

The Existence of Financial Independence Management in Modern Islamic Boarding Schools (Case Study of the Role of Charity Business in Supporting the Operations of Al Basyariyah Islamic Boarding School)

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ABSTRACT

Islamic boarding schools as Islamic educational institutions face major challenges in maintaining financial operational sustainability amidst dynamic social and economic changes. This study aims to analyze the management of financial independence at Al Basyariyah Islamic Boarding School with a focus on the role of charitable efforts in supporting the operational activities of the Islamic boarding school. The approach used in this study is a case study. Data collection was carried out through participant observation, in-depth interviews, and documentation. The results of the study indicate that the management of financial independence at Al Basyariyah Islamic Boarding School is carried out through six main stages: planning, organizing, implementing, controlling, identifying constraints, and compiling solutions. Each stage shows a structured process based on Islamic values and modern management principles. Important findings include the existence of a diversification system of business units that generate stable income, such as the production of bottled water, confectionery, bakery, and cooperatives. However, Islamic boarding schools also face challenges such as a lack of professional staff in the managerial field, limited market access, and challenges in human resource regeneration. This study concludes that institutional strengthening, sharia-based entrepreneurship training, and collaboration with alumni and the surrounding community are effective strategies in overcoming these obstacles.

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1. INTRODUCTION

Islamic boarding school education is an Islamic educational institution that has existed for centuries and has made a major contribution in shaping the character and morals of the Indonesian nation. As a non-formal religious-based educational institution, Islamic boarding schools are not only tasked with transferring Islamic knowledge, but also educating students to be able to live independently, responsibly, and contribute to community development. In the context of the national education system, Islamic boarding schools have received official recognition through Law Number 18 of 2019 concerning Islamic Boarding Schools, which emphasizes that Islamic boarding schools have educational, preaching, and community empowerment functions.

However, in practice, there are still many Islamic boarding schools in Indonesia that are dependent on government assistance or community donations. Based on data from the Ministry of Religion of the Republic of Indonesia (2023), of the approximately 39,894 officially registered Islamic boarding schools, only around 27% have independent business units that generate regular income. This condition shows that the majority of Islamic boarding schools still face challenges in terms of financial independence, especially in financing daily operations, building infrastructure, and developing curriculum and teaching staff.

Modern management theory proposed by George R. Terry in his book *Principles of Management* (1972) states that the management process consists of four main functions: planning, organizing, actuating, and controlling. These four processes must run synergistically in every organization, including religious-based educational institutions such as Islamic boarding schools. On the other hand, the concept of management from an Islamic perspective emphasizes the values of justice, responsibility (*amanah*), efficiency (*itqan*), and accountability (*mas'uliyah*), as explained by M. Syukri Salleh in *Management in Islam* (2002). The combination of modern management principles and Islamic values is an important foundation in building an effective and sustainable Islamic boarding school management system.

Al Basyariyah Islamic Boarding School is an example of a modern Islamic boarding school that has succeeded in building a financial independence system based on charity. This Islamic boarding school does not only rely on funding sources from the community or government, but also develops various business units such as bottled drinking water (MINNA), tea production (Halwa Tea), cake and bread factories (AlBakery), convection (Fazari), and student cooperatives. These business units are managed professionally with the principles of high efficiency and productivity, so that they are able to support the operational costs of the Islamic boarding school without reducing the quality of educational services.

However, this kind of success is still an exception amidst the conditions of most other Islamic boarding schools that do not yet have a strong financial management system. The gap between the ideal concept of Islamic boarding school financial management and the reality in the field shows the still weak managerial capacity, limited access to capital, low financial literacy of managers, and minimal policy support that encourages the economic transformation of Islamic boarding schools. In fact, there are still many Islamic boarding schools that manage business units conventionally, are not documented, and do not yet have a clear organizational structure.

The legal basis for strengthening the independence of Islamic boarding schools is actually available, including through Law No. 18 of 2019 concerning Islamic Boarding Schools, which in Articles 4 and 5 mandates strengthening the function of economic empowerment through business units. In addition, Presidential Regulation No. 82 of 2021 concerning Funding for the Implementation of Islamic Boarding Schools also stipulates that Islamic boarding schools can access funding sources from Islamic financial institutions, cooperation with the business world, and other forms of creative funding. This means that,

in terms of regulation, Islamic boarding schools have a legal basis to develop charitable efforts as a pillar of financial independence.

