

Strategy for Economic Development of Islamic Boarding School Through Change Management-Based Approach (Empirical Study in the City of Subulussalam)

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ABSTRACT

Islamic boarding schools (*pesantren*) possess significant potential as catalysts for local economic development, especially in regions such as Subulussalam City. However, many *pesantren* face challenges in optimizing their internal resources to achieve sustainable growth. A central issue is the management of human resources, particularly in relation to adaptive change management. This study aims to examine the key challenges *pesantren* encounter in developing their economic potential and to formulate integrated, practical strategies that enhance economic resilience through effective internal resource utilization and change management practices. Employing a mixed-methods approach based on Creswell's framework, the study integrates qualitative interviews with experts, practitioners, and Islamic education scholars, alongside a comprehensive literature review. Methodological triangulation is used to ensure the reliability and validity of findings. The study identifies three critical challenges: inadequate government support, limited access to capital, and low community engagement. In response, strategic interventions are proposed, including policy reform, robust human resource development, and strengthened collaboration among stakeholders. The research emphasizes the necessity of inclusive policymaking and strong institutional structures to support *pesantren*-driven economic initiatives. A context-specific model is introduced, integrating institutional reform, capacity building, and the development of social capital—elements often neglected in earlier research. Multi-sectoral cooperation among government bodies, *pesantren* leaders, and local communities is identified as essential to achieving sustainable transformation. Ultimately, this study provides a strategic roadmap to empower *pesantren* within Indonesia's broader socio-economic framework.

Keywords: Islamic boarding school, change management, human resource development, economic sustainability, stakeholder collaboration.

INTRODUCTION

Management is a fundamental process comprising planning, organizing, directing, and controlling, all of which are essential for achieving organizational objectives efficiently and effectively (Robbins & Coulter, 2021). Within the context of Islamic boarding schools (*pesantren*), management assumes a particularly critical role, not only in maintaining the institution's core function as a center for religious education but also in positioning it as a pivotal socio-economic entity in response to the challenges of globalization (Azra, 2015; Prasojo & Abubakar, 2021). The effective management of human resources, financial systems, and integrated educational and entrepreneurial programs has thus become a necessity for sustainable development. Adaptive management practices are crucial in enabling *pesantren* to engage in educational innovation and economic enterprise development. Conversely, organizational inertia or resistance to change may hinder institutional progress and reduce their resilience in the face of socio-economic transformation (Burnes, 2017; Lewin, 1951). The enhancement of human resource capacity is therefore central to ensuring the effectiveness and continuity of *pesantren* programs, especially given that Indonesia is home to over 30,000 *pesantren* (Ministry of Religious Affairs, 2021). Their success has direct implications for the economic welfare of surrounding communities, many of which rely on these institutions as sources of education, employment, and social services. Empirical data indicate a growing trend in *pesantren*-based economic development. As of 2021, approximately 90.48% of 11,868 *pesantren* have established business units, while 2.58% are managing between three and five different enterprises (Center for Religious and Spiritual Education Research, 2021). In 2023, the Ministry of Religious Affairs reoriented the *Pesantren Mandiri* (Self-Reliance) Program toward the creation of a "Community Economy Hub," with the aim of establishing an interconnected economic

