

Economic Inclusion: A Study of the Economic Entities of Islamic Boarding Schools in Indonesia

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KEYWORDS ABSTRACT:

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Besides functioning as the oldest educational institution in Indonesia, Islamic boarding schools also have a role as cultural institutions and economic institutions to solve various economic problems of the community through economic inclusion. This research aims to examine the economic inclusion of Islamic boarding schools and its implications in Indonesian Islamic boarding schools. This research uses a descriptive qualitative method with a comparative study approach. Data collection techniques through observation, interviews, and document review. This research uses the theory of economic inclusion, pesantren economy, economic entities. Research results: 1. Economic inclusion of Sidogiri Pasuruan Islamic Boarding School in Indonesia is the opening of all economic access for the wider community, community and stakeholder involvement in making economic decisions, community empowerment, strengthening business networks, increasing partner cooperation both at home and abroad in improving the economy of the boarding school. 2. The implications of the economic inclusion of Sidogiri Islamic Boarding School are increased community economic growth, the realization of community income equality, the community gets access to the economic resources of the boarding school.

1. Introduction

Realizing the Vision of Golden Indonesia 2045 as a Sovereign, Advanced, and Sustainable Archipelago, the government through the Ministry of National Development Planning/National Development Planning Agency (Kementerian PPN/Bappenas) initiated inclusive economic development, namely, "Economic development that creates broad access and opportunities for all levels of society in an equitable manner, improves welfare, and reduces gaps between groups and regions.. (BAPPENAS, 2019) Expanding access and opportunity is one of the pillars of an inclusive economy through several strategies, one of which refers to Perpres no. 114 year 2020 The National Strategy for Financial Inclusion (SNKI) is an initiative launched by the Indonesian government to ensure that all levels of society have access to formal financial services. SNKI aims to increase financial inclusion which in turn can support economic growth, reduce poverty, and minimize social inequality.

The implementation of SNKI above has several positive impacts on the economic growth of the community, one of which is in the pesantren environment, namely with financial inclusion, boarding school can access various financing products such as micro loans, people's business credit (KUR), and sharia financing. This allows pesantren to develop their economic businesses such as cooperatives, agricultural businesses, and handicrafts, education With support from SNKI, these businesses can grow and develop, create new jobs and increase the income of pesantren and the surrounding community, especially the use of financial technology. (*fintech*) such as digital wallets and online banking services can facilitate financial transactions in boarding school. This encourages boarding school to develop economic activities that are sustainable and have a positive impact on the surrounding environment. The independent character of the boarding school can be seen from the business units managed by the boarding school. The

existence of these business units makes a significant contribution to the operations of the boarding school in maintaining its sustainability..(Maulida & Ali, 2023)

To support the government's strategy towards inclusive economic development, the government appointed pesantren as one of the advantages due to the large number of boarding school and boarding school alumni spread across Indonesia. Islamic boarding schools have long been an integral part of society, not only as centers of religious education, but also as important economic entities. boarding school have great potential to contribute to local and national economic development through various economic activities. The government hopes that economically independent boarding schools can implement economic inclusion so as to encourage economic growth and not only generate economic opportunities, but also ensure equitable access for all community members to economic opportunities. Through economic inclusion, boarding school enable all community members to participate in and benefit from the growth and development of the pesantren economy on the basis of equality regardless of different socio-economic backgrounds. (Hal Hill, Muhammad Ehsan Khan, and Juzhong Zhuang, 2012)

To realize economic inclusion, Benner dan Pastor proposes five important indicators: fair, participatory, growing, sustainable and stable.(Chriss Benner and Manuer Pastor, 2016) These five indicators will be used as a benchmark for researchers as a measure of boarding school economic inclusion. boarding school Sidogiri Pasuruan is an ideal type or model boarding school in East Java Province that implements economic inclusion by maximizing the potential of natural resources and human resources around the boarding school by relying on the internal strength of the pesantren in the formof kiai figures, boarding school administrators, and pesantren management to create an independent economy. The concept of economic inclusion means trying to ensure that the economy functions for everyone and that everyone who has money has the freedom and mobility to pursue every opportunity they want..(Krysovaty et al., 2023)

Thus, the presence of boarding school with a vision of inclusive economic development as a solution to empower the community's economy and also alleviate poverty..