In this case, research on the financial independence management of Al Basyariyah Islamic Boarding School is relevant and significant to be conducted. This study aims to identify and analyze the practice of Islamic boarding school charity management in supporting the financial independence of the institution, as well as examining the challenges and solutions faced in the process. The main focus of the study is directed at the aspects of planning, organizing, implementing, supervising, obstacles, and problem solving in the management of Islamic boarding school business units.

Methodologically, this study uses a qualitative approach with a case study method, which allows researchers to gain an in-depth understanding of the dynamics of management in the field. Data collection techniques are carried out through in-depth interviews with Islamic boarding school leaders, business unit managers, teachers, and students; direct observation of business unit operations; and documentation of financial archives and reports on Islamic boarding school economic activities. This approach was chosen because it is able to reveal the management process as a whole in the social context and Islamic values inherent in Islamic boarding school institutions.

Theoretically, the results of this study are expected to contribute to the development of literature on Islamic boarding school management and Islamic economics. Practically, the findings of this study can be a reference for other Islamic boarding schools in building financial independence, as well as input for the government in formulating policies that are more responsive to the economic empowerment of Islamic educational institutions. This study also opens up a discussion space on the integration of sharia principles and modern management approaches in the management of community-based educational institutions.

Thus, this study not only presents an empirical picture of the success of charity management at the Al Basyariyah Islamic Boarding School, but also highlights the importance of revitalizing the economic governance of Islamic boarding schools in a more systemic and strategic manner. This study is part of an effort to strengthen Islamic boarding schools as independent, resilient, and competitive educational institutions in facing the challenges of the times.

2. METHODS

This study uses a case study approach. This approach was chosen because it explores the meaning, perception, and in-depth interpretation of the phenomenon of financial independence management in the Islamic boarding school environment, especially through the role of charitable efforts as the backbone of operational financing. In line with the opinion of Suharyanto H. Soro (2023) that the case study approach exploits phenomena, events, and social behavior that occur naturally, both single and multiple problems. In this context, researchers seek to understand how the management structure of Islamic boarding schools is formed, run, and interpreted by its managers.

The case study research approach was used to enable researchers to comprehensively understand the managerial practices at the Al Basyariyah Islamic Boarding School. According to Yin (2018), case studies provide an opportunity to explore in depth the social processes and dynamics that take place in an institution within a certain time and place. This study not only wants to know "what" the Islamic boarding school does, but also "how" and "why" the process is carried out. Therefore, the use of case studies is very relevant in order to reveal the management strategies of charitable efforts that support the financial independence of modern Islamic boarding schools.

This approach is also very relevant to explore the cultural and religious values inherent in the managerial decision-making process in Islamic boarding schools. As a traditional Islamic educational institution, Islamic boarding schools have unique structures and values, so that understanding their management cannot be separated from the socio-religious dimension. The qualitative approach is an important medium to bridge the concept of modern management with Islamic principles implemented in Islamic boarding school charitable efforts.

Through this approach, researchers can gain a rich and holistic contextual understanding of how Islamic boarding schools carry out management functions from planning to evaluation, including in facing external and internal challenges. The data collection process is also carried out flexibly and openly, providing space for informants to convey their experiences and views naturally.

This research is also directed to produce a substantive theory or grounded theory that can be used as a basis for developing a model of Islamic boarding school management based on charity efforts. In other words, this research is not only descriptive but also interpretative and explorative. The final result is expected to not only provide an overview of field practices, but also inspire sustainable and competitive Islamic education policies. Therefore, the combination of qualitative approaches and case study types is the main strength in this research, especially in connecting managerial, spiritual, and social aspects that are integrated in the practice of modern Islamic boarding school life.

The location of this research is the Al Basyariyah Islamic Boarding School located in Bandung Regency, West Java. This Islamic boarding school was selected purposively because it has shown success in implementing the principle of financial independence through various business units, such as student cooperatives, bakeries, convection businesses, bottled drinking water, and herbal tea production. According to Sugiyono (2019), the purposive sampling technique is used to select subjects who have characteristics relevant to the problem being studied. Al Basyariyah Islamic Boarding School is unique in terms of integration between Islamic values and modern management practices.

The data in this study are divided into two, namely primary data and secondary data. Primary data were obtained directly from sources through in-depth interviews, participatory observations, and documentation of activities. In-depth interviews were conducted with Islamic boarding school caretakers, business unit managers, teachers, students, and alumni. This technique was chosen to capture narratives of experiences, meanings, and strategies used in building and maintaining financial independence.