ecosystem among *pesantren*. In 2024, 432 out of 3,600 *pesantren* recipients of business incubation support succeeded in launching formal enterprises, thus strengthening the role of *pesantren* as both educational and economic institutions (Ministry of Religious Affairs, 2024). Despite this progress, many *pesantren*, particularly in peripheral regions such as Subulussalam City, Aceh, remain financially dependent on external donors and state subsidies. Such dependence renders them vulnerable to policy fluctuations and restricts their institutional autonomy (Huda et al., 2020). Although some *pesantren* possess valuable economic assets—such as palm oil plantations and unused land—these resources often remain underutilized due to limited financial capital, managerial inefficiencies, inadequate community engagement, and the absence of integrated development policies. Thus, a comprehensive strategy involving the strengthening of human capital, regulatory support, and synergetic collaboration among *pesantren*, government agencies, and civil society is urgently required. The economic empowerment of *pesantren* is inextricably linked to the realization of *maqāṣid al-sharīʿah*, particularly in enhancing communal welfare (*maslahah*) through sustainable development (Chapra, 2008; Dusuki & Abozaid, 2007). This study employs the Analytic Network Process (ANP) methodology to formulate context-sensitive strategies that address the multifaceted economic challenges facing *pesantren* in Subulussalam. Particular emphasis is placed on the strategic development of human resources (SDI) through a change management framework. The objectives of this research are threefold: (1) to identify the structural and contextual challenges impeding *pesantren* economic development; (2) to propose feasible, contextually grounded solutions; and (3) to design an effective, strategic roadmap toward sustainable economic self-reliance. The study contributes to the theoretical advancement of change management literature within the Islamic education context, while simultaneously offering practical policy recommendations for *pesantren*, government institutions, and development stakeholders.

Table 1. Economic Development of Islamic Boarding Schools (2020–2024)

Year	Key Outcomes	Source
2020–2021	90.48% of 11,868 <i>pesantren</i> had business units; 2.58% operated 3–5 enterprises	Center for Religious and Spiritual Education Research
2023	Launch of the Community Economy Hub under the <i>Pesantren Mandiri</i> Program	Ministry of Religious Affairs, Indonesia
2024	432 out of 3,600 <i>pesantren</i> succeeded in establishing enterprises through incubation support	Ministry of Religious Affairs, Indonesia

METHODS

This study employs a mixed methods approach, integrating both qualitative and quantitative methodologies to generate comprehensive, valid, and contextually grounded insights (Creswell & Plano Clark, 2011; Tashakkori & Teddlie, 2009). The rationale for adopting this methodological triangulation lies in its capacity to bridge the limitations inherent in single-method studies and to strengthen the reliability and depth of research findings (Johnson et al., 2007). Specifically, the study explores the perspectives of key stakeholders—including Islamic scholars, practitioners, and experts—on human resource development within *pesantren* in the framework of adaptive and transformative change management. The qualitative component comprises field research through semi-structured, in-depth interviews, aiming to extract tacit knowledge, lived experiences, and expert judgments. Simultaneously, the quantitative dimension is reinforced through library research and validated questionnaire instruments. The combination of data sources allows for triangulation, thus enhancing the internal validity of the findings (Denzin, 2012; Sugiyono in Siswanto & Suyanto, 2017). Questionnaire distribution and completion were carried out during the second phase of data collection to consolidate expert feedback (Nugroho & Rusydiana, 2018). Informants were selected purposively based on their domain-specific expertise, representing five key individuals who possess deep understanding of *pesantren*-based economic development, especially with regard to human capital and organizational transformation. In the context of Analytic Network Process (ANP), respondent validity is primarily determined by expertise and

relevance, rather than sample size (Saaty & Vargas, 2006). This aligns with the normative stance in expert-based modeling, where informed judgment supersedes generalizability in complex decision-making scenarios. For data analysis, the study utilizes the Analytic Network Process (ANP), an advanced multi-criteria decision-making (MCDM) technique that extends the capabilities of the more linear Analytic Hierarchy Process (AHP) by incorporating feedback and interdependencies among decision elements (Saaty, 2001). ANP is particularly well-suited for addressing complex, systemic, and multidimensional problems such as strategic planning for pesantren economic development, where causal relationships are often nonlinear and multifaceted. The ANP methodology consists of three core phases: (1) identifying key problems, alternatives, and strategic drivers through qualitative expert input; (2) constructing a network model with pairwise comparisons among interrelated elements; and (3) synthesizing priority weights through a supermatrix to derive overall rankings and strategic direction. By integrating inner and outer dependencies across clusters, ANP facilitates robust modeling of real-world complexity (Meade & Sarkis, 1999). The theoretical underpinning of ANP is structured around four foundational axioms: reciprocity, homogeneity, priority, and dependence. These principles guide the decomposition of decision hierarchies, ensure consistency in judgment, and support the calculation of relative importance among components. While the existence of cyclical interdependencies can challenge consistency, ANP incorporates mechanisms such as consistency ratio analysis and sensitivity testing to enhance methodological rigor (Saaty & Vargas, 2013). In sum, ANP enables a systematic, participatory, and integrative approach to decision-making in complex socio-economic environments. By drawing from domain expertise and modeling multidirectional influences, the method offers a strategic framework that is both theoretically grounded and practically relevant to the institutional transformation of pesantren in Indonesia.