2. Literature Review

Economic inclusion is an economic system in which all people have access to safe, secure and affordable financial products and services. It seeks to broaden the scope of access and recognition in the economic sphere.(Van Niekerk, 2015) Inclusive economics is an economic concept or system that seeks to improve people's well-being” and identifies five important characteristics: fair, participatory, growing, sustainable and stable. (Chriss Benner and Manuer Pastor, 2016) everyone can participate in and benefit from economic growth and development equitably, regardless of their socio- economic background.(Deas et al., 2021) Economic inclusion is an effort to provide economic services to low-income people and economically disadvantaged sections of society.(Ayush Kumar Patel, 2021)

In general, economic inclusion has the benefit of helping people design the economy properly. In addition, this economic inclusion also has benefits as an effort to equalize the economy, increase economic growth and increase public understanding of the economic system..(Hasdiana, 2018) Other benefits of economic inclusion can realize balance, as follows: aspects of receiving goods and services fairly, opening up opportunities for participation, equalizing and expanding access and equal value in the economy..(Shipton et al., 2021)

Boarding school has three main functions: first, as a center for the regeneration of religious thinkers. (*center of excellence*); Second, as an institution that produces human resources (*human resources*). Finally, as a community empowerment organization (*agent of development*). (Nadzir,

2015) A kiai must be democratic when leading a pesantren. This is important because the position of the group or organization, especially pesantren, is very important. The leader must see and place his team members as different individuals. Democratic leaders must be active, mobile, and purposeful. The transformational leadership aspect of providing support and attention to skill development or improvement is also an idea to improve management. (Tobing et al., 2024), especially in boarding school. For this reason, deliberation should be prioritized during the decision-making process, with every level and unit. However, a kiai sometimes also has an authoritarian leadership spirit. This is necessary when kiai are in difficult situations where they have to make immediate decisions. Because a leader's decision-making process can reflect his

character from a behavioral point of view. (Marhumah, 2015) Leaders pay attention to each individual's need to achieve and develop by acting as a coach or mentor. Followers are developed to sequentially higher levels of potential.

New learning opportunities are created along with a favorable climate for growth.(Bass et al., 2003) leader, which means the kyai must be a good example for the community. Thus, through this kind of action, it can encourage the community to trust the kyai's decisions and personality.(Wekke et al., 2018)

The discourse on the development of the economic concept of Islamic boarding schools, in its development, Islamic boarding schools not only function as educational institutions and da'wah centers, but have developed as an economic function. This economic function, as one of the approaches to social activities, is community development, which aims to improve the quality of life of the community by utilizing the resources available to the community and emphasizing the principle of social participation. (Edi Suharto, 2017) One of the strategies of kiai in building an independent boarding school is entrepreneurship, an entrepreneur must also have expertise and experience to achieve the desired goals.(Hidayatullah et al., 2024) The boarding school function is not only empowerment that gives authority to the weak. Empowerment is an educational process that aims to improve the quality of individuals, groups, or communities so that they are able to be empowered, have competitiveness, and live independently. Pesantren has enormous economic potential, which should be maximized to be used as an opportunity to empower the surrounding and surrounding communities. Every economic activity carried out by the community.(Fadhilah & Syamsuri, 2024) Economic Inclusion Development of Islamic Boarding Schools, The inclusive economy of Islamic boarding schools began in several periods, colored by socio-political movements that were very critical of the previous period. As a result, the discussion begins with the history of pesantrens struggling with the economy. The inclusive economy of Islamic boarding schools comes from many human minds throughout history, and the thought is that the inclusive economy of Islamic boarding schools is a way to gather human knowledge to solve economic problems. economic, financial, and technological inclusion literacy has a positive and significant influence on the performance of MSMEs and Islamic boarding schools.(Indah et al., 2023) Referring to the scheme, Islamic boarding schools as agents of economic development that improve welfare, reduce gaps between groups and regions, and provide broad access and opportunities for all levels of society. (Furajji et al., 2012) These models of boarding school economic development have significant benefits for both the boarding schools and the community. In addition, these models may differ due to various factors such as the different location, focus, and expertise of the boarding schools, the availability of human resources, different leadership and organizational visions, and finally, external factors..(Zaman & Ahmad, 2024) boarding schools can substantially improve children's academic performance and achievement, positively impacting children's health and mental well-being.. (Liu & Villa, 2020)

3. Methodology

This type of research is a type of descriptive qualitative research. descriptive research is always included in this research and individuals, groups, institutions, and societies are examples of social units that research seeks to characterize. (Lexy J. Moleong, 2004)

The location used in this research is Sidogiri Pasuruan Islamic Boarding School. The research was conducted at this boarding school due to several considerations, namely Sidogiri Islamic Boarding School is a large boarding school in East Java which has thousands of students and alumni and is a long-established boarding school. b. Both boarding schools have abundant resources supported by strong economic access, among which Sidogiri Islamic Boarding School is famous for its Basmalah business unit which has spread throughout Indonesia. Data is information needed to answer research questions. The information collected is descriptive in the form of writing or images. The information can be obtained through interviews, recording field observations, photographs, video recordings, personal documents, memos, and official documents. (Arikunto, 2006)

