



## **Pesantren-Based Entrepreneurship Development: A Case Study of Sunan Drajat Islamic Boarding School in Enhancing Student Independence and Local Economic Growth**

**Volume 17 Issue 1  
(April 2026)**

e-ISSN 2716-5191

doi: [10.30997/jsh.v17i1.22806](https://doi.org/10.30997/jsh.v17i1.22806)

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### **ARTICLE INFO**

**Article history:**

Received: December 22, 2025

Revised version received: January 14, 2026

Accepted: April 13, 2026

Available online: April 20, 2026

**Keywords:**

Islamic boarding school entrepreneurship; economic empowerment; local economy; student independence.

**How to Cite:**

Ahwarumi, B., & Munir, A. S. (2026).

Pesantren-Based Entrepreneurship Development: A Case Study of Sunan Drajat Islamic Boarding School in Enhancing Student Independence and Local Economic Growth. *Jurnal Sosial Humaniora*, 17(1), 28–40.

<https://doi.org/10.30997/jsh.v17i1.22806>

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### **ABSTRACT**

This study aims to analyze the implementation of the entrepreneurship program at Sunan Drajat Islamic Boarding School and its impact on enhancing students' economic independence and local economic growth. Using a qualitative approach with a case study design, data were collected through in-depth interviews, field observations, and document analysis. The findings reveal that the pesantren's entrepreneurship program—covering service, industrial, retail, and technology sectors—has successfully improved students' technical, managerial, and digital skills. The integration of entrepreneurship education with Islamic values also strengthens students' ethical behavior and spiritual character in business practices. Moreover, pesantren business units contribute significantly to the local economy through job creation, collaboration with micro, small, and medium enterprises (MSMEs), and the strengthening of community-based value chains. However, several challenges remain, including limited capital, managerial literacy, and digital infrastructure. The study highlights the importance of strengthening external networks, alumni support, and digital transformation as key strategies for sustaining pesantren-based entrepreneurship. These findings are expected to serve as a reference for policymakers and pesantren administrators in developing sustainable Islamic value-based economic empowerment models.



## 1. Introduction

Pesantren, as Islamic educational institutions that have existed for centuries, play an important role in character building and religious education (Mujahid, 2021 ; Khan et al., 2021). However, amid modern economic challenges, Islamic boarding schools are increasingly expected to function as centers of economic empowerment for students and the surrounding community (Johari et al., 2023; Wahono et al., 2023) . One way to achieve this is by integrating entrepreneurship education into the pesantren curriculum (Supratno et al., 2020; Mulyana et al., 2025) . This trend has garnered significant attention because entrepreneurship not only helps students become economically independent but also has a positive impact on local economic development (Roqib, 2021; Auliyah et al., 2025) . Pesantren-based entrepreneurship programs have been proven to improve students' business management skills and strengthen the economic capacity of the surrounding community (Zaki, 2022) , as seen in the model implemented at the Sunan Drajat Islamic Boarding School, which has successfully empowered both students and the local community (Falach et al., 2023) .

The role of Islamic boarding schools in improving the economic independence of students has proven to be effective, especially with a practical skills-based approach that can be directly applied in business activities (Zaki, 2022; Auliyah et al., 2025) . Pesantren not only educates santri in religious knowledge but also provides entrepreneurship education that opens opportunities for santri to establish their own businesses (Saputra & Setyawan, 2023; Bashith et al., 2025). In this context, the development of pesantren-based entrepreneurship is expected to reduce the economic dependence of students and provide solutions to improve the local economy (Nurul et al., 2023). However, although some pesantren have developed entrepreneurship programs, there is still a significant gap between the entrepreneurship theory taught and its practical application. This is particularly evident in the challenges of sustainable business management and the development of broader business networks.