RESULTS

The research model employed in this study is constructed using the Analytic Network Process (ANP), a decision-making methodology designed to address complex problems that involve both inner and outer dependencies among variables (Saaty, 2001). Unlike the Analytic Hierarchy Process (AHP), which assumes a unidirectional hierarchical relationship among criteria, ANP allows for feedback and interdependence among decision elements, making it more suitable for modelling the intricacies inherent in socio-economic issues such as *pesantren*-based economic development (Meade & Sarkis, 1999; Saaty & Vargas, 2006). In the context of Islamic boarding schools (*pesantren*), where multifaceted and interconnected factors influence economic sustainability, the ANP model provides a flexible and systematic framework to prioritize various elements. The model was constructed using the *Super Decisions* software and organized into clusters representing aspects of government, *pesantren*, and society. Each cluster contains elements related to issues, solutions, and strategies that reflect stakeholder perspectives. This structure minimizes potential decision-making bias, fosters collaborative evaluation among stakeholders, and enhances the analytical rigor of multi-criteria decision-making processes (Kengpol & Tuominen, 2006).

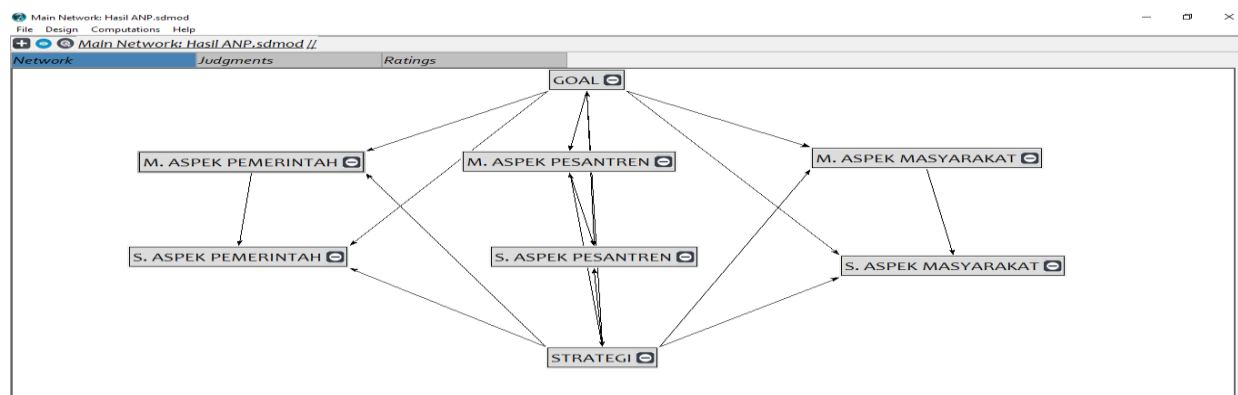


Figure 1. Model Construction Using the Super Decisions Application

The comparison matrix assessing issues in the government cluster identified *policy and regulation* as the most critical factor, with a weight of 0.58202. This finding underscores the pivotal role of government intervention in formulating policies that foster *pesantren*-based economic development. The inconsistency ratio (CR) of 0.05156 falls below the acceptable threshold of 0.1, indicating that the pairwise comparisons are logically consistent and the result is reliable (Saaty, 2008).

