

Strategic Resource Management in Islamic Boarding Schools: The Role of Income-Generating Units in Supporting Educational Goals

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Abstract:

This study explores the role of Income-Generating Units (IGUs) in promoting the economic independence of Islamic boarding schools. This study focuses on the mechanism of IGUs' contribution to the financial and educational sustainability of Islamic boarding schools, considering that the existing literature is still limited in discussing this aspect in depth. The main objective of this study is to investigate the strategies and resources that enable Islamic boarding schools to achieve economic independence to support the sustainability of their education. This study uses a qualitative with case study approach in Islamic boarding schools that have developed various mining, fisheries, and agribusiness businesses. Data were collected through interviews, observations, document reviews, and Focus Group Discussions (FGDs). The data analysis process includes classification, processing, and validation with the help of NVIVO software for effective management and coding of qualitative data. The results show that the economic success of Islamic boarding schools is driven by three main factors: effective resource utilization, strategic partnerships with external parties, and active involvement of students in business activities. This study confirms that IGUs play an important role in ensuring the sustainability of Islamic boarding schools, both in terms of financial independence and the development of student's practical skills, which simultaneously strengthens the competitiveness of Islamic boarding school education.

Keywords: *Income Generating-Units, Independence of Pesantren, Sustainability of Education, Partnership*

Abstrak:

Penelitian ini mengeksplorasi peran Unit Penghasil Pendapatan (Income-Generating Units/IGUs) dalam mendorong kemandirian ekonomi pesantren. Fokus penelitian ini adalah pada mekanisme kontribusi IGUs terhadap keberlanjutan keuangan dan pendidikan pesantren, mengingat literatur yang ada masih terbatas dalam membahas aspek ini secara mendalam. Tujuan utama penelitian ini adalah untuk menyelidiki strategi dan sumber daya yang memungkinkan pesantren mencapai kemandirian ekonomi guna mendukung keberlanjutan pendidikannya. Penelitian ini menggunakan pendekatan kualitatif jenis studi kasus pada pesantren yang telah mengembangkan berbagai usaha di sektor pertambangan, perikanan, dan agribisnis. Data dikumpulkan melalui wawancara, observasi, tinjauan dokumen, dan Focus Group Discussion (FGD).

Proses analisis data mencakup klasifikasi, pengolahan, dan validasi dengan bantuan perangkat lunak NVIVO untuk pengelolaan serta pengkodean data kualitatif secara efektif. Hasil penelitian menunjukkan bahwa kesuksesan ekonomi pesantren didorong oleh tiga faktor utama: pemanfaatan sumber daya yang efektif, kemitraan strategis dengan pihak eksternal, dan keterlibatan aktif santri dalam kegiatan bisnis. Studi ini menegaskan bahwa IGUs memegang peran penting dalam memastikan keberlanjutan pesantren, baik dari segi kemandirian keuangan maupun pengembangan keterampilan praktis santri, yang secara bersamaan memperkuat daya saing pendidikan pesantren.

Kata Kunci: *Income Generating-Units, Kemandirian Pesantren, Keberlanjutan Pendidikan, Kemitraan*

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INTRODUCTION

As a traditional Islamic educational institution, Pesantren fundamentally links education, the economy, and self-sufficiency (Ariatin et al., 2022; Prayogi et al., 2022; Rijalullah et al., 2022). This relationship is local and significantly impacts character development and the self-sufficiency of a nation's human resources (Muslim, 2024). Pesantren holds a central role in shaping the character and personality of its students (Hastasari et al., 2022; Nursalim et al., 2024), which has been shown to foster the self-sufficiency of pesantren, closely tied to their economic status (Jubba et al., 2022; Miftahorrozi et al., 2022). Many pesantren rely on donations or endowments (*waqf*) for operational continuity. Understanding the economics and self-reliance of pesantren is crucial in supporting the sustainability of pesantren education (Loach & Rowley, 2022; Pocol et al., 2022; Uralovich et al., 2023)

