

ANALYSIS OF ISLAMIC ECONOMIC DEVELOPMENT BASED ON BOARDING SCHOOLS IN THE CITY OF BANJAR

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Abstract

This research aims to analyze the development of Islamic economics in Islamic boarding schools in Banjar City. The research method used is qualitative with a descriptive analysis approach, and the sample consists of 45 Islamic boarding school institutions taken using the saturated sampling method. The study results indicate that Islamic economics development in Islamic boarding schools in Banjar City is generally good in several aspects. However, there are still three aspects that are not optimal, namely the lack of activities on Islamic economic/financial studies, the absence of Islamic economic/zakat/financing institutions, and not being involved in the socialization/promotion of Islamic economic and financial products in Banjar City. The indicators of the perception of Islamic boarding school leaders towards Islamic economics and their contribution to the development of Islamic economics are good, but the mentoring of society trapped in loan sharks still needs to be improved.

Keywords: *Islamic Economics, Islamic Boarding Schools, Performance, Perception, Contribution*

JEL Classification: *I2, I22, I25*

1. INTRODUCTION

An educational institution with a solid Islamic foundation has been known in Indonesia for a long time, called Pondok Pesantren. Now the pesantren has been transformed into an institution capable of bringing socio-economic changes to the people around it. The real contribution of Islamic boarding schools to improving community welfare has been revealed in various studies, one of which is Ryandono (2018), which states that the gift of Islamic boarding schools is felt in socio-economic empowerment. This contribution certainly cannot stand alone, meaning that every individual actively involved in the development of Islamic boarding schools has also played a role in building good synergies between religious education and the economic sector (Hakim *et al*, 2023).

Islamic boarding schools, which total 26,973 institutions in Indonesia, are primarily located in West Java with 8,343, followed by Banten with 4,578, East Java with 4,452, Central Java with 3,787, Aceh with 1,177, and the rest are spread across several provinces in Indonesia (Ministry of Religion, 2020). Many institutions certainly have enormous potential to drive the progress of the Islamic economy (Anwar *et al*, 2018). However, the reality is that not all Islamic boarding schools are in the same frame for the development of Islamic economics, some are responsive in supporting and socializing Islamic economics, but some are not so responsive (Iskandar, 2019).

Even though Islamic boarding schools have long been engaged in socioeconomic empowerment to support operational continuity, few Islamic boarding schools have

business units in the form of canteens, grocery stalls, refill drinking water depots, Islamic financial institutions, and others. In addition, in the social field, they receive and distribute zakat, infaq, alms, or manage waqf to finance their operational needs. So indirectly, Islamic boarding schools can act as educational institutions for empowering the people's economy (Zuhirsyan, 2018; Rusydiana and Devi, 2013).

In general, the development of the Islamic economy in Indonesia contracted by -1.72% when Covid-19 hit in 2020 (Bank Indonesia, 2021). On the other hand, Sharia banking, as a representation of the Sharia economy in Indonesia, has yet to show significant growth. The Sharia banking market share in 2020 was 6.51%, only able to experience growth of 1.51% compared to 2017, which only reached 5% (Financial Services Authority, 2020). This information indicates that penetration is still low in Islamic finance, possibly because stakeholder support for the Islamic economy is still not optimal, one of which is Islamic boarding schools as an institution.

Several studies have examined the relevance of Islamic economics and Islamic boarding schools, including those conducted by Marlina (2014), Anwar *et al* (2018), Zuhirsyan (2018), Saleh and Satriawan (2020), and Rusanti *et al* (2020). Marlina (2014), with her library research approach, and Zuhirsyan (2018), with a qualitative phenomenological approach, revealed that Islamic boarding schools have a role as agents of social change, Islamic entrepreneurship laboratories, centres for Islamic economic studies, and sharia business forums. Even so, Anwar *et al* (2018) research captures the potential that Islamic boarding schools can cooperate with for the development of the Islamic economy, which includes the zakat sector, the real sector and the monetary sector. Meanwhile, Saleh and Satriawan (2020) focus more on developing an integrated model between leaders, aside and Islamic boarding school students, while Rusanti *et al* (2020) focus on the strategic aspects of Islamic boarding schools in managing their business units.

This research will be directed at the economic development of Islamic boarding schools in the city of Banjar, the results of which will then capture what contribution Islamic boarding schools can make to the Islamic economy in the city of Banjar. Banjar City has 40 Islamic boarding schools (Ministry of Religion, 2020: accessed from <http://emispendis.kemenag.go.id/>). This number is relatively small compared to other cities in West Java, considering Banjar City is a small city with an area of only four sub-districts. The city of Banjar was chosen as the research location based on the suitability of the city's vision of spiritual development based on the values of faith and piety. Besides that, it is also supported by the Islamic Economic Community (MES) organization, which was newly formed and inaugurated in March 2021 and, incidentally, its management involves Islamic boarding schools.

