Santripreneurship Through The Development of Industrial and Santri Creation to Manifest Sharia-Based Economy

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ABSTRACT
This research aims to improve the community's welfare through the basis of Islamic boarding schools by empowering industrialized and creative santri (students at Islamic boarding schools) and supporting government policies for the sharia economy implementation—this research data collection using a questionnaire. The research sample was 250 santri of modern pesantren (Islamic boarding schools) in Malang City with independent and entrepreneurial santri programs. The experimental design was designed for pre-test and post-test group. The data analysis method uses SEM with the LISREL application. The results showed that industrialized santri and creative santri positively affected the sharia economy. The study results shows that entrepreneurship can deliver santri (students) who have skills in the arts, information technology, and social enterprise, who can implement sharia economy independence in Islamic boarding schools.

Keywords: Santripreneurship, Entrepreneurship, Islamic Boarding School, Sharia Economy

1. INTRODUCTION

The history of Islamic boarding schools development cannot be separated from the development of Islam in Indonesia, which has a role in the nation's journey and becomes a distinctive treasure in Indonesia. [1]. Islamic boarding schools have an essential role in teaching moral values to students and the community since the colonial era in Indonesia through special education [2], [3].

One of the efforts to reduce this inequality is through government programs based on Islamic boarding schools and religious-based organizations [4]. According to the Ministry of Religion data in 2020, the number of Islamic boarding schools spread across Indonesia is 26,974, with an estimated 3 million students [5]. Therefore, it is necessary to develop santripreneurship to support santri as industrialized santri and creative santri [6].

The santripreneurship program, known as the industrialized santri, focuses on business units or industries with the empowerment of human resources available in Islamic boarding schools, including santri and santri alumni. In line with this, the central and regional governments have created a one pesantren one product program to create boarding school-based entrepreneurship (santripreneurship) [6].

The market will accept excellent products and efforts to empower Islamic boarding schools based on a digital economy that ultimately fosters creative students. Through this santripreneurship program, it is expected that today's Islamic boarding schools will become the foundation in developing a sharia economy [6].

This research was conducted at several Islamic boarding schools in Malang City, as it is well-known as student and religious city. Islamic boarding schools in this city also becomes the oldest informal educational institutions in East Java [7]. In 2021, there are 39 Islamic boarding schools. Formal education has also begun to be developed in Islamic boarding schools in Malang City when these school opens formal classes for junior and senior high schools. With this policy, the government hopes that Islamic boarding schools will become centres of formal religious education and soft skills development and develop Islamic boarding schools on an entrepreneurial basis [8].

The number information sources that students can absorb to build an entrepreneurial spirit in the Islamic
boarding school environment to implement sharia economy. The sharia economy is an economic system that originated from transcendental revelation (Quran & Hadith) and becomes interpretation source of revelation or *ijtihad* [9]. Islamic boarding schools are the foundation for implementing sharia economy [9], [10]. This study aims to see how the influence of industrialized and creative *santri* on sharia economy implementation.

2. LITERATURE REVIEW

2.1. Islam and Entrepreneurship

Becoming an entrepreneur will balance life and the hereafter as Qur'an explained about humans who should live in a balanced way between life and the hereafter. Those who leave the responsibility in this world for doing good for the hereafter are not good Muslims, nor are those who leave responsibility for the hereafter for life [11]. This is also in line with what was conveyed by Muhammad SAW in his hadith narrated by HR. Ad-Dailamyl and Ibn Asakir.

In a hadith narrated by Bukhari, the Prophet Muhammad SAW said: "There is no better food than which is eaten from the results of one's sweat." This means that Islam encourages entrepreneurship by Muslims. Harizan and Mustafa also stated that entrepreneurship is an essential mission in Islam [12].

2.2. Pesantren (Islamic Boarding Schools) and Entrepreneurship

The value creation process in an entrepreneurial orientation (proactive, innovative, and willing to take risks) will grow industrialized and creative students [13]. When students have an excellent entrepreneurial orientation, it will be easy for them to be developed or empowered by raising awareness of their potential and trying to develop it.