In pesantren communities, income-generating strategies represent a vital social fact (Savirani et al., 2024), reflecting the shift toward self-reliance and economic empowerment within Islamic education. Traditionally, pesantren rely on external donations or limited tuition fees, which may restrict their growth and sustainability (Arfan & Namakule, 2024). Today, however, many pesantren diversify into various economic sectors – such as agriculture, retail, and services – to support their operational needs and ensure financial independence (Rusli & Mardiyah, 2023). From a management perspective, this income-generating strategy requires structured planning and resource allocation, along with a focus on long-term sustainability. Effective management of these income-generating units (IGUs) involves developing explicit business models, nurturing partnerships, and aligning activities with the pesantren's values and educational goals.

The businesses managed by Islamic boarding schools play a crucial role in achieving the institution's economic independence. Pesantren can generate revenue by running internal business ventures and reducing reliance on donations. Initiatives such as fisheries, livestock farming, mining, plantations, and service provision give pesantren greater control over their financial resources. This ensures operational sustainability, fosters financial self-reliance, provides

resources for educational programs, and strengthens the positive impact on students and the surrounding community.

Research on Income Generating Units (IGU) in educational institutions and the development of pesantren has highlighted numerous business potentials that can enhance the sustainability of pesantren education (Mahmuda & Muktadir-Al-Mukit, 2023). Therefore, this study focuses on strategies for developing potential business ventures to improve the financial economy of pesantren, stemming from alternative funding sources (Menne et al., 2022). Recent studies suggest that IGUs in pesantren can span various sectors, such as agribusiness, product manufacturing, and educational services.

The research identifies effective business models that integrate Islamic values and sustainability. For example, organic farming, halal production, or specialized Islamic skills training can be focal points for IGU development. These potential businesses operated by pesantren can help reduce dependence on donations and waqf, increase financial resources, and provide employment opportunities for students (Audretsch et al., 2023; Bika et al., 2022; Liu et al., 2022). By applying sustainable business principles, pesantren can achieve better and higher-quality educational sustainability (Nurcholida et al., 2022; Zaki et al., 2022). Research on IGUs in pesantren contributes to the sustainability of pesantren education. It offers new insights into the role of pesantren in the local and national economy, creating a broader positive impact on community development.

This article addresses the critical issue of financial instability in Islamic boarding schools (pesantren), emphasizing the need for long-term income-generating measures. Many pesantren have little funding, relying mainly on contributions or fees, which can jeopardize their educational and operational objectives. This study aims to investigate effective income-generating units (IGUs) that enable pregnant children to achieve economic independence. The study hopes to provide practical insights into long-term IGU management by evaluating successful examples. The findings will contribute to the results and discussion by demonstrating how structured IGU techniques support pesantren's economic sustainability while aligning with their educational goal. Research on income-generating units in Islamic boarding schools (pesantren) plays a crucial role in their development. By incorporating entrepreneurial activities into their educational system, pesantren can achieve greater financial independence, reducing dependence on external donations or government funds. This research provides valuable insights into business models adapted to the cultural and Islamic principles of the pesantren, enabling sustainable income generation.

RESEARCH METHOD

This article highlights the need for sustainable financial strategies to empower pesantren, ensuring long-term economic stability and reduced reliance on donations." the researcher will take a qualitative approach. This study uses the case study method chosen because it allows for an in-depth exploration of specific

instances within real-life contexts, providing a detailed understanding of complex phenomena. This approach is particularly suitable for capturing the unique characteristics, interactions, and dynamics within a specific environment or group, as it offers the flexibility to observe and analyze variables as they naturally occur.

Pondok Pesantren Ar-Risalah Cijantung IV in Ciamis, West Java, is the location of this study. The pesantren has experienced remarkable expansion, partly due to its accomplishments in launching a range of commercial endeavors that support its general advancement and economic stability. Among the enterprises run by Ar-Risalah are operations in mining, fishing, plantations, educational services, and integrated waste management.