Within the *pesantren* cluster, the most pressing issue identified is the *lack of business capital*, which obtained a weight of 0.78539. This reflects the systemic financial constraints that impede the economic initiatives of Islamic boarding schools. The consistency ratio of 0.07721 confirms the validity and reliability of this judgment. Addressing capital limitations, whether through internal resource mobilization or external financing mechanisms, is essential to enhancing the economic resilience of *pesantren* (Rusydiana & Devi, 2018).

Similarly, within the societal cluster, the *lack of community engagement in pesantren economic activities* emerged as a dominant issue, with a weight of 0.78539 and a consistency ratio of 0.07721. This finding highlights the importance of community integration in the sustainable development framework of *pesantren* economies. Stronger societal involvement can bridge information gaps and promote shared economic goals (Darmawan & Rusydiana, 2020).

The top-ranked solution in the government cluster is *policy reform and economic incentives for pesantren*, receiving a weight of 0.81421. The CR of 0.05156 confirms the internal consistency of this comparison. This suggests that institutional and regulatory frameworks, combined with financial stimulus, are crucial levers for enabling *pesantren* to participate more actively in the economic domain (Ismail et al., 2019).

The solution with the highest priority in the *pesantren* cluster is the *training and development of human resources (SDI)*, which achieved a weight of 0.81421 and a consistency ratio of 0.05156. This indicates that capacity-building initiatives—particularly those targeting managerial and entrepreneurial competencies—are perceived as the most effective strategies for long-term sustainability (Aziz & Rusydiana, 2021).

Strengthening community engagement and partnerships was identified as the most important solution within the societal cluster, with a weight of 0.79586 and an inconsistency ratio of 0.09609. This finding supports the argument that collective action and cross-sector collaboration significantly enhance the economic contributions of *pesantren* to local development (Syaputra & Huda, 2022).

The comparative analysis of overarching strategies indicated that *strengthening the human resource capacity of pesantren* holds the highest priority, with a weight of 0.53018 and a CR of 0.04646. This confirms the strategic necessity of developing human capital to improve operational efficiency and support sustainable *pesantren*-led economic initiatives.

Table 1. Limit Result Matrix

Main Network: Hasil ANP.sdmoud: Limit Matrix

Clusters	Nodes	STRATEGI PENGEMBANGAN EKO PESANTREN MELALUI SDI BERBASIS MANAJ PERUBAHAN	KURANGNYA KESADARAN PERAN EKO
GOAL	STRATEGI PENGEMBANGAN EKO PESANTREN MELALUI SDI BERBASIS MANAJ PERUBAHAN	0.005095	0.000000
M. ASPEK MASYARAKAT	KURANGNYA KESADARAN PERAN EKO PESANTREN	0.004747	0.000000
	MINIMNYA KETERLIBATAN MASYARAKAT DALAM KEGIATAN EKO PESANTREN	0.012482	0.000000
	TERBATASNYA AKSES MASYARAKAT TERHADAP PENDIDIKAN & PELATIHAN EKONOMI	0.008350	0.000000
M. ASPEK PEMERINTAH	KEBIJAKAN & REGULASI	0.011273	0.000000
	PEMBERDAYAAN INFRASTRUKTUR	0.005411	0.000000
	PENDANAAN & DUKUNGAN KEUANGAN	0.008894	0.000000
M. ASPEK PESANTREN	KETERBATASAN MODAL USAHA	0.009723	0.000000
	KURANGNYA KAPASITAS & KEMAMPUAN SDI	0.006376	0.000000
	MINIMNYA AKSES TERHADAP JARINGAN PASAR & TEKNOLOGI	0.009480	0.000000
S. ASPEK MASYARAKAT	MEMBANGUN KETERLIBATAN DAN KEMITRAAN DENGAN MASYARAKAT	0.117031	0.000000
	PENINGKATAN EDUKASI & SOSIALISASI TENTANG PERAN PESANTREN DALAM EKONOMI	0.050127	0.000000
	PENYEDIAAN PELATIHAN DAN PEMBERDAYAAN EKONOMI BAGI MASYARAKAT	0.137033	0.000000
S. ASPEK PEMERINTAH	PENYEDIAAN INFRASTRUKTUR YANG MENDUKUNG EKONOMI PESANTREN	0.075031	0.000000
	REFORMASI KEBIJAKAN & INSENTIF EKONOMI BAGI PESANTREN	0.127823	0.000000
	SKEMA PENDANAAN KHUSUS UNTUK PESANTREN	0.101337	0.000000
S. ASPEK PESANTREN	DIVERSIFIKASI SUMBER PENDANAAN	0.145239	0.000000
	PELATIHAN & PENGEMBANGAN KAPASITAS SDI	0.075053	0.000000
	PENGEMBANGAN AKSES KE TEKNOLOGI & JARINGAN PASAR	0.083899	0.000000
STRATEGI	DIGITALISASI & PEMASARAN PRODUK PESANTREN	0.000290	0.000000
	DIVERSIFIKASI UNIT USAHA PESANTREN	0.000228	0.000000
	MENDORONG KEMITRAAN ANTARA PESANTREN, MASYARAKAT DAN PEMERINTAH	0.001596	0.000000
	OPTIMALISASI KEBIJAKAN & REGULASI PEMERINTAH	0.000514	0.000000
	PENGUATAN KAPASITAS SDI DI PESANTREN	0.002966	0.000000