Researchers consider that innovation is at the heart of entrepreneurship [14]. Innovation is a person's effort to realize creativity in creating a product. Through innovation, students are required to understand a new product or be creative in products innovation.

The entrepreneurial dimension is a proactive attitude which is a perspective in taking the initiative in reading new opportunities and participation in the business [15]. Proactive students tend to be able or have the desire and foresight to seize new opportunities even though they are not always the first to do so.

The organizations tendency to take risks (risk-taking) positively influences organizational performance. Someone who can take risks will be able to read the opportunities that exist. For students who are tough and independent, they must be able to read opportunities. The tendency of risk-taking attitudes is positively related to successful organizations [16], because managers or owners can make profitable agreements for the organization. A business person must be able to take risks.

Data from the Ministry of Religion in 2020 stated that the number of Islamic boarding schools in Indonesia increased by 26,974, with students reaching almost 3 million people. Islamic boarding schools have become the choice for school-age children in Indonesia to study [5]. This potential is urgent if it is related to the current social phenomenon because Islamic boarding schools in Indonesia has an independent spirit [17], [18]. Entrepreneurship is not new in Islamic boarding schools because entrepreneurship has become a challenge for Islamic boarding schools in the globalization era to restore the student’s spirit [17], [18].

2.3. Human Resource-Based Economy Through Industrial Students and Creative Students

In its development, economic empowerment for the people is constrained by human resource problems. Based on BPS data in 2019, the number of young people in Indonesia is more than the elder generation [19]. This phenomenon does not reduce unemployment. However, this condition does not hinder the acceleration of technological development, especially in digital technology, which will be an opportunity for economic empowerment for the people.

One of the *santripreneurship* program objectives is improving the community's welfare through the basis of Islamic boarding schools through empowering *santri*. Pesantren is a place for *santri* to learn independently and entrepreneurship before going directly to the community [20].

2.4. Sharia Economy

The sharia economy is an economic system that originates from transcendental revelation (Quran & Hadith) and interpretation source of revelation called *ijtihad* [9]. Some pesantren have the potential for empowerment in the economic field, such as establishing sharia cooperatives, developing various small and medium-scale business or industrial units, and having business incubators [21]. One of the Islamic boarding schools in East Java, *Pondok Pesantren* Sidogiri, has succeeded in developing entrepreneurship and has several business units. Based on sharia-based economic research conducted by researchers [22], entrepreneurship in Islamic boarding schools can improve community welfare and reduce poverty and unemployment, so this is a noble program taught in Islam.
3. METHOD

In this study, the sample was 250 Islamic boarding school students in Malang City with independent and entrepreneurial santri programs as the main sample selection criteria. In this research, the analysis method uses SEM with the LISREL application.

This study collects data by questionnaires with Likert scale measurement that distributed to respondents. The experimental design used in this study was a one-group pre-test and post-test design. Before the respondent was given treatment, the respondent was given a pre-test that continued with the training. After providing the training, the final stage of the respondents was given a post-test.

The design is used to find out how the industrial santri program and the creative santri can encourage creating an independent sharia economy in Islamic boarding schools. In this research, santri will be divided into two groups in each Islamic boarding school, group A is not given training, and group B is given training about industrialization (i.e. starting to get business ideas, making products and marketing) and creative students such as digital marketing training and the art of batik. After several months of receiving the entrepreneur training, a t-test was carried out to see if the students had business ideas, innovation, business opportunities forecasting, and dared to risk taking. After conducting experiments on these issues, the aim is to determine the influence of industrial students and creative students as measured by three things: opportunities, risks, and innovation on sharia-based economic independence.