The case study method is known for its emphasis on specific processes (Farquhar et al., 2020), personal experiences (Tomaszewski et al., 2020), human interactions (Tobon & Luna-Nemecio, 2021), and distinct events. Its structure typically involves several steps: first, identifying a particular case or issue to be explored (Schoch, 2020); second, diagnosing the potential causes behind the issue (De, Kundu, & De Sarkar, 2021); third, applying logical reasoning to analyze these causes (Moschis, 2024); and finally, developing one or more possible solutions to address the problem (Campbell & Domene, 2024).

Interviews, document reviews, or observations will all be used to gather data. Furthermore, Focus Group Discussions (FGDs) will be employed to collect opinions and suggestions on creative revenue models for Islamic boarding schools from various stakeholders. The results will be verified for accuracy using member-checking, in which participants examine and verify the interview responses. Triangulation— the combination of information from several sources, such as surveys, FGDs, and interviews— will also be employed to increase the validity of the results. Uniting the data, classifying it, analyzing the insights, and validating the outcomes are all steps in the data analysis process. The data analysis will involve several key steps: uniting, classifying, analyzing, and validating the insights. The NVIVO software will assist in managing and coding large sets of qualitative data by allowing for efficient sorting, linking, and retrieval of data across various themes.

RESULT AND DISCUSSION

Result

Supporting Factors for the Integration of Income-Generating Units

The supporting factors for integrating income-generating units at Ar-Risalah Islamic Boarding School include leadership, human resources, productive assets such as fertile land, endowed foundation properties, availability of aquaculture areas, and initial capital. The crucial roles of administrators, such as the head of the boarding school and business coordinators, are key in managing these resources for the school's economic success, as visualized in Figure 1.

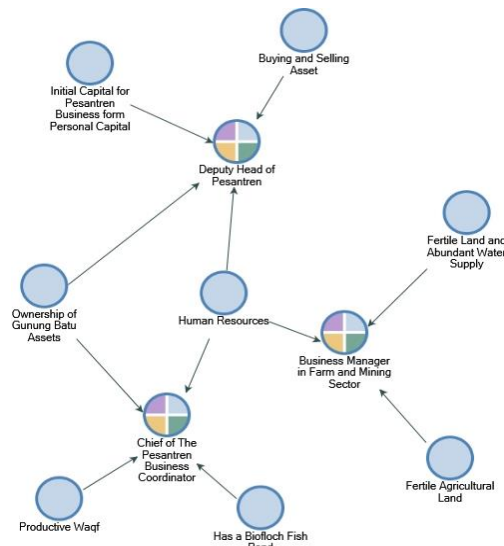


Figure 1. Project Map Visualization of Supporting Factors for Islamic Boarding School Resources

Based on research findings processed using NVIVO 12 software, data about the Income Generating Unit (IGU) at Pondok Pesantren Ar-Risalah reveals how the pesantren leverages its resources. First, interviews with the Deputy Head of Pondok Pesantren Ar-Risalah show that the initial capital for the IGU came from personal funds, which were then expanded through asset trading strategies. These assets include Gunung Batu's ownership in Banjar City, one of the primary funding sources for business development. Productive waqf was also identified as a valuable resource, managed under strict supervision by the pesantren's leadership to support economic activities.

Ar-Risalah Islamic Boarding School manages various potential businesses professionally to sustain its economic growth. As an Islamic boarding school, it develops potential businesses to support economic independence. The potential businesses developed by Ar-Risalah Islamic Boarding School are illustrated in Figure 2.