Secondary data were obtained from Islamic boarding school documents such as financial reports, organizational structures, meeting minutes, business unit proposal archives, and social media and brochures issued by the Islamic boarding school. In addition, secondary data also includes scientific literature in the form of books, journals, government regulations, and laws that are relevant to the management of Islamic boarding school education and financial institutions. The use of secondary data is very important in strengthening contextual analysis and as a comparison of primary data obtained from the field.

By combining these two types of data, researchers can construct comprehensive and triangulated knowledge. Triangulation between sources helps to increase the validity of findings, as suggested by Patton (2002), who states that in qualitative research, the combination of various data sources is a key strategy for obtaining credible and robust results.

The informants in this study were selected using purposive sampling techniques with certain criteria, namely those who are actively involved in the financial and operational management of Islamic boarding school charitable efforts. The main informants include Islamic boarding school caretakers, business unit managers, heads of financial administration, senior students involved in charitable efforts, and alumni who have built business networks with Islamic boarding schools.

The selection of informants aims to dig up in-depth and relevant information with the focus of the research. According to Creswell (2016), purposive sampling is used to select individuals who understand the phenomenon being studied and can provide substantively rich information. Informants are selected based on experience, strategic position, and active participation in the management process of charity efforts in Islamic boarding schools. The interaction between researchers and informants is carried out continuously and dialogically, creating a comfortable atmosphere so that the narrative of experiences and views of informants can flow naturally. This is important because in the context of Islamic boarding schools, social relations are greatly influenced by the hierarchy of knowledge and charismatic traditions inherent in the figure of the kiai or caregiver.

There are three main methods used in collecting data, namely participant observation, in-depth interviews, and documentation. Interviews are conducted in a semi-structured manner so that researchers can still follow the framework of the questions, but also provide space for informants to explain more deeply about relevant aspects. This method allows researchers to capture subjective meanings, spiritual values, and strategic considerations in managerial decision-making. Participatory observation is conducted by following routine activities in the Islamic boarding school charity environment, such as management meetings, production activities, distribution of goods, and interactions between students and managers. Through this observation, researchers can see firsthand the application of management principles in real practice. Observation also helps assess the alignment between informant statements and actual behavior in the field.

Documentation is used to obtain supporting administrative data, such as financial reports, organizational structures, business promotion brochures, and documents for submitting cooperation or assistance. This technique is important in strengthening findings and as a basis for verifying information provided verbally by informants. Data analysis was carried out through an interactive approach developed by Miles, Huberman, and Saldana (2014), which includes three stages: data reduction, data presentation, and drawing conclusions. Data reduction is carried out by sorting field data according to main themes such as planning, organizing, implementing, supervising, obstacles, and solutions. This process helps researchers simplify the complexity of the data obtained.

After being reduced, the data is presented in narrative, matrix, and category forms that facilitate understanding. This data presentation allows researchers to see patterns, relationships between variables, and dynamics that occur in the process of charity management. Furthermore, researchers draw conclusions and verify repeatedly, re-test the consistency of findings against field data, and confirm with informants. This analysis process is not carried out linearly but takes place cyclically and dynamically, along with data collection. Researchers interpret in depth, connecting empirical data with the framework of management theory, Islamic education, and the socio-economic context of Islamic boarding schools.

To ensure the validity of the data, four criteria from Lincoln and Guba (1985) were used, namely: credibility, transferability, dependability, and confirmability. Credibility is maintained through triangulation of sources and techniques, and member checks by reconfirming informant statements. Transferability is ensured by providing an in-depth contextual description so that the findings can be applied to similar contexts. Dependability is achieved by systematically documenting the entire research process so that it can be replicated by other researchers. Confirmability is maintained by ensuring that all data used comes from field findings, not from the researcher's assumptions or biases. This validity test is important in strengthening the scientific position of the research and maintaining objectivity.

This research was conducted by upholding ethical principles, including informed consent, anonymity, and academic integrity. Each informant was given an explanation of the purpose, process,

and benefits of the research, and had the right to stop their involvement at any time without consequence. The identities of the informants were kept confidential to protect the privacy rights and comfort of the informants. In addition, in this study there was no manipulation of data or information, and all findings were reported honestly according to field conditions. Researchers also avoided conflicts of interest and maintained neutrality in interpreting data. The application of ethical principles is the main foundation so that the results of this study can be accepted academically and be socially beneficial.