Previous studies have shown that pesantren (Islamic boarding schools) possess significant potential in driving Islamic value-based economic empowerment. These institutions not only serve as centers of religious education but also act as agents of social and economic transformation within their communities (Aulia & Wulandari, 2022; Yulivan, 2022; Mi'raj et al., 2023). However, there remains a paucity of studies that integrate spiritual dimensions with digitalization and external networking, despite the fact that the pesantren's spiritual values play a foundational role in fostering social awareness, tolerance, and multicultural competence, especially through Sufi teachings and universal human values (Mashuri et al., 2024; Islamy et al., 2024). Accordingly, this study seeks to address this gap by exploring a pesantren-based entrepreneurship model that not only fosters santri's self-reliance but also strengthens the local economic ecosystem in a sustainable manner.

The main problem underlying this research is the limited number of studies that comprehensively discuss the impact of pesantren-based entrepreneurship on the economic independence of santri and the local economy. Although previous studies have shown that pesantren have great potential in empowering santri economically, in-depth research on successful entrepreneurship models and their impact on community economic empowerment is still rare. Therefore, it is important to further explore how pesantren-based entrepreneurship models can strengthen the economic independence of santri while contributing to regional economic development, as demonstrated by several case studies from various pesantren in Indonesia (Murniati et al., 2022).

The main objective of this article is to identify and analyze how the entrepreneurship program implemented at the Sunan Drajat Islamic Boarding School can increase the economic independence of santri and contribute to the local economy. This study aims to provide insights

into the importance of Islamic boarding schools in economic empowerment and to examine the positive impact of Islamic boarding school-based entrepreneurship on community-based economic development. In addition, this article also aims to provide recommendations to Islamic boarding school administrators and policymakers in designing and implementing more effective and sustainable entrepreneurship programs.

Theoretically, this article is expected to enrich the development of social entrepreneurship theory, particularly that which focuses on religious education-based economic empowerment. Practically, the findings of this study can provide guidance for other Islamic boarding schools that wish to implement entrepreneurship programs, taking into account local potential and existing limitations. Therefore, this study not only contributes to the academic world but also offers practical benefits for the development of Islamic boarding school-based economies in Indonesia (Al-Hakim et al., 2025). The resulting model is expected to serve as an example that can be applied in other Islamic boarding schools in Indonesia that wish to develop entrepreneurship based on Islamic values.

The novelty of this study lies in its integrative approach to pesantren-based entrepreneurship, which goes beyond prior research that mainly focuses on economic outcomes or entrepreneurial skills separately. This study develops a holistic framework that links Islamic spiritual values, entrepreneurial capability, and local economic development within a single model. It conceptualizes pesantren entrepreneurship not merely as an economic activity, but as a value-driven transformation process that shapes students' technical competence, ethical behavior, and spiritual awareness. Furthermore, this research proposes a stage-based entrepreneurial model (start-up, stabilization, growth, and synergy) that is implemented through real business units and strengthened by collaboration with alumni and MSMEs. The inclusion of digital literacy as a key driver of sustainability in non-metropolitan pesantren contexts also represents an important contribution. By integrating these elements within the framework of Islamic Social Entrepreneurship and *maqashid al-shariah*, this study offers a contextual and practical model that helps bridge the gap between theory and real-world implementation.

## 2. Methods

This study uses a qualitative research approach with a case study design. The qualitative approach was chosen because it allows researchers to explore in-depth and contextual information about the phenomenon of pesantren-based entrepreneurship, which is difficult to explain quantitatively (John & Creswell, 2014). This approach provides flexibility in collecting detailed data, allowing researchers to gain a comprehensive understanding of the impact of pesantren entrepreneurship on the independence of santri (students) and the local economy (Suresman et al., 2025). Additionally, the case study design allows researchers to focus their attention on a specific case, namely the Sunan Drajat Islamic Boarding School, which is used as a representative example of the implementation of pesantren-based entrepreneurship (Yin, 2018).