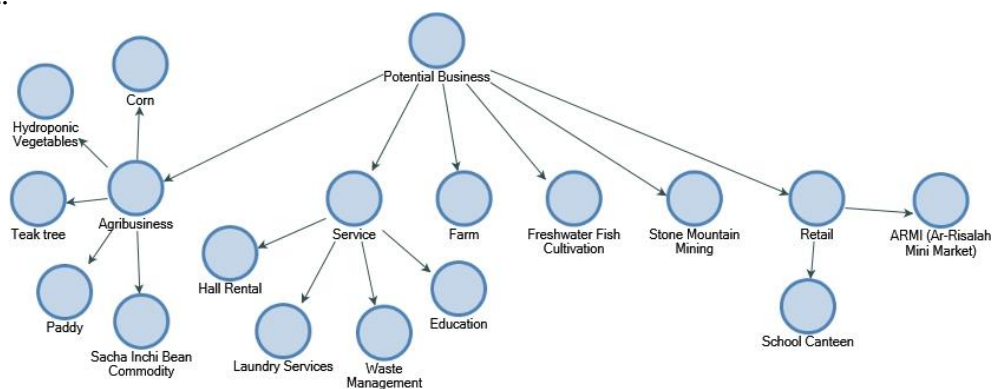


Figure 2. Visualization of Project Map Details of Potential Islamic Boarding School Businesses

Interviews with the Deputy Head of Pondok Pesantren Ar-Risalah revealed that the pesantren has expanded into service-based businesses, including education services, waste management, laundry, and hall rentals. These efforts

aim to increase the institution's funding and serve as a platform for students to gain exposure to the business world beyond the pesantren. This aligns with the perspective of the Business Coordinator of the pesantren, who highlighted that retail businesses, mainly through ARMI (Ar-Risalah Mini Market) and the pesantren's cafeteria, play a crucial role in the IGU. These ventures help train students in entrepreneurship from an early age.

Meanwhile, the Livestock and Mining Business Manager added that the pesantren has long been involved in potential businesses such as the Gunung Batu mining and agribusiness sectors, including fish farming. These findings are further supported by the fact that the pesantren focuses heavily on agribusiness and fisheries, managed directly by staff and students under the supervision of business managers. These sectors have become key contributors to the pesantren's funding and offer valuable learning opportunities for the students. A similar view was expressed by the Creative Economy Business Manager, who noted that the high demand from Gen Z for services and facilities has encouraged the pesantren to offer hall rentals and various supporting services, including vendors and catering.

The development of potential businesses in Islamic boarding schools cannot proceed independently without collaboration with various stakeholders. This collaboration aims to enhance all aspects of potential businesses, from training and sales to business mentoring. The parties involved in the boarding school's businesses are illustrated in Figure 3.

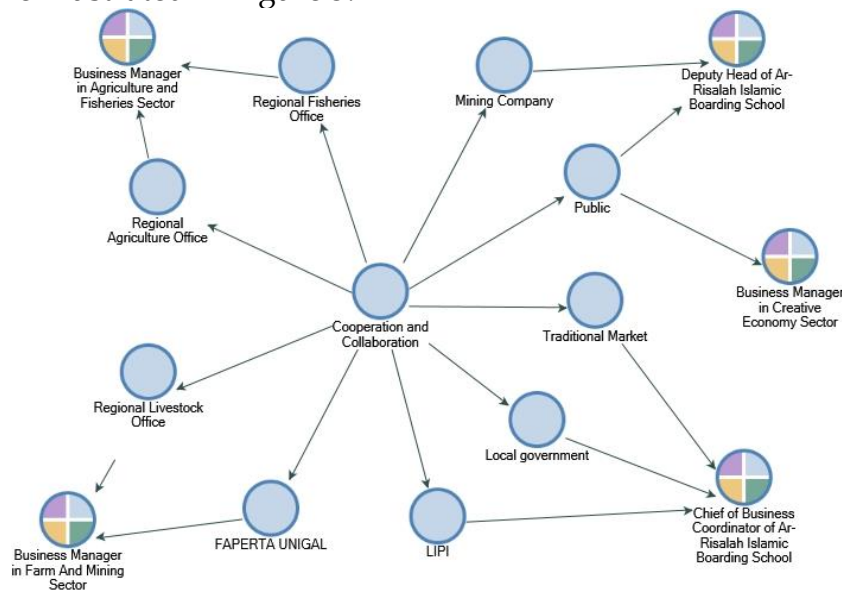


Figure 3. Project Map Visualization of Islamic Boarding School Cooperation and Collaboration Forms in Income-Generating Units

This perspective is further supported by the Business Coordinator of Pondok Pesantren Ar-Risalah, who emphasized that cooperation with local markets has been instrumental in distributing agricultural and livestock products managed by the pesantren. Additionally, coordination with local government plays a vital role in securing regulatory support and accessing broader markets. These collaborative efforts have proven essential in driving the pesantren's economic sustainability and growth.