The limiting matrix results derived from the Analytic Network Process (ANP) model, processed via the Super Decisions software, elucidate key priority issues and corresponding solutions across multiple clusters.

Within the Government aspect, policy and regulation emerge as the paramount priorities, with a limiting value of 0.011273, followed by funding support and infrastructure development as secondary concerns. In the *Pesantren* aspect, the foremost challenge identified is the lack of business capital (limiting value 0.009723), with limited human resource capacity (SDI) and restricted access to markets and technology constituting subsequent priorities.

Regarding the Community aspect, minimal involvement in *pesantren* economic activities represents the principal issue (limiting value 0.012482), succeeded by low awareness and constrained access to economic education as secondary factors.

The priority solutions recommended include policy reform and financial incentives within the Government cluster (limiting value 0.0127823), diversification of funding sources for *Pesantren* (0.0145239), and economic empowerment combined with training initiatives for the Community cluster (0.0137033).

The strategy with the highest priority is the development of human resource capacity within *pesantren* (limiting value 0.002966), followed by inter-institutional partnerships, policy optimization, marketing digitization, and diversification of *pesantren* business units.

Collectively, these findings reinforce the central thesis that the effective economic development of *pesantren* is contingent upon synergistic efforts integrating government policy, internal institutional reform, and community participation. The ANP framework effectively captures the complex interdependencies among these factors, providing a comprehensive and systematic basis for informed and reliable decision-making.

The economic development of *pesantren* in Subulussalam City is significantly shaped by the effectiveness of strategic human resource management, particularly when aligned with principles of adaptive change management (Burnes, 2017; Kotter, 2012). Employing the SuperDecision method, this study identifies three primary structural impediments: restrictive government regulations, inadequate business capital, and limited community engagement in *pesantren*-based economic initiatives. These constraints necessitate a multidimensional response. The findings underscore the urgency of reforming public policy, diversifying access to sharia-compliant financial resources, and promoting community-based economic empowerment through targeted training programs (Antonio, 2013; Chapra, 2008).

From a policy perspective, regulatory restructuring is imperative to enhance *pesantren* access to Islamic financial instruments and to enable strategic partnerships with both public and private stakeholders (Ascarya & Yumanita, 2010). Incentive structures, streamlined licensing procedures, and infrastructure development—facilitated by both central and local governments—are essential to building the managerial and entrepreneurial capacities of *pesantren* leaders, thereby fostering institutional self-sufficiency (Effendi, 2020).

Institutionally, the limited financial and human capital within *pesantren* calls for strategic collaborations with Islamic financial institutions, philanthropic organizations, and crowdfunding platforms (Wulandari & Kassim, 2016). Integrated capacity-building programs encompassing entrepreneurship, digital marketing, and financial management are necessary to address internal deficiencies and enhance operational readiness (Sudiyarto, 2020).

