

Challenges of Economic Empowerment on Pesantren (Especially Privately Owned Pesantren)

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ABSTRACT

Apart from being a place of study, pesantrens are centers of economic development because the intensity of interaction in Islamic boarding schools is greater than in general schools. However, it turns out that several pesantrens still need help to carry out economic development and have even stopped operating. One type of Islamic boarding school that is vulnerable is one owned by individuals. The research used a qualitative approach from a community service program. The research began with systematic literature review, further analysed using a qualitative approach at one of Medan's privately owned pesantrens. Data was collected using the 'Amid mechanism with interviews, which were then analysed using reduction techniques. Pesantrens need to pay attention to financial stability, regulatory compliance, and the preservation of Islamic values in education. Finding, that one of the causes is the low financial literacy of owners, so owners tend to separate the asset entity from the management. It is a challenge to improve the economy in pesantrens. On the other hand, pesantrens are required to be able to produce economic results either by producing products and services or collaborating with residents to improve the pesantren's economy.

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1. INTRODUCTION

Islamic Boarding School, also known as pesantren, play a crucial role in the education and development of Muslim students in Indonesia. Despite Pesantren's important role in the education and development of Muslim students in Indonesia, they face numerous challenges regarding economic empowerment (Saleh & Satriawan, 2020). One of the key challenges is financial management about the need for more access to financial resources and funding. Many pesantren need help to secure adequate funding to support their operational and educational needs, which hinders their ability to provide quality education and services to their students (Aldeia & Israpil, 2021; Wiska & Soeharto, 2020).

Additionally, managing financial resources within pesantren is often complex and requires specific expertise that may only sometimes be readily available. It can lead to financial mismanagement, inefficiencies, and a lack of transparency in financial operations, which further exacerbate the challenges faced by these institutions. Another challenge is the limited financial expertise and knowledge among pesantren leaders and administrators (Dalimunthe et al., 2020).

Furthermore, pesantren often operate in remote or economically disadvantaged areas, which can limit their access to potential donors, investors, and financial support. This geographical isolation can result in limited economic opportunities and resources for the pesantren, making it difficult for them to thrive and provide a conducive learning environment for their students (Badrudin & Lestari, 2019; Wagithunu, 2014).

In light of these challenges, addressing the financial management issues within Indonesian Pesantren is crucial for ensuring these institutions' sustainable development and empowerment. By addressing these challenges, pesantren can more effectively fulfil their role in the education and development of Muslim students, contribute to the community's overall growth, and foster a more prosperous future for Indonesia as a whole (Casmito et al., 2020; Hatta, 2022; Radjak & Hiola, 2020).

However, in 2021, the winning data shows that Pesantren have at least a large economic potential. According to the Ministry of Religion statistics, the largest number of Pesantren have economic potential in cooperatives, SMEs and Sharia economics, namely 1,845 Pesantren. Furthermore, as many as 1,479 Pesantren have potential in the agribusiness sector.

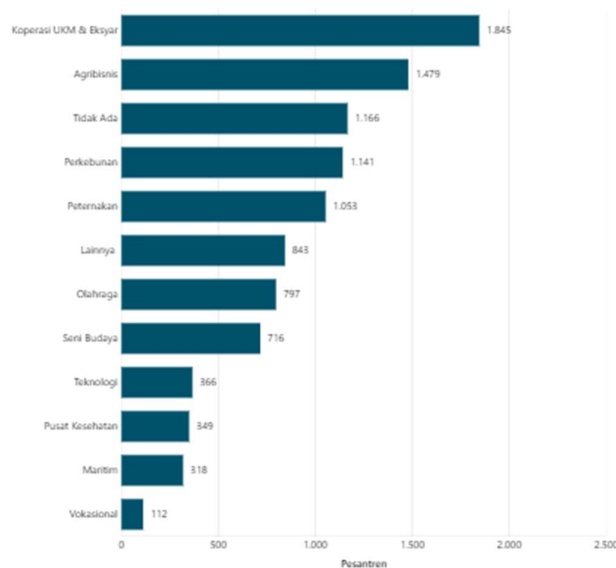


Figure 1 Economic Potential in Pesantren

Source: Kementerian Agama RI (2021) (Rizaty, 2021)