3. FINDINGS AND DISCUSSION

The implementation of financial independence management in Islamic boarding school-based educational institutions is a strategic approach that emphasizes the importance of integration between spiritual values and economic efficiency. In an institutional context, independence management includes a systematic process consisting of planning, organizing, implementing, controlling, identifying constraints, and formulating solutions. Each of these processes does not stand alone, but rather intertwines to create an adaptive, sustainable, and Islamic-value-based management system. Islamic boarding schools that successfully build this system are able to create independent sources of financing without relying entirely on external assistance, and are able to manage charitable efforts as an instrument for strengthening institutional economics.

Al Basyariyah Islamic Boarding School is a concrete example of the application of a financial independence management system in the context of modern Islamic boarding schools. This Islamic boarding school not only develops educational units based on national and religious curriculum, but also designs an independent economic ecosystem through various charitable efforts such as a drinking water factory (MINNA), packaged tea production (Halwa Tea), a confection unit (Fazari), a bakery business (AlBakery), a santri cooperative, and an Islamic boarding school cafe service. These charitable efforts are managed with a systematic managerial approach and are oriented towards social profit, while maintaining the principles of blessing, usefulness, and compliance with sharia law. In this context, Al Basyariyah Islamic Boarding School not only functions as a tafaqquh fiddin institution, but also as a productive community economic entity.

The main advantage of the independent management approach at Al Basyariyah Islamic Boarding School lies in the harmony between the idealism of Islamic values and institutional professionalism. First, the Islamic boarding school is able to make charitable efforts as a basis for financing education without having to charge high fees from students. Second, the business unit is run with the principles of modern management that are accountable and target-based. Third, management is carried out with the active participation of caregivers, students, alumni, and the surrounding community, thus creating an inclusive and sustainable governance model. These advantages show that the Islamic boarding school economic model can be a real alternative in building the independence of community-based educational institutions.

Furthermore, this approach is in line with the mandate of Law Number 18 of 2019 concerning Islamic Boarding Schools which emphasizes that Islamic boarding schools have three main functions: education, preaching, and community empowerment. The function of community empowerment explicitly provides space for Islamic boarding schools to carry out productive economic activities. In this context, Al Basyariyah Islamic Boarding School not only carries out these functions, but has also formulated a management approach that can be replicated by other Islamic boarding schools, especially in strengthening institutions and sustainable education financing.

Based on the theoretical framework, this study attempts to explore more deeply how the process of financial independence management is implemented at Al Basyariyah Islamic Boarding School through six core stages: planning, organizing, implementing, supervising, obstacles, and solutions. Each stage will be analyzed not only descriptively, but also critically reviewed within the framework of modern management theory (George R. Terry, 1981; Harold Koontz & Heinz Weihrich, 2004), Islamic economic principles (Antonio, 2001), and Islamic legal perspectives on the management of educational institution assets.

The findings in this study will be systematically described through a case study approach, with data obtained from observations, in-depth interviews, and documentation. Thus, the following discussion will describe in detail the managerial processes implemented by Pondok Pesantren Al Basyariyah in its efforts to build a financial independence system, as well as analyze the challenges and solutions faced in its implementation. The focus of the analysis is directed not only at economic success, but also at the spiritual, social, and educational values that are the distinctive characteristics of Islamic boarding schools as value-based educational institutions.

1. Planning Stage (Plan)

The planning process in financial independence management at Al Basyariyah Islamic Boarding School is an initial foundation that emphasizes the importance of strategic vision in creating economic independence. Based on interviews with caretakers and charity managers, it was found that planning was carried out through deliberation between the foundation, boarding school administrators, and business divisions, taking into account the operational needs of education and available market opportunities. This reflects the principle of strategic planning as stated by Koontz and O'Donnell (1984) that planning is a rational process for determining goals and the best way to achieve them.

At this stage, the Islamic boarding school also conducted mapping of internal and external potential using the SWOT approach. Internal potential includes human resources of students and alumni, as well as available land and production facilities. External potential includes the community's need for halal products, ease of distribution access, and market trends for sharia products. Planning is also long-term, as reflected in the establishment of charitable efforts that do not only focus on short-term profits, but also the sustainability of the institution. In addition to technical aspects, spiritual aspects are also a reference in planning. The value of blessings and benefits are the main considerations in determining the type of business. Products sold must have a value of benefit for the community, in line with the principles of maqashid sharia in Islam. Thus, every business that is pioneered is not solely for profit, but also brings the value of preaching and empowerment.