Equally critical is the empowerment of local communities, which remains underutilized despite its potential for reinforcing *pesantren* economic ecosystems. Community participation should be enhanced through culturally embedded outreach and education programs grounded in local values such as *gotong royong*, which serve as essential sources of social capital (Putnam, 2000; Haryono, 2017). Ultimately, the convergence of vocational education, policy optimization, digital transformation, and diversification of *pesantren* business units constitutes a transformative framework. This integrated approach is essential for cultivating a sustainable, inclusive, and sharia-compliant *pesantren* economy that can effectively contribute to long-term regional development in Subulussalam and similar localities.

DISCUSSION

The strategic reinforcement of human resource capacity in *pesantren* is intrinsically aligned with a comprehensive theoretical framework that bridges grand theory, middle-range theory, and applied theory. This study draws upon the Maqasid al-Shariah framework developed by Asy-Syatibi, Kurt Lewin's Change Management Theory, and Gary Becker's Human Capital Theory to offer a holistic and structured approach to sustainable *pesantren*-based economic development.

At the grand theoretical level, Asy-Syatibi's conceptualization of Maqasid al-Shariah emphasizes five foundational objectives—*hifz al-din* (protection of religion), *hifz al-nafs* (protection of life), *hifz al-'aql* (protection of intellect), *hifz al-nasl* (protection of progeny), and *hifz al-mal* (protection of wealth)—as essential principles guiding the design of an ethical and inclusive economic system (Auda, 2008; Kamali, 2008). This framework provides normative legitimacy for developing *pesantren* economies that are not only compliant with Islamic values but also socially and economically sustainable.

From the perspective of middle-range theory, Kurt Lewin's Change Management Model offers a practical methodology for institutional transformation. This model comprises three sequential phases: (1) *Unfreezing*—raising awareness and preparing for change; (2) *Changing*—implementing structural reforms, such as financial diversification, stakeholder partnerships, and curriculum redesign; and (3) *Refreezing*—institutionalizing these changes to create lasting organizational behavior and culture (Burnes, 2017; Lewin, 1951). The application of Lewin's model is especially pertinent in contexts where conservative institutional cultures—such as those often found in *pesantren*—require gradual but structured adaptation to new economic paradigms.

At the applied theoretical level, Gary Becker's Human Capital Theory underscores the long-term economic returns of investing in education, skill enhancement, and leadership development (Becker, 1993). Within the *pesantren* context, such investment translates into increased productivity, entrepreneurial capacity, and the ability to navigate modern market dynamics. Enhancing human capital within *pesantren* institutions requires a multi-stakeholder approach encompassing state-supported vocational training, integration of digital and entrepreneurial education, and the establishment of professionalized business units managed by skilled SDI personnel. The integration of these three theoretical perspectives allows this research to identify and respond to key structural barriers in *pesantren* economic development, including regulatory constraints, insufficient capital, and low levels of community engagement. Addressing these challenges through the lens of *maqasid al-shariah* ensures that religious, ethical, and socio-economic dimensions are holistically addressed. Simultaneously, Lewin's theory offers a roadmap for organizational adaptation, while Becker's model provides a rationale for strategic investment in SDI as a driver of institutional and regional development (Hanushek & Woessmann, 2008). In operational terms, this study proposes a set of priority strategies that encompass curriculum reform to better align with labor market needs, digital transformation for market access, and community empowerment programs based on indigenous cultural values such as *gotong royong* (mutual cooperation), which serves as a reservoir of social capital (Putnam, 2000; Haryono, 2017). These strategies are interlinked and synergistic, forming the foundation for a transformative, inclusive, and sharia-aligned *pesantren* economy in Subulussalam City.

Table 3. Summary of Research Goals and Corresponding Theoretical Frameworks

Aspect	Grand Theory (Asy-Syatibi – Maqasid al-Shariah)	Middle Theory (Change Management – Kurt Lewin)	Applied Theory (Human Capital Theory – Gary Becker)
Basic Principle	Economic development of <i>pesantren</i> must preserve religion, life, intellect, progeny, and wealth.	Institutional change follows the stages of unfreezing, change, and refreezing.	Human capital investment increases productivity and economic performance.