Regarding ownership, 2 types of Pesantrens are common in Indonesia: waqf-based Pesantrens and private ownership. In terms of governance, waqf-based Pesantrens are generally managed by foundations or waqf amil institutions, which are responsible for maintaining and using waqf assets per sharia provisions and the objectives of the wakif (endowment giver). Meanwhile, privately owned Pesantrens are usually managed by the owner or party responsible for establishing the

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Pesantren. Individuals or an appointed management board can carry out management (Wati et al., 2022).

Funding for waqf-based Pesantrens comes from donated waqf assets. So, Pesantrens' sustainability depends on managing waqf assets and the potential for additional waqf donations. Meanwhile, funding sources for privately owned Pesantrens can come from various sources, including donations, personal funds, or income from Pesantren activities. The owner will fully control the assets in privately owned Pesantrens, so they will need help to carry out economic development related to using Pesantren assets, such as building Koperasi.

Pesantren economic empowerment includes efforts to increase the community's economic independence, which often consists of santri (Pesantren students) and the surrounding community. This empowerment is carried out by developing the economic potential of Pesantrens, including human resources, assets and local economic initiatives. Several ways can be used to empower Pesantrens. Still, a good strategy can be implemented if you know what problems and challenges limit the development of Pesantrens' economic empowerment, especially privately owned ones.

Literature Review

Islamic boarding schools, also known as pesantrens, have been an integral part of the Indonesian education system for centuries. The literature study revealed several key findings about these schools, shedding light on their unique features and impact on students, highlighting their holistic approach to education, role in cultural preservation, and impact on community development (Abdul et al., 2023; Saleh & Satriawan, 2020).

One significant finding is the holistic approach to education in pesantrens. The literature emphasizes that these schools not only provide academic education but also focus on spiritual and character development. The strong emphasis on Islamic teachings and values creates a unique learning environment that shapes the students' holistic development (Ahsanuddin, 2023; Firman & Anam, 2021).

Furthermore, the literature study highlighted the role of pesantrens in preserving cultural and religious heritage. These schools serve as important centers for the transmission of Islamic knowledge, traditions, and practices from one generation to the next. This aspect of cultural preservation is particularly significant in the context of Indonesia's diverse society (Aziz et al., 2021; Sulistiyani et al., 2019).

Moreover, the literature revealed the positive impact of pesantrens on community development. Many pesantrens are deeply rooted in their local communities and play a vital role in providing social services and fostering community cohesion. The students often engage in community outreach programs, enhancing their sense of social responsibility and civic engagement (Afista & Abu Bakar, 2021; Machmud, 2020).

(Marliyah et al., 2024)

Economic Empowerment in Pesantren

Research into economic empowerment in communities especially in pesantren has revealed a complex array of factors that contribute to successful initiatives in this area. In addition to traditional economic measures like income and job creation, studies have pointed to the importance of social capital, access to education and skills training, and the presence of supportive policies and institutions. Moreover, it is essential to consider the role of gender dynamics within communities and

how they impact economic empowerment efforts. Understanding these interconnected elements is crucial for designing effective programs to promote economic empowerment in communities. The concept of economic empowerment in communities goes beyond just increasing income and employment opportunities. Social capital, which encompasses the networks and relationships within a community, plays a significant role in determining the success of economic initiatives. These networks can provide valuable support, knowledge sharing, and access to resources that are essential for economic growth at the community level (Bebbington & Perreault, 1999; Bowen, 2009; Zhou & Kaplanidou, 2018).