Table 1. Business Potensial Data in Ar-Risalah Islamic Boarding School

Business Development	Description
Mining	<ul style="list-style-type: none"> • Collaborate with the Regional Mining Service and private development developers • Involved 60 local workers • Mining activity turnover Rp. 15,000,000,000 per year
Fishery	<ul style="list-style-type: none"> • Cooperate with the Regional Fisheries Service (Materials, legality) • Sales cover the Ciamis regional area to Central Java and Banten. • Involves 30 workers • The turnover of this business is around Rp. 425,000,000 million per year
Agriculture	<ul style="list-style-type: none"> • Collaborate with the Regional Agricultural Service and the private sector • Permanent workers reach 50 people • Involves up to 4000 residents • Turnover from corn farming activities reached Rp. 35,000,000,000 per year
Farming	<ul style="list-style-type: none"> • Collaborate with the Regional Animal Slaughter Department • Turnover of livestock activities reaches Rp. 1,000,000,000, per year
Plastic Processing	<ul style="list-style-type: none"> • Collaborate with related departments • Garbage comes from student activities at the boarding school • Ar-Risalah Islamic Boarding School and the community around • Turnover of waste management activities Rp. 125,000,000 per year

SWOT Analysis in Implementing Income-Generating Units

Islamic boarding schools (pesantren) have built a strong foundation through initial capital raised from selling assets such as land and the Gunung Batu mining operation, which has been a key driver of business development without reliance on external funding. Their diverse business ventures—including a minimarket, cafeteria, livestock farming, and fisheries—contribute to financial stability, even when specific sectors experience fluctuations. Collaborations with government agencies, universities, and the local community have strengthened support networks and resource access.

Pondok Pesantren Ar-Risalah Cijantung IV has excelled in implementing its Income Generating Unit (IGU), successfully diversifying into fisheries, mining, and plastic waste processing as part of its business strategy. This diversification provides sustainable revenue, supports the pesantren's operations, and improves the welfare of staff and students. This success demonstrates the pesantren's ability to adapt and seize local economic opportunities, ultimately reinforcing its self-sufficiency. The solid infrastructure and established assets, such as land and business facilities, are critical foundations for business operations.

The pesantren also forms strategic partnerships with external entities, including the government and private companies, which help strengthen capital and technology, enabling broader market expansion. To enhance internal capacity, the pesantren offers business education and training to its students, equipping them with entrepreneurial skills. These programs generate additional income and prepare the next generation to continue and expand the pesantren's enterprises in the future. Furthermore, the pesantren's contribution to the surrounding community is significant, such as funding local corn farming and fish cultivation initiatives.