The data sources in this study consist of primary and secondary data. Primary data was obtained through in-depth interviews with pesantren administrators, students involved in the entrepreneurship program, and members of the surrounding community affected by the pesantren's economic activities. These interviews were designed to capture direct perspectives on the implementation of the entrepreneurship program, the transformation experienced by the students, and the economic impact felt by the surrounding community (Yusuf et al., 2024). In addition to interviews, direct observations were conducted to observe ongoing entrepreneurial activities within the pesantren. Secondary data was obtained from relevant documents and

reports, such as pesantren annual reports, entrepreneurial policies, and related literature that supports an understanding of pesantren-based entrepreneurship (Zaki, 2022).

In terms of sampling techniques, this study used purposive sampling, which is a technique for selecting informants based on knowledge or experience relevant to the research topic (Pahwa et al., 2023). The informants selected included pesantren administrators, santri participating in entrepreneurship programs, and community members who interacted with pesantren business activities. The purposive sampling technique was chosen to ensure that the selected informants had accurate information and could provide in-depth insights in line with the research objectives. In addition, the sample size in this study was relatively small because it focused deeply on one Islamic boarding school, but it was representative enough to achieve a valid and comprehensive understanding (Auliyah et al., 2025).

Table 1 Number and characteristics of informants

No.	Informant Category	Code	Number	Key Characteristics	Selection Criteria	Role in Study
1	Pesantren Administrators & Managers	ADM	5	Senior-level management; responsible for program design, policy, and supervision	Minimum 2 years of managerial experience; directly involved in entrepreneurship program	2 Provide strategic and institutional perspectives on program implementation
2	Santri (Student Entrepreneurs)	STU	6	Actively involved in business units (service, retail, industry, technology); varying roles (production, marketing, finance)	Minimum 6–12 months participation in entrepreneurship activities	Provide experiential insights on skill development and independence
3	Community Members & MSME Partners	COM	4	Local suppliers, business partners, and community actors linked to pesantren economy	Direct economic interaction with pesantren (supplier, distributor, or collaborator)	Provide external perspectives on local economic impact and collaboration
Total Informants			15			

The data analysis procedure was conducted using thematic analysis, where the researchers identified the main themes that emerged from the interview and observation data (Peel & Queensland, 2020). This process began with data coding, followed by categorizing the data into relevant themes such as the influence of entrepreneurship on santri independence, its impact on the local economy, and the role of pesantren in community empowerment. After the main themes were identified, further analysis was conducted to explore the relationships between themes and interpret the findings within the framework of pesantren entrepreneurship theory. The results of this analysis are expected to provide a clear picture of the dynamics of pesantren-based entrepreneurship and its contribution to local economic development.

### 3. Results and Discussion

#### 3.1 Results

##### 3.1.1 Implementation of the Entrepreneurship Program at Sunan Drajat Islamic Boarding School

The entrepreneurship program at Sunan Drajat Islamic Boarding School is implemented through a diverse business ecosystem, covering the service, industrial, retail, and technology sectors. These business activities are not only additional activities, but are integrated with the educational process, making each business unit serve a dual function: as an economic entity and a practical learning laboratory for students. Through direct involvement in these units, students are introduced to real business processes, from front-line operations to basic managerial and financial management, which ultimately shape their mindset and entrepreneurial skills.

Table 1 Types of business units

Sector	Business Unit
Service	Sunan Drajat Restaurant, UD. Sunan Drajat Laundry, UD. Wali Songo Canteen, UD. Sunan Drajat Salon, Sunan Drajat Hall, Sunan Drajat Restaurant, Sunan Drajat Restaurant (Malaysia), Sunan Drajat Hotel, Internet Cafe, Cendra Wisata PT Madinah Mulia Group, Architectural Services and Construction, Training and Consulting, Islamic Da'wah Media (Persada Television), Radio Persada 97.2 FM.
Industry	PT. Persada Press, CV. AIDRAT, PT. SDL, Sunan Drajat Convection, Sunan Drajat Ship Factory, Sunan Drajat Noni Juice, Laying Hen Farm, PT. Samudra Sunan Drajat, Ahwarumi Fashion.
Retail	CV. Department Store Sunan Drajat, UD. Bookstore and Photocopy.
Technology	CV. Sunan Drajat Technology