Access to education and skills training is another vital aspect of economic empowerment. It not only enhances individuals' capacity to secure better jobs but also contributes to overall community development. By investing in education and skill development, communities can create a more skilled and adaptable workforce, which is crucial for sustainable economic progress (Chawa et al., 2017).

Furthermore, the presence of supportive policies and institutions is crucial for fostering economic empowerment. These policies can range from financial incentives for businesses to regulations that protect workers' rights and ensure fair wages. Institutions such as community development organizations or local government agencies also play a key role in providing resources and guidance for economic empowerment initiatives (Seferiadis et al., 2015).

2. METHOD

The research used a qualitative approach from a community service program. The research began with a qualitative approach and a systematic literature review (Marliyah, Dharma, et al., 2023) approach to produce essential findings about all the challenges recorded regarding economic development in communities, especially in pesantrens. The population in this model is all articles published from 2012-2023; the research sample was determined using specific criteria, and full articles related to economic development in pesantren were obtained (Marliyah et al., 2024). The findings will be further analysed using a qualitative approach at one of Medan's privately owned pesantrens. Data was collected using the 'Amid mechanism (Marliyah, Yafiz, et al., 2023) with interviews, which were then analysed using reduction techniques (Bungin, 2022).

3. RESULTS AND DISCUSSION

Privately owned pesantrens in Indonesia need help managing their institutions. These problems include financial constraints, limited resources, and the need to comply with government regulations while maintaining their unique curriculum and values. Privately owned pesantrens often need help with financial constraints due to reliance on tuition fees and donations. The financial constraints impact their ability to invest in infrastructure, educational resources, and qualified staff. Limited resources also need to be improved in providing a well-rounded education and extracurricular activities for students.

Furthermore, compliance with government regulations, while important for accreditation and recognition, can sometimes clash with the unique Islamic curriculum and values that these schools aim to uphold. This delicate balance requires careful navigation to ensure that students receive a holistic education while meeting legal requirements.

Privately owned pesantrens in Indonesia also need help in maintaining a safe and conducive learning environment for their students. In addition to financial constraints, these schools must navigate the

complexities of ensuring the safety and well-being of their students within the boarding school setting. It involves addressing issues such as student discipline, mental health support and fostering a sense of community and belonging.

Moreover, the task of providing a well-rounded education that encompasses both Islamic studies and modern academic subjects requires a dedicated and skilled faculty. Securing and retaining qualified educators who understand the balance between traditional Islamic teachings and contemporary educational needs can be a significant challenge for these institutions.

Furthermore, as the socio-political landscape in Indonesia continues to evolve, privately owned pesantrens may face external pressures that influence their operations and autonomy. This can manifest in changes to educational policies, potential shifts in public perception, and the need to adapt to societal changes while staying true to their core values and mission. In addition, the socio-political landscape in Indonesia can also present challenges for privately owned pesantrens, as they may face scrutiny or changes in policies that can impact their operations. Overall, managing a privately owned pesantren in Indonesia is a multi-faceted endeavor that requires careful attention to financial stability, regulatory compliance, and the preservation of Islamic values in education.

Those challenges also as barriers to economic empowerment

The findings of the literature study on challenges of economic empowerment in Indonesian private pesantren reveal several key points:

- a. It is identified that financial constraints and limited resources are significant challenges faced by private pesantrens in Indonesia. Private pesantrens often need help with financial constraints and limited resources, which hinder their ability to provide quality education and support economic empowerment initiatives.
- b. The lack of access to modern technology and vocational training programs also poses a significant challenge for these institutions.
- c. The literature study highlights the importance of developing sustainable business models and establishing effective partnerships with government agencies and private organizations to address these challenges.
- d. It emphasizes the need for tailored financial literacy programs and entrepreneurship training to empower students and the school community to overcome economic barriers. The literature also delves into the socio-cultural factors that impact economic empowerment in private pesantrens in Indonesia. It discusses how traditional gender roles and societal expectations can limit opportunities for economic empowerment, especially for female students.
- e. The study uncovers the role of community support and collaboration in addressing economic challenges, highlighting the need for fostering strong relationships with local communities and businesses to create sustainable economic opportunities.

