well-funded initiatives fail. Collaboration is essential to scale up and sustain programs, especially given the institutional limitations of many pesantren.

Policy alignment is another critical lever. Government recognition, regulatory support, and financial facilitation are required to elevate informal economic activity into formal, impactful programs. Finally, technology and curriculum integration are the keys to future-proofing the efforts.

These insights reflect a mature understanding among pesantren leaders and stakeholders of what is needed. However, moving from recommendation to realization requires structural commitment, stakeholder alignment, and long-term investment.

## DISCUSSION

### The Role of Islamic Boarding Schools in the Economic Empowerment of the Ummah

The findings of this study confirm that pesantren serve as critical institutions in the economic empowerment of the ummah, not only as centers of religious education but also as community economic actors. This dual role aligns closely with the maqashid shariah framework, which emphasizes the preservation of wealth (hifz al-mal) alongside the preservation of faith (hifz al-din) and community welfare (hifz al-nas). According to Al-Ghazali and later scholars, economic empowerment is integral to achieving social justice and preventing harm (darar) in society. The pesantren's engagement in agriculture, livestock, and small businesses reflects a practical manifestation of Islamic economic principles such as adl (justice), ihsan (benevolence), and ta'awun (mutual cooperation). This confirms Chapra's (2008) view that Islamic economics is not merely about profit maximization but about socio-economic equity and sustainable welfare, rooted in Islamic ethical values.



The absence of formal business planning and institutional management found in many pesantren reflects a common challenge in translating Islamic economic ideals into structured practice. This aligns with Ahmad and Zaini (2015), who noted that traditional pesantren often struggle with managerial capacity despite their strong ethical foundation. This gap highlights the need for capacity-building programs that integrate Islamic values with modern management practices.

The Qur'anic injunction in Surah Al-Baqarah (2:282) on maintaining clear and trustworthy business records underlines the importance of accountability in economic transactions, which many pesantren have yet to fully implement. This ethical imperative from the Qur'an supports the study's recommendation to strengthen pesantren business governance and financial management. The social role of pesantren in supporting their local communities resonates with the hadith of the Prophet Muhammad (peace be upon him): "The best of people are those who benefit others" (Sahih al-Jami', no. 3287). By buying local produce and involving community members in economic activities, pesantren operationalize this prophetic teaching, fostering social solidarity and shared prosperity.

Fatwas from the National Sharia Council of MUI (DSN-MUI) reinforce pesantren's economic activities by providing halal certification and endorsing sharia-compliant financial products such as qard al-hasan (benevolent loans). This regulatory framework offers pesantren opportunities to access ethical financing sources, which can alleviate the capital constraints noted in this study. The study's findings also correspond with Maqasid Al-Shariah's goal of preventing economic hardship (darar) by creating sustainable income-generating activities. Pesantren's economic endeavors thus contribute to poverty alleviation and economic independence, key objectives emphasized by scholars like Ibn Ashur and Al-Shatibi in their treatises on maqashid.

However, the lack of integration between pesantren economic programs and formal education curricula suggests a missed opportunity for developing entrepreneurship as a spiritual and practical discipline. This is in line with Rachman & Tidjani (2024), who argue that pesantren should institutionalize entrepreneurship education to produce graduates capable of contributing to the Islamic economy. The pesantren's economic role also exemplifies the Islamic economic concept of waqf as a social endowment, where profits from pesantren businesses are often reinvested for communal benefit rather than individual gain. This circular economy model supports sustainable development goals (SDGs) and is increasingly recognized in Islamic microfinance literature as a tool for social entrepreneurship (Kanasabih, 2024).

Finally, this study validates the critical role pesantren play as agents of social change in line with the Qur'anic principle of amar ma'ruf nahi munkar (commanding good and forbidding evil). By empowering the ummah economically, pesantren help realize maqashid shariah's higher objectives, integrating spiritual growth with socio-economic justice.

### **Islamic Boarding School Business Incubator Program**

The emergence of business incubator programs within pesantren reflects a contemporary trend in Islamic education that integrates economic empowerment with spiritual development. Such incubators embody the maqashid shariah goal of promoting maslahah (public interest) by equipping santri with practical skills for sustainable livelihoods (Hasanah & Nasution, 2020). These incubation initiatives align with the principle of ta'awun (mutual cooperation) and takaful (shared responsibility), which underpin modern Islamic microfinance and entrepreneurship models. According to Karim

et al. (2021), fostering entrepreneurship in pesantren through mentorship and training enhances not only individual capacity but also community resilience.

The study's findings that mentoring remains largely informal and dependent on alumni networks correspond with the challenges identified by Wahyuni and Prabowo (2022), who note that many Islamic educational institutions lack structured frameworks and formal partnerships for business incubation. This gap often limits scalability and sustainability. Digital entrepreneurship components within pesantren incubators are critical given Indonesia's rapid digital economy growth. The World Bank (2023) reports that over 70% of small and medium enterprises in Indonesia leverage digital platforms, suggesting pesantren must expand digital literacy to remain competitive and relevant.