Tabel 2. SWOT Analysis in Implementing Income-Generating Units

Strengths		Weakness	
1. Vast Natural Resources		1. Limited Human Resources	
2. Comprehensive Business Diversification		2. Challenges in Obtaining Permits for Stone Mining	
3. Cooperation and Collaboration		3. Dependence on Natural Conditions	
4. Utilization of Social Media for Market Identification		4. Unstructured Business Management	
5. Independence in Business Management		5. Difficulties in Infrastructure Development	
6. Possession of Initial Capital		6. Reliance on Internal Capital	
7. Diversity of Developed Enterprises		7. Maintaining Product Quality and Innovation	
8. Strong Internal Support		8. Lack of Digital Business Development	
9. Infrastructure and Asset Support		9. Limited Human Resources	
10. Business Education and Training for Students			
11. Contributions from the Surrounding Community			
Opportunities		Threats	
1. Increasing Demand for Agricultural and Livestock Products		1. Competition with Other Businesses	
2. Support from Educational Institutions and Government		2. Price and Market Fluctuations	
3. Potential for Processed Product Development		3. Business Sustainability Challenges	
4. Job Creation for the Surrounding Community		4. Changes in Government Policies	
5. Market Growth Among Gen Z		5. Limited Access to Capital for Expansion	
6. Development of Digital-Based Business		6. Competition with International Businesses	
7. Support and Participation from the Local Community		7. Licensing and Regulations	
8. Strengthening Collaboration with External Parties		8. Unstable Economic Conditions	
9. Market Expansion Through Third-Party Collaboration		9. Policy Uncertainty	
		10. Market Limitations and Restricted Access to Technology	
		11. Challenges Such as Pandemics	

Strategy for Implementing Income-Generating Units

Market identification analysis is essential for Islamic boarding school business development to ensure products and services meet market demands, target the right audience, and maximize profitability. It helps allocate resources efficiently, reduce risks, and align business activities with community needs. Market identification visualization is in Figure 4.

Based on research findings processed using NVIVO 12 software, this study identifies the Income Generating Unit (IGU) implementation strategies at Pondok Pesantren Ar-Risalah, focusing on market identification. The strategy involves several approaches, such as conducting surveys among students and teachers to understand internal needs and market preferences. Engaging the local community is also a key strategy to expand networks and enhance social acceptance of the pesantren's businesses. Additionally, the pesantren collaborates with external parties, including government agencies and private sectors, to gain technical support and access to broader markets.

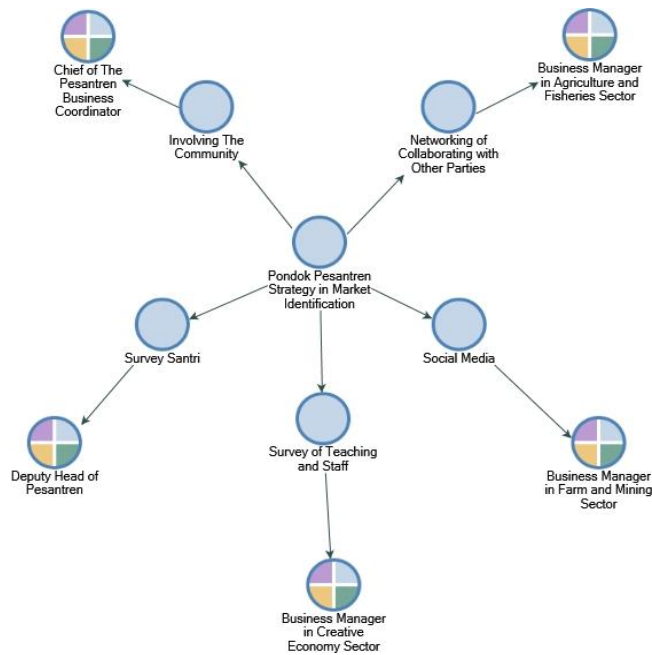


Figure 4. Project Map Visualization of Islamic Boarding School Strategy in Market Identification

Several strategies can be applied based on the SWOT analysis results. First, the SO strategy focuses on using strengths to seize opportunities. Second, the WO strategy aims to overcome weaknesses by taking advantage of opportunities. Third, the ST strategy leverages strengths to avoid threats. Finally, the WT strategy seeks to minimize weaknesses and avoid threats. These four strategies can be outlined in Table 3.