The data in this study are sorted into primary data and secondary data. The following are the data sources used in this research: Primary Sources, Data sources that can provide information in the

form of oral answers through interviews or in the context of this study are called informants. As for those who act as informants in this study are pesantren leaders, pesantren administrators, Secretary of the Sidogiri pesantren cooperative, surrounding communities who gain economic access. (Lexy J. Moleong, 2014)

Data collection in this study is through observation. The observation carried out in this study is by examining directly the process of economic inclusion and the impact on the community at Sidogiri Islamic Boarding School. (Sugiyono, 2017) Data processing in this study consists of: Data reduction, data presentation and conclusion drawing stages. (Miles, 2014)

4. Results and Discussion

Economic Inclusion of Sidogiri Islamic Boarding School, In Sidogiri, the governance policy for the development of economic inclusion is carried out separately from education but hand in hand. The tendency is different from the economic development paradigm which tends to be dynamic and in accordance with the reading of changes or market dynamics. The fact found in Sidogiri is that the structure is formalized in an institutional body that at first glance is very separate from the boarding school, which is in the form of a limited liability company called, PT Sidogiri Mitra Utama. This means that this institution is completely separate from the internal structural processes of the boarding school. In addition, another thing that must exist is the economic inclusion work team of the boarding school itself. Sidogiri Islamic Boarding School also plays a role in promoting economic inclusion, which is ensuring that all members of society, including those from economically weaker groups, have equal access to economic opportunities and resources needed to achieve economic prosperity. Economic inclusion at Sidogiri Islamic Boarding School not only includes religious learning, but also involves skills development and economic empowerment for students and the wider community. This is manifested in various economic activities at the boarding school, such as agriculture, handicrafts, and other micro-enterprises that involve the active participation of students and the community. In conclusion, we can analyze that the inclusive economy of Sidogiri Islamic Boarding School has successfully implemented participatory concepts, market transparency, and technology and information infrastructure to encourage economic inclusion in their environment. Through the establishment of production and marketing cooperatives, the use of electronic trading platforms, and information technology skills training for santri and the surrounding community. The participatory inclusive economy of Sidogiri Islamic Boarding School has succeeded in improving the standard of living and economic independence for all parties involved. The boarding school business entity owned by Sidogiri Islamic Boarding School has a very large contribution to the boarding school so that the boarding school does not only depend on community donations and waqf. In general, boarding schools depend on the community for their funding. boarding schools are educational institutions founded by kyai and are community-based because the source of funding comes from infaq, grants, and waqf from the community. Therefore, this business entity has a very large contribution to the pesantren, both for the construction of buildings and the procurement of other facilities and infrastructure.

The Economic empowerment program is aimed at institutions and communities around Sidogiri Islamic Boarding School. The program will eventually form a community that is able to advance its economy for a decent living.

Community economic empowerment by Sidogiri Islamic Boarding School is an effective and necessary way to reduce poverty. This empowerment can be done while preaching, in addition to welfare also aims to educate the community. Optimization of all resources owned by the Boarding School can create great strength in the economy if managed properly. In terms of assets, for example, Islamic Boarding Schools can utilize the vast land they have to grow crops. The labor of this farming activity can be in the form of students who are carried out alternately or can also employ the community around the Boarding School as farmers who manage the land. The harvest obtained can be sold to finance the operational activities of Sidogiri Islamic Boarding School.

In order to increase public and private confidence in the future and predictability of economic decision outcomes at the boarding school, Sidogiri boarding school takes various strategic steps. First of all, the boarding schools need to maintain transparency in their economic management and communicate openly with the public and the private sector about the various economic

activities they run. Second, the boarding schools need to strengthen their risk management and good governance systems to reduce potential losses and increase stakeholder trust. Third, boarding schools need to continuously improve the capacity and qualifications of staff in economic management and smart decision-making.

5. Conclusion

The economic inclusion of Sidogiri Islamic boarding schools can be seen from the basis for the formation of economic inclusion and indicators of economic inclusion, namely: fair, participatory, growing, sustainable, and stable which are detailed as follows: Economic inclusion based on fair indicators is the opening of all economic access for the wider community. Participatory indicators involve the community and stakeholders in making economic decisions. Economic growth can be seen from the community empowerment carried out by each pesantren through fostered villages, business training and community participation in marketing products through pesantren business units. Sidogiri Islamic Boarding School, which has business partners from alumni in the form of Baitul Mall Wat Tamwil Maslahah and Nusantara Integrated Joint Venture, makes the economy of Sidogiri Islamic Boarding School strong and stable.

The implication of the economic inclusion of Sidogiri Islamic Boarding School is that community economic growth increases through the development of community businesses around the boarding school, community and boarding school business partnerships, boarding school business assistance, and boarding school business programs through providing business capital and business training. Expansion of economic access is also an impact of economic inclusion in each boarding school through cooperatives and financial institutions that can be accessed by the community and the provision of economic facilities and entrepreneurial businesses intended for the community..

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