The fatwa issued by DSN MUI on fintech-based sharia business models (DSN-MUI, 2021) provides a regulatory foundation for pesantren incubators to incorporate e-commerce and crowdfunding ethically. This regulatory clarity encourages pesantren to innovate within Islamic legal boundaries, supporting entrepreneurship without compromising sharia compliance. From the maqashid perspective, these incubators promote the hifz al-mal objective by safeguarding wealth through productive investment and ethical trade practices. As noted by Zuhri and Salim (2020), integrating ethical entrepreneurship education in Islamic institutions nurtures social entrepreneurs who balance profit with community welfare.

Furthermore, the inclusion of santri in real-world business management supports the educational philosophy of 'amal (practice), which is emphasized in Islamic pedagogy. As per Suryani et al. (2021), hands-on business experience during education fosters entrepreneurship mindset aligned with Islamic ethical values. The lack of formal curriculum integration observed in many pesantren incubator programs is consistent with findings from Rahman and Syamsuddin (2019), who argue that sustainable entrepreneurship education requires institutionalization in Islamic educational curricula to ensure knowledge continuity and accreditation.

The study highlights the critical need for capacity building not only in technical skills but also in sharia governance, including transparent financial management and compliance monitoring. Nurdin et al. (2022) emphasize that sharia governance mechanisms increase stakeholder trust and enhance access to Islamic finance instruments, which is vital for incubator success.

Finally, the entrepreneurial ecosystem concept presented by Ismail and Nur (2023) reinforces that pesantren incubators must foster collaborations across government, private sector, and Islamic finance institutions to optimize resource mobilization, mentorship, and market access, thus transitioning from informal support networks to integrated ecosystems.

### **Strategies to Optimize the Empowerment of Islamic Boarding Schools**

The strategies proposed by pesantren leaders and stakeholders in this study underscore the necessity of a holistic approach to economic empowerment, integrating capacity building, collaboration, and policy advocacy. This approach resonates with contemporary Islamic development theories that emphasize systemic transformation rather than isolated interventions (Hafidz & Fadilah, 2020). Capacity building in pesantren economic programs must extend beyond technical skills to include soft skills such as leadership, ethics, and critical thinking. Nurhayati and Fauzan (2021) argue that these competencies are essential for sustainable entrepreneurship and align with maqashid shariah's emphasis on human dignity (hifz al-nafs).

The call for strategic collaborations aligns with the stakeholder theory in Islamic finance, which advocates inclusive partnerships between educational institutions, government bodies, and private sectors to harness resources and expertise (Aminuddin et al., 2022). Such synergy is vital in overcoming resource limitations typical in pesantren environments. Recent policy developments in Indonesia have opened opportunities for pesantren integration into national economic frameworks, such as village-owned enterprises (BUMDes) and halal industry initiatives (Kementerian Desa PDTT, 2023). Leveraging these policies requires proactive pesantren leadership and advocacy skills.

Digital transformation emerged as a critical strategic area. The COVID-19 pandemic accelerated digital adoption, revealing the urgency for pesantren to develop digital competencies in marketing, finance, and management (Putri & Arifin, 2022). Such competencies are key to accessing broader markets and fostering innovation. The concept of wakaf produktif (productive endowment) presents a viable funding mechanism to support pesantren economic activities sustainably. According to Sari and Mulyana (2021), channeling wakaf funds into pesantren businesses can create continuous income streams aligned with Islamic philanthropy and social justice objectives.

Embedding entrepreneurship into pesantren curricula requires curriculum redesign and faculty development. Setiawan and Hidayat (2023) highlight that Islamic educational reform must integrate vocational and entrepreneurial education grounded in Islamic ethics to prepare students for socio-economic challenges. The respondents' emphasis on policy advocacy reflects a growing awareness that sustainable economic empowerment depends on an enabling environment. Sholihah et al. (2022) demonstrate that pesantren can play an influential role in shaping local economic policies through effective advocacy and networking. Human resource development strategies must also prioritize gender inclusivity, recognizing women's vital roles in pesantren economies. Research by Rahmi and Kurniawati (2020) indicates that empowering female santri entrepreneurs contributes significantly to household and community welfare.

Finally, these strategies collectively embody the maqashid syariah goals by promoting *maslahah* (public benefit), preventing *mafsadah* (harm), and facilitating *ijtihad* (innovative problem-solving) within pesantren economic empowerment, reinforcing pesantren as dynamic agents of social and economic transformation in the ummah.

## CONCLUSION

This study reveals that pesantren play a vital and multifaceted role in the economic empowerment of the ummah by integrating religious education with community-based economic initiatives. Despite their significant potential, many pesantren face challenges related to informal management structures, limited capacity, and lack of strategic partnerships, which hinder the scalability and sustainability of their economic activities. However, emerging business incubator programs demonstrate promising pathways for fostering entrepreneurship among santri, while collaborative strategies involving capacity building, policy alignment, and digital transformation are essential to optimize pesantren's economic contributions.

To fully realize this potential, pesantren must institutionalize economic empowerment within their educational and operational frameworks, supported by sustainable funding mechanisms and multi-stakeholder partnerships. Aligning these efforts with the principles of maqashid syariah ensures that pesantren not only advance economic welfare but also uphold Islamic ethical values, contributing to equitable, just, and resilient community

development. Future research should explore longitudinal impacts of pesantren economic programs and develop scalable models adaptable across diverse pesantren contexts.

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Dewi Tresnawati, Karti & Duva Krenapatty (2025)

**First publication right:**

El-kahfi: Journal Of Islamics Economics

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