

# Value Chain Model of Human Capital Development in Pesantren

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**Abstract**—Pesantren is one of the educational institutions that have contributed to the development of human capital in Indonesia. This can be understood considering that most of Indonesian people are Muslims. To comprehend the role of pesantren in human capital development, it is necessary to identify and then analyse the value chain model of human capital development in pesantren. This research uses qualitative descriptive method with value chain approach as a model of analysis to reveal research problem. This research was conducted at several pesantren in Sukabumi and Garut, West Java Province, Indonesia. The results of the study obtained from the analysis of the value chain model show that the process of developing human capital through education in pesantren is oriented to religious values, emphasizing on the importance of education in aspects of morality, intellectuality, creativity, and independence. The development of human capital through religious values-oriented education is a fundamental foundation for the primacy of education in pesantren. Other supporting aspects are the formed institutional culture that gives colour to the development of human capital in pesantren, supported by organizational structures that enable relationships communication and knowledge sharing directly between stakeholders in pesantren.

**Keywords**—*human capital development; pesantren; value chain model*

## I. INTRODUCTION

The development of a country is not only determined by the existence of its natural resources. This can be seen in developed countries whose natural resources are very limited but by having quality human capital they are able to build their country very well. Human capital is the most important asset for the success of a country. Educational institutions play an important role in shaping and building human capital, including the existence of pesantren (Islamic boarding school) as one of the educational institutions in Indonesia.

The progress of a country is indicated by the progress of their education. Experts have examined the importance of education in building human capital [1-3], and educational models in developing knowledge [4]. Indonesia is a large country with a large portion of Muslim population. Hence, it can be understood that pesantren as a learning place for Muslim have become an educational institution contribute to the development of human capital in Indonesia.

With the contribution of pesantren in the development of human capital, it is considered necessary and important to conduct further research on how to create added value or value chain for developing human capital through education in pesantren.

Research on this theme has not been done much. Therefore, the novelty of this research is shown by the analytical model used, namely the value chain approach as a model for understanding the process of value-added education in the development of human capital in pesantren. Through this value chain model, it can be known and analysed various main aspects and supports in the development of human capital through education in pesantren.

## II. RESEARCH METHOD

This study used a descriptive qualitative method. Data of this study are primary data obtained from in-depth interviews through focus group discussions (FGD) with stakeholders from several pesantren in Sukabumi and Garut, West Java Province, Indonesia.

According to the research study, the appropriate approach to understand the model of human capital development in pesantren is a value chain model which introduced and developed by Porter [5]. The value chain model is adapted to suit this field of research, namely to analyse the value chain model of developing human capital in pesantren. Therefore, the description of the results of this study begins with the formulation of a value chain model of human capital development, followed by an analysis of the main and supporting aspects in the value chain model of developing human capital through education in pesantren.

## III. HUMAN CAPITAL AND ITS RELATIONS

Human capital is the main value of modern society [6]. The relation between human capital and economics [7]; human capital and development [8]; human capital and economic performance [9], even the link between social capital and human capital [10]. Contribution of human capital to the success of an organization or company [11-13]; investment in human capital [14,15]; human capital and competitiveness [16-18]; the relationship of human capital with the sustainability of organizations or institutions [19]. Various studies on the role of

human capital in manufacturing, non-manufacturing, and even services reinforce the urgency of this research, namely reviewing the value chain model of developing human capital through education in pesantren by understanding pesantren as an educational institution.

#### IV. THE VALUE CHAIN MODEL OF HUMAN CAPITAL DEVELOPMENT

The value chain model consists of primary and supporting activities. The main activity - which was subsequently adapted into the education system in pesantren- included aspects of input, process, and output. The input source for developing human capital in pesantren consists of aspects of brain ware, software, and hardware. The brain ware aspect is human resources consisting of Kyai and/or pesantren leaders, ustadz (teachers of pesantren), other caretakers, and santri (students of pesantren). Software aspects are curriculum, policies, rules and provisions in pesantren, and others. While the hardware aspects are physical facilities in the form of educational facilities and infrastructure in pesantren.

In terms of education, the development of human capital in pesantren is carried out through education and understanding of Islamic religion, linguistics, entrepreneurship, and general science.