Table 3. SWOT Analysis Matrix

Strategy SO	Strategy WO
<ol style="list-style-type: none"> 1. Optimizing natural resources and business diversification to meet the increasing demand for agricultural and livestock products 2. Leveraging partnerships, collaborations, and institutional support for the development of processed products and digital businesses 3. Integrating business education and utilizing social media to attract Gen Z interest and create job opportunities 	<ol style="list-style-type: none"> 1. Improving business management and digitalization with institutional and government support 2. Addressing reliance on internal capital by accessing external support and creating job opportunities 3. Leveraging demand for agricultural products and community support to overcome limited human resources and drive product innovation
Strategy ST	Strategy WT
<ol style="list-style-type: none"> 1. Optimizing internal support and infrastructure to mitigate the impact of policy and regulatory changes 2. Utilizing business diversification and vast natural resources to address the economic impact of the pandemic on the pesantren 3. Maximizing partnerships and collaborations with institutions to strengthen compliance with licensing and regulations 	<ol style="list-style-type: none"> 1. Enhancing human resource capacity through training and education to overcome business management limitations 2. Establishing a specialized team for licensing and compliance management to mitigate the impact of policy and regulatory changes 3. Developing digital strategies to increase competitiveness with other businesses

Discussion

Supporting Factors for the Integration of Income-Generating Units

Income-generating units in Islamic boarding schools play a vital role in promoting financial independence (Yulivan, 2022) and reducing reliance on donations and government aid (Hasan, 2023). These schools can secure a stable and sustainable income stream by establishing independent businesses. This revenue can then be allocated to cover operational expenses, such as infrastructure maintenance, enhancing educational quality, and ensuring the welfare of both staff and students. Additionally, these ventures offer students opportunities to gain practical skills and entrepreneurial training, providing valuable knowledge for their future. This dual benefit not only strengthens the school's financial foundation but also equips students with skills for life beyond school (Bowden et al., 2020).

Income-generating units (IGUs) play a crucial role in helping Islamic boarding schools, or pesantren, achieve economic independence, enabling them to support their educational programs and daily operations without relying too heavily on external donations (Kamau & Mang'ana, 2024). By creating diverse income sources through businesses in agriculture, retail, and small manufacturing, IGUs allow pesantren to meet their financial needs more sustainably (Fahmi & Aswirna, 2023). These units also provide students with valuable, hands-on experience in fields like entrepreneurship, management, and resource management, aligning with pesantren values and preparing students with practical skills for their future. Furthermore, IGUs help pesantren leverage local resources and build partnerships with surrounding communities, fostering mutual growth. This approach strengthens pesantren's financial security and enables them to be more self-sustaining and resilient to economic shifts. Therefore, modern Islamic boarding schools must be capable of developing potential businesses to support their growth without relying solely on external funding sources (Ariatin et al., 2022)

Islamic boarding schools in rural areas offer vast opportunities for developing various businesses to support the school's economy (Anggadwita et al., 2021). Located in regions rich with natural resources, such as agricultural land, plantations, and fisheries, these schools can optimally utilize these assets. By managing businesses in farming, livestock, and fisheries, boarding schools can produce goods that meet internal needs and be marketed to the surrounding community. The income generated from these efforts can be reinvested to improve facilities, support educational activities, and cover operational costs independently.

Beyond merely supporting the school's economy, developing these business units also gives students practical experience in agribusiness. Students gain valuable skills that will assist them after graduation through direct involvement in these ventures. Furthermore, these businesses help strengthen the relationship between the boarding school and the local community, fostering mutually beneficial economic partnerships (Bianchi & Vignieri, 2021).

SWOT Analysis in Implementing Income-Generating Units

Conducting a SWOT analysis is vital for Islamic boarding schools when developing income-generating units, as it provides a clear framework to assess internal strengths and weaknesses along with external opportunities and risks (Alsharari & Aljohani, 2023; Qurrata et al., 2021). By identifying strengths like access to natural resources or strong community support, schools can capitalize on these advantages to create sustainable businesses. This allows them to build successful ventures through agriculture, crafts, or small enterprises while focusing on what they already do well and aligning their strategies with their core strengths.