Another aspect brought to light is the significance of policy and regulation in shaping the economic landscape of private pesantrens. It elucidates how government policies and regulations can either facilitate or impede economic empowerment initiatives within these institutions, shedding light on the complex interplay between the regulatory environment and economic prosperity.

Moreover, the literature study delves into the unique approaches and success stories of certain private pesantrens that have not effectively overcome economic challenges through innovative

business models, community engagement, and strategic partnerships, which actually has potential for institutions striving to enhance economic empowerment.

In addition to identifying the challenges, the literature study also highlights the resilience and determination of private pesantrens in Indonesia to address economic obstacles and create pathways to economic empowerment for their students and communities.



Figure 1 Community Service in Pesantren Daarul Istiqlal Medan

Sumber: Data Diolah (2023)

The empirical findings obtained from the study literature were then confirmed by community service at one of the privately owned pesantren in Medan, Pesantren Daarul Istiqlal Medan. The service is carried out by providing financial literacy education for managers and conducting investigations into economic development challenges, especially at the pesantren Daarul Istiqlal in Medan. There are 4 economic development alternatives offered, namely:

- a. economic management.
- b. establishment of BUMP (pesantren-owned business entity).
- c. Koperasi Pesantren.
- d. management of government aid funds.

The strategies offered to enhance economic development are:

- a. producing goods and services in pesantrens by the academic community.
- b. distribution strategy integrated with economic improvement.
- c. collaborating with stakeholders to increase economic empowerment.
- d. collaboration with the surrounding community.
- e. management of ziswaf funds (zakat, infaq, alms, and waqf).

Based on the results of interviews with the administrators of the Pesantren Daarul Istiqlal Medan, several things are of important concern in the context of the economic development of the pesantren, including:

- a. Pesantren owners separate the asset entity from the management, making it difficult to develop business units within the pesantren, such as opening cooperatives and joint business units within the pesantren environment. Pesantren owners need to be the next object of community service. Due to indications of separation of these entities, there may be a lack of economic literacy; it is necessary to provide an understanding that management and students in pesantrens, if they are included in building the pesantren economy, will result in economic

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improvements for the pesantren. It is proven in pesantrens, where the main source of funds is waqf.

- b. The main mistake of pesantren owners is that regulatory literacy still needs to be improved. According to regulations, pesantrens should be in the form of foundations, so they should already understand the consequences of forming a foundation that separates their personal property into a general entity.
- c. Concrete steps are needed to develop superior products or services for pesantrens. pesantrens generally have adopted entrepreneurship subjects in learning and have good resilience in owning a business. However, the participation of other parties is needed to find products or services that are needed and have the potential to be developed, with the initial target consumers being the pesantren's academic community. One example of a product that can be developed is soap making. Capital needs and financial literacy must be trained well to support this process.
- d. Openness with the community around the pesantren is also important for pesantrens, especially in the context of economic development. The community can become reliable investors and consumers. It is a challenge and potential for pesantrens.

4. CONCLUSION

Apart from being a place of study, Islamic boarding schools are centers of economic development because the intensity of interaction in Islamic boarding schools is greater than in general schools. This potential was published by the Indonesian Ministry of Religion in 2021. Even though it has potential, it turns out that several Islamic boarding schools still need help to carry out economic development and have even stopped operating. One type of Islamic boarding school that is vulnerable is one owned by individuals. One of the causes is the low financial literacy of owners, so Islamic boarding school owners tend to separate the asset entity from the management. It is a challenge to improve the economy in Islamic boarding schools. On the other hand, Islamic boarding schools are required to be able to produce economic results either by producing products and services or collaborating with residents to improve the Islamic boarding school's economy.

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