Islamic religious education as the main lesson in pesantren is taught through scheduled assemblies of sciences, either daily, weekly, monthly, or even on an annual basis. In addition to learning the knowledge of Islam, pesantren also teach economic independence by providing entrepreneurial skills. This was supported by pesantren leaders who became an example for ustadz and santri to have knowledge of entrepreneurship and practice their entrepreneurial skills.

In general, the alumni of several pesantren in Sukabumi and Garut (which are the location of this research) practised their entrepreneurial skills in their economic lives. Some of them have participated in managing the pesantren by working in a division that suits their expertise and specialization. Others open their own businesses or become entrepreneurs in realizing the economic independence of their families. In terms of debriefing economic knowledge, pesantren also provide entrepreneurial knowledge. Entrepreneurial knowledge is related to innovative thinking actualized from the elements of human capital and various environmental factors that influenced [20].

As an educational institution, pesantren convince that it is their responsibility to provide entrepreneurial knowledge to santri as a form of provision to live their lives in the community so that they are economically independent and can have a positive impact on their environment. Pesantren, in general, not only provide religious education as their main thing, but also offer general formal education. From other aspects, linguistics has long been a hallmark of learning in pesantren. In addition to Indonesian language which is used daily, there are also Arabic, English, and others as foreign language knowledge and expertise taught and practiced in pesantren. In responding to the era of globalization and industrial revolution 4.0, it turned out that since long ago

pesantren had prepared their human capital with comprehension aspect and international language ability.

The output aspect of the results of human capital development in pesantren is to form educated human resources that are oriented to religious values. Collaborative knowledge obtained from pesantren is not only general knowledge and mastery of science and technology (iptek), but the main thing is education based on faith and piety (iman and takwa/imtak). "Iptek and imtak collaboration" is the basis of the advantages of developing human capital in pesantren in Indonesia. Alumni from pesantren generally become notable figures or leaders in their community.

In addition to the main aspects, the value chain for developing human capital in pesantren is also reinforced by various supporting aspects which include institutional culture or the atmosphere of established leadership values, organizational structure, and strategic resources.

Institutional culture is an important supporting aspect in shaping and building human capital in pesantren. It is reflected in the strong leadership values. Pursuing knowledge is a very important thing to do with the belief that to achieve world happiness and the hereafter is through knowledge. The culture of doing something that should always be based on the Islamic value/worship. Islamic values become the basis of pesantren education in developing human capital. Culture of respect for parents and teachers is very important in the education of pesantren, including ethics in acting, speaking, and behaving.

Another supporting aspect is the organizational structure of pesantren that support direct communication. It can be in the form of sharing knowledge between Kyai and santri, Kyai and ustadz, or sharing knowledge directly from Ustadz to santri. For ustadz and santri, the figure of a Kyai or pesantren leader is a role model or reference, and the knowledge given by a Kyai and ustadz is valuable learning for santri.

The next supporting aspect that determines the development of human capital in pesantren is a variety of strategic resources consisting of human resource management, physical and non-physical infrastructure including the sources and availability of pesantren funding, and information technology. Pesantren, where this research took place, was Ath Thariq, an entrepreneurial ecology-based pesantren in agriculture and plantations; and Al Fath, pesantren that used shodakoh (charity)-based funding management. Procurement of funds is obtained from various sources, including from animal husbandry sector, trade, agriculture, services, and others.

The value chain model as described above can be used as an approach to understanding the process of developing human capital through education in pesantren by showing the main aspects (input, process, and output) and supporting aspects that support the main aspects to realize the success of pesantren in the development of human capital.

#### V. CONCLUSION

The value chain model shows the variety of main aspects and supporting aspects in the development of human capital.

Pesantren, in the scope of their existence, are educational institutions that have a significant role in the development of human capital. The process of developing human capital through education that are oriented and referring to religious values is the most important and fundamental aspect for the primacy of education in pesantren, namely by emphasizing aspects of morality, intellectual ability, and independence. The institutional culture formed provides its own colour for the development of human capital in pesantren supported by strategic resources and the existence of an organizational structure that enables direct communication links for knowledge sharing among stakeholders in education in pesantren.

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