Figure 1 Conceptual Framework of Research

Source: Data Processed Researchers (2020)

Based on the conceptual framework, the hypotheses are:

H1: Industrialized santri have an effect on the sharia economy at Islamic Boarding Schools in Malang City

H2: Creative santri affects the sharia economy at Islamic Boarding Schools in Malang City

In this research, the analysis method uses SEM with the LISREL application. Relationship patterns are shown using arrows. Single arrows indicate a causal relationship between an exogenous or intermediate variable and one or more dependent variables.
4. DISCUSSION

4.1. Validity and Reliability

The research data was processed using Structural Equation Modeling (SEM) with the LISREL 8.8 application. The use of SEM aims to test research models, which are divided into two categories: measurement models and structural models. The validity test was conducted using the Confirmatory Factor Analysis method using Structural Equation Modeling (SEM) with the Lisrel 8.8 complete version application. Evaluation of validity is determined based on the factor loadings with standardized loadings factor 0, 0.50. From the results, data processing was carried out; several items had factor loadings below 0.50, namely X1.1.3 (0.46) and X1.1.4 (0.44) on the dimension of product creation ability, X1.3.4 (0.33) on the dimension of business risk, X2.1.1 (0.41) and X2.1.4 (0.43) on the dimension of creative ability, X2.3.1 (0.40) on the dimension of product development, X2.3.1 (0.40) and X2.3.2 (0.51) on the ability to see business opportunities dimensions. All of these items are declared invalid and must be removed from the model. After reprocessing, there were still three items that were found to be invalid, namely X1.1.2 (0.48), X1.2.4 (0.47), and X2.3.1 (0.51).

Researchers tested the suitability of the measurement model using a two-step approach, namely the measurement of CFA in the first stage and second-order CFA in the second stage. In the first stage, the researcher conducted a factor analysis of the statement indicators of each dimension. All statement indicators must meet the validity and reliability requirements discussed in the validity and reliability test analysis section. Based on testing using Latent Variable Score (LVS). Meanwhile, the results of data processing from the CFA 2nd Order are as follows.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>LF</th>
<th>e</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial santri</td>
<td>Ability to create products</td>
<td>0.84</td>
<td>0.30</td>
<td>0.94</td>
<td>0.83</td>
</tr>
<tr>
<td></td>
<td>Business completeness</td>
<td>0.92</td>
<td>0.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business risk</td>
<td>0.98</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Santri creations</td>
<td>Ability to be creative</td>
<td>0.97</td>
<td>0.05</td>
<td>0.96</td>
<td>0.89</td>
</tr>
<tr>
<td></td>
<td>Product development</td>
<td>0.97</td>
<td>0.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ability so see business opportunities</td>
<td>0.89</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sharia economy</td>
<td>Economic independence</td>
<td>0.86</td>
<td>0.25</td>
<td>0.92</td>
<td>0.86</td>
</tr>
<tr>
<td></td>
<td>Sharia cooperatives</td>
<td>0.99</td>
<td>0.03</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1. Confirmatory Factor Analysis (CFA) Second Order

The reliability test was carried out using the composite reliability measure and variance extracted (AVE). Reliability evaluation will be good if the construct Reliability value is greater than 0.70 (CR 0.70), and the variance extracted value is greater than 0.50 (VE 0.50). From the 2nd CFA, it was found that all dimensions had a factor loading above 0.05 and all CR and VE values met (CR 0.70 and VE 0.50) so that all of them were declared reliable.

5. DESCRIPTIVE STATISTICS

The mean value is used to see the central tendency, while the standard deviation measures the difference from the average value. Data processing was carried out using SPSS 24. From the results of data processing, all the mean had a high category.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Mean</th>
<th>Grand Mean</th>
<th>Stand. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial santri</td>
<td>Ability to create products</td>
<td>4.576</td>
<td>4.655</td>
<td>0.476</td>
</tr>
<tr>
<td></td>
<td>Business completeness</td>
<td>4.677</td>
<td>4.448</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business risk</td>
<td>4.712</td>
<td>0.469</td>
<td></td>
</tr>
<tr>
<td>Santri creations</td>
<td>Ability to be creative</td>
<td>4.652</td>
<td>4.671</td>
<td>0.462</td>
</tr>
<tr>
<td></td>
<td>Product development</td>
<td>4.682</td>
<td>0.528</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ability so see business opportunities</td>
<td>4.680</td>
<td>0.539</td>
<td></td>
</tr>
<tr>
<td>Sharia economy</td>
<td>Economic independence</td>
<td>4.682</td>
<td>4.667</td>
<td>0.491</td>
</tr>
<tr>
<td></td>
<td>Sharia cooperatives</td>
<td>4.652</td>
<td>0.590</td>
<td></td>
</tr>
</tbody>
</table>

Source: Processing Data from SPSS
5.1. The Goodness of Fit (GoF)

This structural model fit test uses Goodness of Fit (GOF) as a reference. After processing the data using Lisrel 8.8, the results of the model fit test were obtained, as shown in the following table.