Sumber: Perekonomian Sunan Drajat, 2025

Business units in the industrial sector include PT. Persada Press, CV. AIDRAT, PT. SDL, Sunan Drajat Convection, Sunan Drajat Shipyard, Sunan Drajat Noni Juice, Laying Hen Farm, PT. Samudra Sunan Drajat, and Ahwarumi Fashion. Students working in this sector learn production planning, quality standards, and process efficiency. They are involved in production operations, packaging, inventory management, and quality control. In the printing and garment manufacturing units, students learn about the publishing and clothing manufacturing processes, while in the poultry farm and juice production units, they learn about raw material management and production cost calculations. This sector strengthens technical skills, efficiency, and quality.

In the retail sector, business units such as CV. Department Store Sunan Drajat and UD. Bookstore and Photocopy serve the needs of students, teachers, and the surrounding community. Students working in this sector learn inventory management, cashier operations, merchandise display, and simple marketing. They also manage printing services and book sales. These activities develop competencies in retail management and the use of information systems for recording transactions and monitoring stock.

##### **Technology Sector:**

CV. Sunan Drajat Technology focuses on information technology-based services and solutions. Students in this sector develop digital skills, such as network management, device maintenance, and technical support. They are also involved in managing systems that support other business units, such as the Internet Cafe and hotel. This involvement strengthens digital

literacy and technical problem-solving skills, as well as the use of technology for business efficiency and expansion.

### ***Stages in the Pesantren Entrepreneurship Program***

Sunan Drajat Islamic Boarding School implements a structured entrepreneurship program in four main stages to develop students into successful santripreneurs. The stages are as follows:

#### **a. Start-Up Stage (Establishment)**

At this stage, students who wish to participate in the pesantren entrepreneurship program must first undergo a rigorous selection process. Selection criteria include a minimum of a high school education, commitment to pesantren values, and a willingness to learn and work hard. Pesantren prioritizes individuals who are highly dedicated to participating in this program. At this stage, students begin to engage in business activities and learn basic entrepreneurial skills.

#### **b. Stabilization Stage**

After passing the initial stage, students enter the stabilization phase, where they begin to develop better operational skills. At this stage, the pesantren introduces standard operating procedures (SOPs) that must be followed by each business unit. Students are also evaluated based on four main indicators: spirituality, loyalty, integrity, and professionalism. Each student is required to participate in a morning ritual called Pola Cahaya, an activity that combines entrepreneurship with religious teachings. This ritual helps prepare students mentally and spiritually before carrying out their business activities.

#### **c. Growth and Development Stage**

At this stage, the pesantren begins to expand the number and capacity of existing business units. In addition, the main focus shifts to human resource development. The pesantren provides regular training aimed at improving the managerial and entrepreneurial skills of the santri. This training not only covers technical business skills, but also character building and understanding of Islamic business ethics. This stage is important to prepare students to manage larger and more complex businesses.

#### **d. Real Business Synergy Stage**

In the final stage, the pesantren develops broader relationships with various external parties, including alumni and other stakeholders. Collaboration with alumni as producers, consumers, and distributors further strengthens the pesantren's business network. The pesantren also plans to establish a cooperative for alumni, which is expected to increase their contribution to the development of the pesantren's business. This strong network with various external parties helps strengthen the sustainability and economic impact of the pesantren in the community.

These four stages ensure that students not only learn entrepreneurial theory but also apply it directly in a context based on Islamic values. Through these structured stages, the pesantren guides students to become successful and ethical entrepreneurs who have a positive impact on the surrounding community.