SWOT analysis also helps schools uncover potential weaknesses that impede progress, such as limited business knowledge, scarce financial resources, or lack of infrastructure (Bopape, 2022). Recognizing these gaps early on allows them to develop solutions – whether through training programs, seeking funding, or forming partnerships. This proactive approach ensures that obstacles are addressed before they become serious problems, leading to smoother operations and reducing the likelihood of setbacks. Additionally, SWOT analysis aids schools in spotting external opportunities and threats that might impact their businesses (Puglieri et al., 2022). Whether tapping into government support, securing financing, or meeting market demand, schools can use these opportunities to enhance their success.

Strategy for Implementing Income-Generating Units

The first step in implementing income-generating units in Islamic boarding schools is to thoroughly analyze local potential (Zook & Arndt, 2021). Each school is situated in a unique environment, both in terms of natural resources and social characteristics, so it is essential to understand the available opportunities. For instance, if the boarding school is in a fertile rural area, agriculture or livestock farming could be suitable. In coastal areas, fisheries might be the main focus. Additionally, it is important to consider the needs and preferences of the local community. This ensures that the businesses developed meet the school's internal needs and benefit the surrounding community through product sales or job creation (Cesarino et al., 2022). This analysis helps the boarding school maximize its local potential and minimize the risk of business failure.

Equally important is ensuring that any business developed aligns with Islamic values and adheres to Sharia principles (Haron et al., 2020). The business model, production processes, and end products must not contradict religious teachings. For instance, if agriculture is chosen, organic and sustainable farming methods that respect both the environment and public health are highly recommended. In business operations, the boarding school should also instill educational values that support its spiritual mission, such as promoting good work ethics, honesty, and fairness (Abidin, 2020). By aligning economic ventures with religious principles, the boarding school enhances its financial well-being and strengthens the character of the students involved in these ventures (Rusli, 2023).

An essential step in developing income-generating units in Islamic boarding schools is identifying the right target market and designing an effective marketing strategy (Setiawan & Yusoff, 2022). Schools must understand their

potential customers, both within the local community and beyond. For instance, organic agricultural products or traditional handicrafts may appeal to local and national markets. Schools can leverage digital platforms such as e-commerce, social media, or partnerships with local retailers to maximize sales. A well-thought-out marketing strategy will enhance product visibility, expand market reach, and increase the school's revenue sustainably.

In addition to marketing, sound financial management is key to the success of the school's business ventures (Bauman & Lucy, 2021). Schools must create detailed budgets and precise financial projections to manage operational costs, investments, and income. Schools can carefully plan their budgets to monitor cash flow, allocate resources efficiently, and mitigate potential financial risks. A solid financial plan also helps make critical decisions regarding business expansion or developing new products. This financial sustainability ensures that the business operates smoothly in the long term, supporting both the school's economy and the education of its students (Glavič, 2020).

CONCLUSION

Islamic boarding schools, as Islamic educational institutions, must begin to build economic independence to support the institution's sustainability. Through income-generating activities such as agribusiness, livestock farming, fisheries, and commercial services, pesantren can generate revenue, reducing reliance on external donations. This study highlights that these ventures contribute to financial stability and equip students with valuable entrepreneurial skills. Collaborations with external parties, such as government agencies and private companies, enable pesantren to expand their market reach and support economic sustainability. The SWOT analysis emphasizes the pesantren's strengths in utilizing natural resources and partnerships while identifying human resource management and infrastructure development challenges. By implementing business strategies aligned with Islamic values, pesantren can maintain financial independence and continuously improve the quality of education. This approach ensures the institution's longevity and prepares students to succeed in both spiritual and practical life skills. This study is limited to a single case study, so generalizing its findings to other pesantren may be inaccurate and require further research. Nonetheless, by implementing business strategies aligned with Islamic values, pesantren can maintain financial independence, enhance education quality, and prepare students with essential life skills, ensuring institutional sustainability and readiness for spiritual and practical success. Future research could explore the development of income-generating units (IGU) that benefit the pesantren and the surrounding community, thereby extending the economic impact and social benefits to residents.

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