This study also offers several substantive contributions to the existing literature on *pesantren*-based economic development by contextualizing policy and regulatory analysis within the unique socio-economic environment of Subulussalam City, Indonesia. It identifies the lack of responsive and adaptive regulatory frameworks as a critical bottleneck impeding the economic advancement of *pesantren*. This finding highlights the urgent need for inclusive, participatory, and reform-oriented public policies that align with the socio-religious character of Islamic boarding schools (Azra, 2015; Prasajo & Abubakar, 2021). By adopting a localized analytical lens, the research adds valuable empirical insights to the underexplored domain of regional economic development in Indonesia—an area often marginalized in conventional economic development discourse (Hill, 2022). In addition, this study introduces an innovative and integrative model for enhancing human capital within the *pesantren* ecosystem. The proposed framework encompasses four interrelated pillars: (1) capacity-building through vocational and entrepreneurial education; (2) diversification of funding streams including waqf-based financing and social investment; (3) digital transformation to improve efficiency and market connectivity; and (4) strategic market engagement tailored to local economic potentials (Becker, 1993; Todaro & Smith, 2020). This multidimensional approach provides a context-sensitive and scalable solution to the structural and operational constraints commonly experienced by *pesantren*-based enterprises. Furthermore, the study foregrounds the pivotal yet often overlooked role of community participation in strengthening the *pesantren* economic ecosystem. Through structured partnerships, participatory governance models, and sustained public awareness initiatives, surrounding communities can be mobilized as key stakeholders in co-producing social and economic value (Putnam, 2000; Haryono, 2017). Such engagement fosters not only social cohesion but also enhances local ownership and accountability in development initiatives. Finally, the research advances a forward-looking development model rooted in the principles of change management (Lewin, 1951), business diversification, and digital adaptation. This model functions as a strategic roadmap for building economic resilience within *pesantren*, particularly in regions where institutional rigidity and economic marginalization prevail. By integrating institutional transformation with adaptive, cross-sectoral strategies, the study provides a comprehensive, scalable, and contextually grounded framework for advancing *pesantren* as viable engines of local economic empowerment. This directly addresses a significant gap in current literature concerning the potential of Islamic educational institutions to serve as agents of inclusive regional development (Fauzia, 2013; Effendy, 2021).

CONCLUSION

This study identifies three fundamental challenges in the economic development of Islamic boarding schools (*pesantren*) in Subulussalam City: the rigidity of existing government policies and regulatory frameworks, the scarcity of accessible business capital, and the limited involvement of surrounding communities in *pesantren*-led economic activities. In addressing these challenges, the study proposes an integrated strategy that prioritizes policy reform, diversification of funding sources, and the enhancement of human resource (SDI) capacity within *pesantren*. These strategies are anchored in the principles of adaptive change management, the acceleration of digital transformation, and the strengthening of multi-stakeholder collaboration.

The study recommends that the government undertake substantial policy reforms to create a more enabling environment for *pesantren* economic activities. This includes facilitating access to funding, providing fiscal and non-fiscal incentives, investing in supportive infrastructure, and simplifying licensing procedures. Such reforms are essential to unlock the economic potential embedded within *pesantren* institutions and to optimize their role as community-based economic actors. Simultaneously, *pesantren* must invest in the development of their human capital by strengthening internal capacity through structured training programs in business management, financial literacy, technology, and marketing. This capacity-building effort should also extend to students, equipping them with relevant vocational and entrepreneurial skills aligned with labour market demands. Furthermore, the study underscores the need for greater community participation in *pesantren* economic ventures. Fostering active engagement through empowerment initiatives and collaborative programs can enhance mutual trust and generate shared value among *pesantren*, local communities, and

governmental institutions. These comprehensive and coordinated efforts are crucial to ensure the resilience, inclusivity, and sustainability of *pesantren*-driven economic development.

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