### ***3.1.2 Impact on Student Independence***

The entrepreneurship program at Pondok Pesantren Sunan Drajat has been proven to strengthen students' entrepreneurial skills through practice-based learning in various pesantren business units. Direct involvement in the service, industrial, retail, and technology sectors allows students to understand the concrete business processes, from production and service to marketing. This experience enriches technical competencies such as simple financial

management, business planning, and cost control, while also shaping non-technical skills such as leadership, communication, and problem solving. The combination of direct learning, mentoring by senior students, and the integration of Islamic values makes skills development more comprehensive and independence-oriented.

Interview with a Student:

*A.K., a student who has worked at Sunan Drajat*

Restaurant stated:

*“Before getting involved in the restaurant, I didn’t know how to manage money or organize my time. Now, I can manage my income and organize my time better. I’ve even started thinking about opening my own business.”*

Experiences in facing real challenges, such as meeting customer demands, managing limited resources, or correcting production errors, train santri to be more confident and responsible. They begin to see entrepreneurship not as something difficult to achieve, but as an opportunity that can be managed with the right effort and skills. Internalizing the values of trustworthiness, honesty, and hard work also strengthens the students' maturity in viewing independence as the ability to make decisions and solve problems independently within the framework of Islamic ethics.

### **3.1.3 Impact on the Local Economy**

The entrepreneurship program at the Sunan Drajat Islamic Boarding School has a real economic impact on the surrounding community through job creation, strengthening the local economy, and the formation of mutually beneficial business networks. Various pesantren business units, such as department stores, restaurants, BMTs, livestock and fish farming, printing, garments, and workshops, not only absorb santri as full-time or part-time santripreneurs, but also employ local residents as employees, raw material suppliers, and distribution partners. These production and distribution activities create a multiplier effect, such as increased demand for local commodities (agricultural products, livestock, transportation services, and other production support materials), and encourage the growth of small businesses around Islamic boarding schools that supply the needs of these business units.

In addition, the existence of BMTs and sharia-based microfinance units facilitates access to capital for small businesses in rural areas, so that business development is not only centered in Islamic boarding schools, but also flows into the household economy in the surrounding area, strengthening the resilience and dynamics of the local economy as a whole.

Interview with Community Leaders:

S.R., a local business owner who collaborates with the pesantren, stated:

*“We are not only suppliers of raw materials, but also part of the pesantren’s extended family (alumni). This has opened up new business opportunities and expanded our market. We have even started receiving orders from outside the region.”*

### **3.1.4 Business Networks and External Collaboration**

Once the pesantren's internal capacity was stable, Pesantren Sunan Drajat focused on developing external networks to expand its socio-economic impact and support the sustainability of its businesses. This business network connects the pesantren's business units with students, alumni, and the community, creating mutually beneficial collaborations. According to Aarikka-Stenroos and Ritala (2017), after building internal capacity, entrepreneurship needs to expand its reach through external networks to increase economic

and social value. At Pesantren Sunan Drajat, this network integrates the pesantren with the local community, strengthening sustainability and creating social impact.

### Main Objectives of the Business Network

a. As a Magnet for Mutualistic Cooperation:

This network brings together various parties, students, alumni, and the community, in mutually beneficial collaborations, opening up new business opportunities.

b. Providing Business Education:

Students gain practical skills and theoretical knowledge in business, including management, marketing, and financial management, integrating religious values with entrepreneurship.

This collaboration aligns with Islamic teachings that emphasize mutual assistance in goodness, as stated in Qur'an 5:2.

*"Help one another in righteousness and piety, and do not help one another in sin and hostility. And fear Allah; indeed, Allah is severe in punishment."*

Pesantren Sunan Drajat not only develops entrepreneurship among students but also supports alumni as producers, consumers, and distributors. This creates mutually beneficial relationships with the surrounding community and opens up new business opportunities. This is in line with Islamic values of silaturahmi, which strengthens relationships and opens up economic opportunities. Alumni play an important role in the pesantren's business ecosystem as distributors, consumers, and producers. Pesantren Sunan Drajat strengthens long-term relationships with alumni through a mutually beneficial economic network and plans to form an alumni cooperative.