Table 3. Goodness of fit model

<table>
<thead>
<tr>
<th>Goodness of fit Index</th>
<th>Cut-off value</th>
<th>Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ – Chi-square (df = 41, p = 0,000)</td>
<td>$\geq 524.70$</td>
<td>$102.70(p=0,00)$</td>
<td>df=16 0.91 Good Fit</td>
</tr>
<tr>
<td>Goodness-of-Fit Index (GFI)</td>
<td>GFI $\geq 0.90$ good fit; $0.80 \leq$ GFI $&lt; 0.90$ marginal fit</td>
<td>0.91</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>RMSEA $\leq 0.08$ good fit; RMSEA $&lt; 0.05$ close fit</td>
<td>0.148</td>
<td>Close Fit</td>
</tr>
<tr>
<td>Standardized Root Mean Square Residual (SRMR)</td>
<td>SRMR $\leq 0.05$ good fit</td>
<td>0.024</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>NFI $\geq 0.90$ good fit; $0.80 \leq$ NFI $&lt; 0.90$ marginal fit</td>
<td>0.97</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Incremental Fit Index (IFI)</td>
<td>IFI $\geq 0.90$ good fit; $0.80 \leq$ IFI $&lt; 0.90$ marginal fit</td>
<td>0.98</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>CFI $\geq 0.90$ good fit, $0.80 \leq$ CFI $&lt; 0.90$ marginal fit</td>
<td>0.98</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

Source: Processing Data from LISREL 8.8

In general, of the seven indicators used to determine the value of Goodness of Fit, six of them show Good Fit results. This shows that the research model is already fit with the data. One measurement that shows close fit results, namely the Root Mean Square Error of Approximation (RMSEA). However, this structural model has a good fit.

5.2. Hypothesis Test

The hypothesis testing stage is advanced after the measurement test, and overall model fit tests are carried out. This hypothesis test was conducted to determine the effect of the variables of industrialized santri and creative santri on the sharia economy.
Based on the H1 hypothesis, industrial students have a positive effect on the sharia economy; the results of model testing, as can be seen in the path diagram above, indicate that the resulting t-value is significant at 3.30, greater than 1.96 ($\beta = 0.37$, $t$-value (3.30) $\geq$ 1.96). This means that the H1 hypothesis is accepted; industrial students significantly affect the sharia economy. Testing for the H2 hypothesis, namely that there is a positive effect of creative students on the sharia economy, through the path diagram, the t-value is 2.96 ($\beta = 0.33$, $t$-value (2.96) $\geq$ 1.96). This means that the H2 hypothesis is accepted; creative students significantly affect the sharia economy.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Coefficient</th>
<th>Path</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Industrial santri – sharia economy</td>
<td>0.37</td>
<td>3.30</td>
<td>H1 accepted, Supported</td>
</tr>
<tr>
<td>H2 Santri creations – sharia economy</td>
<td>0.33</td>
<td>2.96</td>
<td>H2 accepted, Supported</td>
</tr>
</tbody>
</table>

**5.3. Discussion**

One of the objectives of the santripreneur program is to improve the community's welfare through the basis of Islamic boarding schools through the empowerment of students. Pesantren is a place for students to learn independently and entrepreneurship before going directly to the community [20].

These industrial students focus on business units or industrial units with available human resources in the Islamic boarding school environment consisting of students and alumni of students. At the same time, creative students are included in the entrepreneur program further to explore the creative potential of students and alumni to become experts in art, information technology, and others. Through santripreneurship program, it is expected that Islamic boarding schools today will become the foundation in developing sharia economy [23].