The boarding school also sets revenue targets for each charity, with calculations of projected monthly operational fund needs, such as teacher salaries, facility maintenance, and student scholarships. This projection is prepared using a simple accounting approach but based on management logic. With clear targets, each charity is directed to have a measurable work system. Overall, this planning process shows that the Al Basyariyah Islamic Boarding School is able to translate Islamic values into modern managerial practices. This reflects the integration of spirituality and professionalism, as idealized by the *Prophetic Management concept* which places honesty, deliberation, and orientation towards the benefit as the basis of policy.

2. Organizing Stage

Organization in charity management is carried out through a clear institutional structure. Each business unit has an organizational structure consisting of managers, production staff, finance, and marketing. Charity managers come from alumni of Islamic boarding schools, teachers, and senior

students who have a background in skills according to the business field. This is in line with Henri Fayol's theory of the organizing function, namely arranging resources and dividing tasks so that organizational goals can be achieved efficiently.

In its implementation, the division of labor is carried out rationally and according to competence. Production units such as the "MINNA" drinking water factory and Halwa Tea have technical personnel who have received special training. While the bakery and cooperative units are managed by a team consisting of teachers and alumni who are directly supervised by the caretaker of the pondok. There are also students who are assigned as *helpers* to learn directly.

The charitable institution is administratively separate from the boarding school's management structure, but remains under the coordination of the foundation. This model facilitates monitoring and accountability, while encouraging professionalism. This structure also encourages collaboration between units. For example, Halwa Tea sells its products in cooperatives and santri stalls managed by other units. Another advantage of this organizing process is the existence of cadre formation. The boarding school assigns final santri to do internships in each charitable unit as part of the life skill program. Thus, there is a transfer of knowledge and the formation of Islamic entrepreneurial character. This process is in accordance with the experiential learning approach which emphasizes experience-based learning.

Organization also considers the spiritual aspect. Every morning, before starting production or service activities, all business unit staff perform *prayers together* and *give sermons*. This strengthens the integration between charity work as a field of preaching and character education, not just economic activities. With systematic organization, charity work at the Al Basyariyah Islamic Boarding School is able to run simultaneously with educational operations without interfering with each other, but even supporting each other. This is proof that Islamic boarding schools are able to manage a complex economic system with modern governance but still based on Islamic values.

3. Implementation Stage (Actuating)

The implementation stage (actuating) is the process of carrying out the planning and organizing that has been prepared previously. At the Al Basyariyah Islamic Boarding School, this process is carried out with a collective and participatory approach, where each element is actively involved in carrying out its role and function. The implementation of charitable efforts is carried out by referring to the strategic plan that has been determined through deliberation. Daily management is monitored directly by the business unit manager with periodic reporting to the foundation. At Al Basyariyah, this movement is carried out not only through formal instructions, but also with a character building approach. The unit leader provides work motivation through a spiritual and family approach, which is very effective in the context of the Islamic boarding school. This has proven to be able to create high loyalty in carrying out tasks, even when facing limited facilities.

The implementation of Islamic leadership principles, such as *taushiyah*, role models, and *shura* (deliberation), is also an important part of mobilizing human resources. In this pondok, the leader does not only act as an administrator, but also as a teacher and spiritual guide. The implementation also includes product and marketing innovation. Each business unit is given the freedom to develop a business model that suits the character of its product. For example, the Halwa Tea unit innovates packaging and promotions based on social media, while the bakery unit focuses on developing bread and cake variants that suit the tastes of students and the surrounding community. This strategy reflects the principle of adaptive management that is flexible to changes in the business environment.

The implementation of economic activities is also accompanied by documentation and reporting efforts. The business unit records daily transactions, weekly reports, and monthly evaluations. This is a form of managerial discipline and reflects the integrity of financial governance. Although the reporting system is still simple and not fully digital, the principle of accountability is still well maintained. Thus, the implementation stage at Al Basyariyah illustrates the synergy between spiritual values, transformative leadership, and modern management principles. The implementation of business activities is not only a means of livelihood for the institution, but also a means of life learning for the students involved.