Gus Anas, the pesantren's Director, said:

*"We collaborate with alumni: they act as distributors, consumers, and producers. In the future, we plan to establish a cooperative for alumni."*

Sunan Drajat Islamic Boarding School continues to support alumni even after they graduate, helping to develop their businesses and market alumni products through the boarding school's network. Aditya, one of the alumni, said:

*"Even after we graduate, our businesses continue to be guided, and alumni products are marketed through the boarding school's economic network."*

This ongoing support shows that the relationship between the pesantren and its alumni is unbroken, supporting the growth of alumni businesses while strengthening the pesantren's business.

The business network established between Sunan Drajat Islamic Boarding School, students, alumni, and the surrounding community demonstrates the importance of external networks in developing the boarding school's business. The collaboration that has been established not only strengthens the pesantren's economy but also has a positive impact on the local economy and the sustainability of the pesantren's business in the future. By strengthening relationships with alumni as distributors, consumers, and producers, and establishing mutually beneficial partnerships, Sunan Drajat Islamic Boarding School has successfully created a sustainable and supportive entrepreneurial ecosystem.

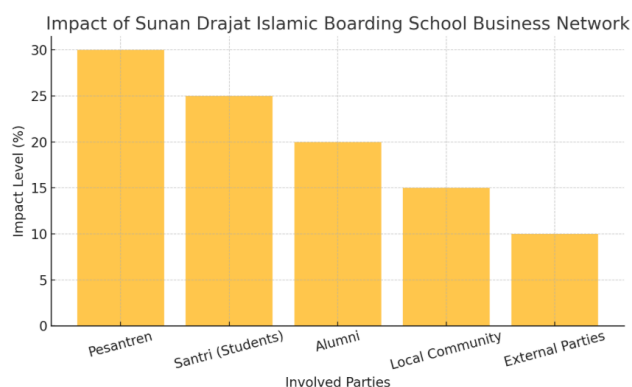


Figure 1 Impact of Sunan Drajat Islamic Boarding School business network

## 3.2 Discussion

### 3.2.1 Analysis of the Impact of Entrepreneurship on Student Independence

The entrepreneurial skills acquired by santri through various pesantren business units—in the service, industrial, retail, and technology sectors—have a direct impact on increasing their capacity to build and manage businesses independently. The involvement of santri, which reaches  $\pm 18$ – $22\%$  of the total active santri, indicates that the pesantren entrepreneurship program has a significant impact, involving the majority of the santri population, not just a small minority. The average involvement of santri in this program is 8–14 months, giving them enough time to develop their entrepreneurial skills in depth.

The development of entrepreneurial competencies recorded in this study, with entrepreneurial intention scores increasing from 3.2 to 4.4 and managerial competency scores increasing from 2.9 to 4.1, shows that the pesantren entrepreneurship program has succeeded in equipping santri with the skills necessary to enter the business world. In addition, approximately 70% of students have basic digital literacy, which is very important in preparing them to face the challenges of an increasingly digital business world. This reinforces the argument that Islamic boarding schools not only produce graduates who are skilled in technical aspects, but also in business management, preparing them to become self-employed and start their own businesses (Rahmati et al., 2023).

Normatively, the development of these skills is very much in line with the framework of Islamic entrepreneurship, which places productive work as a form of devotion and trust. The entrepreneurial literacy taught in Islamic boarding schools is not only aimed at achieving material prosperity, but also at achieving blessings and social welfare, which are at the core of Islamic entrepreneurship (Roqib, 2021). This ensures that the economic independence of students is not only financial, but also includes moral and spiritual responsibilities in line with Islamic principles.