Forming an industrial santri character requires knowledge and experience of how a santri can understand the product creation process, business knowledge, how they understand how to start a business, and how to get capital and the requirements for a product to be legally acceptable, such as PIRT business license, halal certification, patent rights and how to understand business risks [24].

To realize industrialized santri, training and mentoring are carried out at several Islamic Boarding Schools in Malang City. The business idea training teach about business model canvas to santri. Through this process, students get business ideas, consumer segmentation, product innovation compared to existing products, business channels, business funding, business
strategic activities, assets or resources. Carried out business partnerships and business funding expenditures. After conducting training in several Islamic boarding schools for several months through several stages, the results showed a positive influence of industrialized santri on the sharia economy. Some santri from business groups produce several products sold to several santri guardians/parents who visit the Islamic boarding school.

The findings in this study support the previous studies result related to santripreneurship. Masum and Wajdi in their findings suggest that Islamic Boarding School in Nganjuk have succeeded in implementing the santripreneurship concept so that it impacts the social community in and around the Islamic boarding school [25]. This study result also supports research findings [26], which focus on developing santripreneurships’ e-commerce start-ups. Meanwhile, research findings by Abbas, et al. [27], who train students in conducting santripreneurship activities in printing, explain that this can strengthen sharia-based economy in Indonesia. In addition, the findings by Komara, et al. [28] also strengthen the implementation of the santripreneurship concept is possible to be aligned with local wisdom-based businesses.

Compared with the findings of previous studies, the novelty of this research is the testing process which carried out more systematically, through business model canvas implementation (nine stages). Furthermore, the students were given more freedom in determining the business topic to be carried out. This will support the exploration of santri ideas to engage in santripreneurship activities to contribute to developing sharia economy in Indonesia to go global [29].

Some students have understood how to create sharia-based economic independence by creating a halal product, starting a business with halal capital, and having the courage to face risks. Some students have the will and ability to develop small or medium-scale business units to meet the internal needs of Islamic boarding schools. To develop industrialized santri, several Islamic boarding schools collaborate with sharia cooperatives. This result supports previous research [21], that some Islamic boarding schools have the potential for empowering economic field, such as establishing sharia cooperatives, developing various small and medium-scale business units or industries, and having business incubators.

Based on the study results, creative students positively affect the sharia economy after entrepreneurship training has been carried out collaboration with several parties to create a product such as batik, processed healthy food by digital marketing. Based on the study results, several Islamic Boarding Schools in Malang City provide their students with some creativity and self-development through creativity trainings in collaboration with several universities.

The study results show several Islamic boarding schools with santri independence programs, and entrepreneurship can deliver students with arts, information technology, and social entrepreneurs skills to build sharia-based economy independence. This study supports previous research conducted by Manik dan Sidharta, which pesantren must produce prospective entrepreneurs who are ready to enter the community [30].

Before do the training, santri’s the pretest results show generally, santri did not understand the importance of creativity to establish sharia-based economic independence. After the training, they have better awareness and these industrialized santri have a positive influence on pesantren’s sharia economy activities. This result also supports Reginald & Mawardi research about development of entrepreneurship in Islamic boarding schools role to improve community welfare, reduce poverty and unemployment [31].

6. CONCLUSIONS AND SUGGESTIONS

This study found that industrialized and creative santri positively affected the sharia economy. As a country with the largest Muslim population globally, which is still ranked 4th in the Global Islamic Economy Indicator Score, Indonesia will undoubtedly benefit more from this study result. Through the development and implementation of the santripreneurship concept in Islamic boarding schools, it will further strengthen the potential for developing Islamic economics in Indonesia. According to the research result, the implementation and development of santripreneurship can be implemented through business model canvas training. Therefore, the able to analyze their business at an early stage.

This research has limitations such as a small scale of research which focused on one city area in Indonesia. Therefore, to obtain comprehensive and general findings, it is necessary to carry out further research with a broader research subject. On the other hand, this study is expected to contribute theoretically on the development of Muslim entrepreneurship and sharia economy’s implementation literatures. Hence, further research should map the focus of the field of expertise and unique characteristic of each Islamic boarding school.

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