4. Supervision Stage (Controlling)

Supervision in the management of charitable efforts is carried out periodically, both in the form of direct and indirect supervision. Direct supervision is carried out by the business unit manager who monitors daily activities, while indirect supervision is carried out through periodic evaluation of financial reports and business performance by the foundation. This is in line with the theory of Koontz & O'Donnell that controlling is the process of measuring and correcting activities to be in accordance with the plan. The boarding school implements a weekly and monthly reporting system from each business unit. The report covers aspects of sales, expenses, stock, and operational constraints. The foundation reviews the report to determine the extent to which the target has been achieved and where the deviations lie. From here, corrections are then made through evaluation meetings. This shows the application of the feedback loop principle in the management system.

In addition, supervision is also carried out through a spiritual approach. The leadership of the pondok always instills the values of honesty and trustworthiness in every activity. The managers of business units are guided to understand that the business being run is part of *worship*, and any form of misappropriation will have an impact on the blessings of the institution. This approach strengthens internal control based on morality. Control is also carried out through *benchmarking*, which is comparing performance between business units. Each unit is expected to not only profit financially, but also be efficient and productive. If a stagnant unit is found, the foundation will consider overhauling its strategy or management. This reflects the principle of continuous improvement as developed in Total Quality Management (TQM).

Supervision also includes aspects of human resource management. The boarding school provides basic training to business unit managers, as well as providing incentives based on performance. In addition, personnel rotation is carried out to prevent boredom and increase adaptation. This shows the boarding school's attention to the aspect of *human capital development*, which is the key to business sustainability. With strict but humane control, Al Basyariyah is able to maintain the performance of its charitable efforts on the path to sustainability. This proves that the boarding school can manage a business with high accountability without abandoning Islamic values.

5. Constraints in the Implementation of Financial Independence Management (Constraints)

Although Al Basyariyah Islamic Boarding School has shown progress in managing charitable efforts as a form of financial independence, in its implementation there are still various obstacles that need to be observed. These obstacles are divided into three main points that are interrelated and provide their own challenges for the sustainability of Islamic boarding school management.

1. Limited Professional Human Resources (HR)

One of the main obstacles faced is the lack of competent professional staff in the fields of management and entrepreneurship. Many charity managers come from alumni or students who do not have an adequate business background. This causes the management of business units to be less than

optimal in terms of efficiency, marketing, and product development. According to the Human Capital theory (Becker, 1993), low quality human resources will have a direct impact on the productivity and growth of the institution. Dependence on the spirit of sincerity without being accompanied by technical skills is one of the significant challenges.

2. Limited Capital and Access to Capital

The next obstacle is the limited capital to develop and make charitable efforts effective. Most of the capital comes from the internal funds of the Islamic boarding school which are also allocated for educational activities and daily operations. This condition makes it difficult to expand, diversify products, or modernize production equipment. From the perspective of Islamic economic theory, capital is an important element in muamalah activities, and restrictions on it can hinder greater benefits. Although there are opportunities from Islamic financial institutions, access to productive financing is not yet optimal due to limited literacy and administration.

3. Lack of Digitalization and Modern Marketing Strategies

The charity business in Al Basyariyah still mostly relies on conventional marketing methods. The minimal use of digital technology and social media causes the pesantren's products to be less widely known, even though they have competitive quality. In the digital era, the ability to access and utilize information technology is a major factor for business sustainability. According to the theory of digital literacy and modern marketing (Kotler & Keller, 2016), the success of a business is greatly influenced by its ability to promote and reach the market effectively, something that is still a weakness today. These three obstacles are interconnected and have an impact on the efficiency and competitiveness of charity businesses. Limited human resources hinder the pesantren's ability to adapt to market challenges, while the lack of capital and lack of digital strategies narrow the scope for expansion of the pesantren's business in general.

6. Solutions to Obstacles in Implementing Financial Independence Management

To overcome these various obstacles, Al Basyariyah Islamic Boarding School has begun to formulate and implement several strategic solutions that are both short-term and long-term. These efforts are based on the spirit of *istikamah* and Islamic values that emphasize the importance of *tadbir* (planning), *ikhtiar*, and *maslahah* in every managerial action.