### 3.2.2 Contribution of Pesantren Programs to the Local Economy

The pesantren entrepreneurship program makes a significant contribution to the local economy through job creation and strengthening the local value chain. Data shows that the combined turnover of 46 pesantren businesses grew by 10–14% per year, and 70–90 local workers were employed. In addition, around 40% of the food ingredients used by the restaurant units are sourced from local farmers, and  $\pm 30$  local MSMEs are regular suppliers, in addition to cooperation with 100 red and white cooperatives. This supports the concept of santripreneurship, which views pesantren not only as educational institutions but also as drivers of community-based economic empowerment (Yusuf et al., 2024).

It is important to note that the local multiplier effect generated by this pesantren entrepreneurship program strengthens the overall village economy. Pesantren function as centers of local economic activity, where community involvement in raw material supply, product distribution, and retail partnerships not only increases income but also creates sustainable economic opportunities for the surrounding community. This aligns with the idea of Alam et al., (2018) which emphasizes that Islamic-based institutions have great potential to improve welfare through ethical entrepreneurship that provides social benefits.

### ***3.2.3 Challenges in Developing Pesantren-Based Entrepreneurship***

Although pesantren entrepreneurship programs have positive impacts, there are several challenges faced in their implementation. Many Islamic boarding schools experience capital constraints and weak managerial literacy, and do not yet have a professional financial recording system (Johari et al., 2023) . Some students also enter business units without entrepreneurial experience, so they need more intensive coaching to achieve stable operational competence (Lateh et al., 2025) .

In addition, seniority-based promotion structures, which are often found in Islamic boarding schools, can hinder innovation and productivity, especially when business units are growing. This highlights the importance of strengthening organizational structures and professional assistance that can help Islamic boarding schools overcome these challenges (Jalil et al., 2023). Other challenges include limited market access, dependence on local suppliers that are not always stable, and a lack of modern managerial and marketing training. These obstacles underscore the importance of modernizing governance to ensure the sustainability and growth of pesantren businesses in the future.

Behind these challenges lie a number of strategic opportunities that can be leveraged to strengthen the pesantren entrepreneurship model. First, the digital economy opens up a large space for marketing pesantren products through online platforms and e-commerce, in line with the findings of (Johari et al., 2025) , which emphasizes the importance of technology in modern Islamic entrepreneurship. Second, the development of products based on local wisdom, such as culinary specialties, handicrafts, and agricultural products, can create high-value-added niche markets (Basir & Musa, 2022).

Additionally, external networks with the government, universities, Islamic financial institutions, and business incubators can be sources of more structured mentoring, research, and financing (Ahwarumi & al., 2018). Such collaboration is crucial for building a more competitive and modern entrepreneurial ecosystem that remains rooted in Islamic ethics. By capitalizing on these opportunities, Islamic boarding schools can enhance the competitiveness of their businesses and create a greater positive impact on society.

## **4. Conclusion**

This study concludes that the entrepreneurship program implemented at Sunan Drajat Islamic Boarding School has a significant impact on enhancing students' entrepreneurial competence and local economic development. The integration of business practice with Islamic education successfully fosters students' independence, managerial ability, and digital literacy while internalizing ethical and spiritual values in entrepreneurship. Furthermore, the pesantren's business ecosystem contributes to local economic empowerment through job creation, value chain strengthening, and collaboration with local MSMEs. These findings confirm that pesantren-based entrepreneurship serves not only as a tool for economic growth but also as a model for social and moral development rooted in Islamic principles.

However, several challenges remain, including limited access to capital, managerial capacity, and technological infrastructure. Therefore, strengthening external networks, digital transformation, and alumni collaboration is crucial for sustainability. The study recommends that policymakers and pesantren leaders design integrated entrepreneurship programs that combine practical skills, modern management, and Islamic ethics to build a resilient pesantren-based economic ecosystem.

## Acknowledgment

The authors would like to express their sincere gratitude to Sunan Drajat Islamic Boarding School, Lamongan, for providing access and valuable data that made this research possible. Appreciation is also extended to santri, alumni, and community members who participated in interviews and shared their experiences, as well as research collaborators and reviewers whose insights enriched this study.

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