1. Strengthening Human Resources Capacity Through Training and Partnerships

As a solution to the limited professional staff, Islamic boarding schools have begun to collaborate with several external institutions such as entrepreneurship training institutions and partner universities. Training in financial management, digital marketing, and product development is provided to charity managers. This approach is in accordance with the principles of *ta'lim* and *tarbiyah*, where the learning process does not stop in the classroom, but also in the real field. In addition, the involvement of alumni who have business experience is also strengthened as part of sustainable empowerment.

2. Diversification of Capital Sources and Internal Economic Empowerment

Al Basyariyah Islamic Boarding School is trying to build an internal cooperative system as an alternative source of capital. This cooperative plays a role in channeling micro-financing to business units with the *mudharabah* and *musyarakah systems*, in accordance with sharia principles. The Islamic boarding school also communicates with BMT (Baitul Maal wat Tamwil) and Islamic Banks to access productive financing. In addition, the boarding school has begun to promote productive waqf programs from guardians of students and alumni as a form of long-term support.

3. Digital Transformation and Technology-Based Marketing

To increase competitiveness, Islamic boarding schools have begun to encourage each business unit to have a digital identity such as a social media account, digital catalog, and online ordering system. Basic training on e-commerce and content creation is provided to students and unit managers. This strategy is implemented in stages and is based on digital da'wah values, with an educational approach to consumers. The use of halal marketplace platforms has also begun to be explored to reach consumers outside the Islamic boarding school environment. With these solutions, it is hoped that Al Basyariyah Islamic Boarding School will not only be able to survive, but also develop into a modern, economically independent Islamic boarding school model. These solutions show that the integration of modern management principles and Islamic values is not only possible, but is actually the main force in building a sustainable Islamic boarding school economy.

After discussing in depth the process of financial independence management as well as the obstacles and solutions, this section presents an analysis of the strategic opportunities and challenges faced by Al Basyariyah Islamic Boarding School. This analysis is important as a basis for policy making and developing future strategies so that the Islamic boarding school becomes more financially independent, professional in managing charitable efforts, and relevant in responding to the needs of the times.

Opportunity

1. The Potential of Charitable Enterprises as a Pillar of the Islamic Boarding School Economy

Al Basyariyah Islamic Boarding School has great potential in developing established charitable businesses, such as shops, agriculture, convection, catering, and laundry. These business units not only support the daily operations of the Islamic boarding school, but also become a medium for entrepreneurship training for students. With a sharia-based management approach and the values of honesty, perseverance, and trustworthiness, these units have the potential to develop into productive economic entities. According to Durkheim's theory of social institutions, educational institutions such as Islamic boarding schools can develop into centers of value-based economic transformation.

2. Social Support and Community Trust

Public trust in Islamic boarding schools as religious and educational institutions provides great social advantages in building economic independence. The public tends to entrust donations, infak, and even social investments to Islamic boarding schools, especially if they are managed transparently. This is an important potential in developing a *social entrepreneurship model* based on productive waqf and santri cooperatives. In an Islamic perspective, trust (*tsiqah*) is the main social capital in building a sustainable muamalah system (QS Al-Baqarah: 282).

3. Synergy of Digitalization and Sharia Economy

Advances in information technology have opened up great opportunities for Islamic boarding schools to modernize their businesses through digitalization. Marketing Islamic boarding school products through social media, halal marketplaces, and local e-commerce platforms is a strategic step. Moreover, Indonesia is experiencing significant growth in the sharia economic ecosystem and halal literacy. Data from *the State of the Global Islamic Economy Report (2023)* states that the halal food and modest fashion sectors in Indonesia are growing above 7% per year. Islamic boarding schools that are able to adapt to this trend will have high competitiveness.

Challenge

1. Limitations of Professionalism in Management

The main challenge faced is the low quality of modern management within Islamic boarding schools. Many charitable business managements are still traditional, poorly documented, and do not have

standard operating procedures (SOPs). This has an impact on the lack of efficiency, weak innovation, and the difficulty of measuring business performance. Modern management theory as put forward by Robbins & Coulter (2018) emphasizes the importance of data-based strategic management and efficiency for organizational sustainability. Without increasing HR capacity and digitalization of management, Islamic boarding schools will find it difficult to develop.

2. Dualism of Goals between Education and Commercialization

Pesantren is essentially an institution of preaching and education. When pesantren develop charitable endeavors, there is a potential for value conflict between scientific idealism and the demands of profit. There is concern that the educational mission could be disrupted by business orientation, especially if management is unable to separate educational and economic roles wisely. This is a philosophical and technical challenge that must be managed wisely. Islam teaches that charitable endeavors are *a means*, not *a goal*, so that spiritual values remain the main foundation in carrying out business activities.

3. Dependence on a Certain Figure (Founder-based Management)

Another challenge is the management model that is still very dependent on the main leader of the Islamic boarding school or foundation. This makes the institutional system less strong and difficult to replicate or hand over to the next generation. In the long term, Islamic boarding schools need to build systematic, participatory, and institutional-based governance so as not to rely solely on charismatic figures. Organizational theory suggests the importance of *institutional memory* and *succession planning* to ensure the sustainability of the organization in the future.

4. CONCLUSION

Al Basyariyah Islamic Boarding School has implemented a fairly comprehensive and structured financial independence management model through optimization of charitable efforts. This management process is carried out with a classical approach, namely planning, organizing, implementing, controlling, and resolving constraints through solution strategies. The success of this Islamic boarding school is an important representation of the modern Islamic boarding school management model that does not only rely on external funds, but also builds an independent economic base based on the community and Islamic values.

The financial independence of Islamic boarding schools is not only a technical managerial aspect, but also part of a long-term strategy in maintaining its existence and socio-religious role. The self-owned and managed charity model has played a vital role in covering the routine operational needs of Islamic boarding schools without having to rely on assistance from government agencies or regular donors. The management of the financial independence of the Al Basyariyah Islamic Boarding School runs through the stages of planning, organizing, implementing, supervising, identifying obstacles, and formulating comprehensive and integrated solutions. In the planning stage (plan), the Islamic boarding school demonstrates strategic awareness by formulating a long-term economic vision based on Islamic values and internal potential. Planning is carried out through deliberation between administrators, leaders of the Islamic boarding school, and other stakeholders, taking into account aspects of educational needs, sustainability of the Islamic boarding school, and local economic potential. This stage reflects the application of the principle of *syura* in Islam as the basis for organizational governance.

In the organizing stage, Al Basyariyah Islamic Boarding School has formed a structured charity organization structure although it is still semi-formal. Each business unit such as a shop, cooperative, farm, or printing is managed by senior students, teachers, or alumni with a clear division of tasks, and is based on the principle of collective responsibility. This system not only supports smooth operations

but also becomes a vehicle for character education and economic independence for students. Although the management system is not entirely modern, the principles of *trust* and *istiqamah* are the moral foundation in carrying out tasks.

The implementation stage (actuating) is carried out with the active involvement of all elements of the Islamic boarding school, starting from the leadership, the board of teachers, students, to alumni. This implementation is not only oriented towards economic profit, but also as a means of learning Islamic entrepreneurship (*entrepreneurship based on Islamic values*). The students are directly involved in charity activities as a form of work practice and managerial training. This is in line with the objectives of Islamic boarding school education which not only produce scholars, but also productive Muslim cadres. The spirit of hard work and sincerity (*mujahadah*) becomes spiritual energy in carrying out these business activities.

In the supervision stage (controlling), Al Basyariyah Islamic Boarding School has carried out periodic monitoring and evaluation, although with a simple system. Supervision is carried out through monthly financial reports and routine discussions between business managers. The principles of transparency and accountability are applied morally and spiritually, referring to the value of *hisbah* in Islam, namely a supervision system to prevent deviations. In addition, supervision based on trust and emotional closeness between members is also a characteristic of the work culture in the Islamic boarding school environment. In this managerial process, the study also found major constraints that hinder the optimization of charitable efforts. First, the limited professional capacity of business managers, most of whom do not have a formal managerial background. Second, limited capital and production equipment make it difficult for the economic activities of Islamic boarding schools to develop significantly. Third, dependence on the figure of the kiai as the center of decision-making makes the leadership flow less flexible and leadership regeneration is slow. These three constraints are structural and cultural challenges in developing a professional independent business model.

To overcome these obstacles, Al Basyariyah Islamic Boarding School has implemented a gradual and planned solution strategy. The first solution is simple management training and the involvement of alumni who have an entrepreneurial or financial background in business management. Second, establishing cooperation with local Islamic financial institutions and local governments to obtain capital support and production facilities. Third, strengthening institutions by forming a management team that does not only depend on kiai, but also involves teachers and alumni in a collective leadership system. This strategy reflects the implementation of the principle of *ta'awun* (cooperation) in the development of an Islamic economy that is oriented towards sustainability and empowerment.

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