On the other hand, KNEKS data states that only about 29 Islamic boarding schools have economic development programs, and 22 have Sharia business units managed directly by students (Soedigno & Penanggung, 2019). All of them are Islamic boarding schools outside the city of Banjar. From some of these considerations, researchers feel it is crucial to examine the significance of the contribution of Islamic boarding schools to developing Islamic economics in Banjar.

2. LITERATURE REVIEW

2.1. Background Theory

Empowerment activities have become one of the tasks mandated by law for Islamic boarding schools, so this isn't easy to deny. The reason is that almost all agree

on the same view, namely that Islamic boarding schools have contributed to empowering the community, especially the positive impact of empowerment that can be directly felt by people who live adjacent to Islamic boarding schools. So this has been implicitly explained in the Islamic Boarding School Law that the empowerment function must exist and be attached to the institution. The potential for economic empowerment by Islamic boarding schools can include three economic activities that generally apply in society: production, distribution and consumption (Amin and Panorama, 2021).

Economic empowerment is a collective process that can produce something valuable (Fox & Romero, 2017); this indicates that individuals cannot independently carry out empowerment activities but must be a unified whole that requires good cooperation in realizing economic problems. According to Cavalieri and Almedia (2018), the conceptualization of empowerment implies an active process between individual resources and sustainable social, community, and organizational participation for internal and external change.

The empowerment function carried out by pesantren is a function as a social institution and a religious broadcasting institution. The existence of Islamic boarding schools in society brings positive currents to the environment because Islamic boarding schools can bring about social change based on moral messages delivered with a powerful religious spirit (Syafe'i, 2017). So not a few Islamic boarding schools manage the income of zakat, infaq, and alms to be distributed through community economic empowerment programs. Islamic boarding schools also function as waqf bodies that manage waqf assets to be empowered into programs that benefit the community, such as providing scholarships for poor students and building Islamic boarding school facilities and infrastructure to increase the quantity and quality of institutions and make them more competitive.

As a community empowerment institution mandated in the Islamic Boarding School Law, Islamic boarding schools can carry out several stages, as shown in Figure 1 (Widodo, 2016). This figure states that the economic empowerment process at Islamic boarding schools must be comprehensive and carried out by stakeholders, including the private sector, government, community, universities, and students. Then it is necessary to carry out four stages of empowerment: identification of business potential, capitalization, increasing management capacity, Islamic boarding schools, and entrepreneurship education. This empowerment model is one of the ideal models for realizing an institution that provides enormous benefits to all elements of society because later, those who will be actively involved in its management are not only Santri and Kyai but can recruit human resources from the people who are in the area—a boarding school environment.

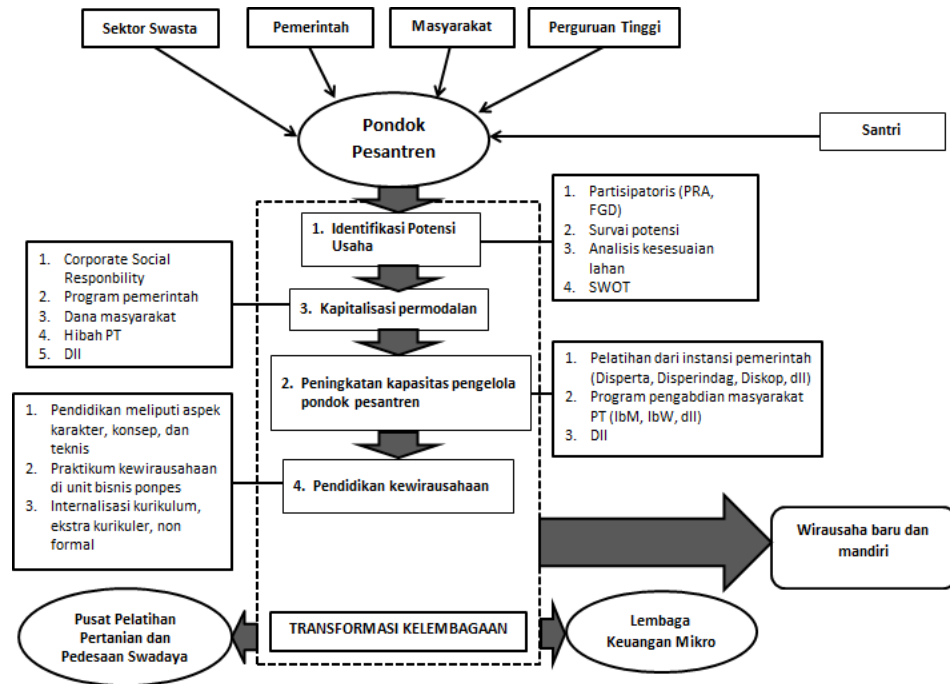


Figure 1. Diagram of Islamic Boarding School Empowerment Process
Source: Widodo (2016)

2.2. Previous Studies

Several research findings suggest that pesantren, ulama, masjid, universities, and other stakeholders play essential roles in developing Islamic economics in Indonesia. Marlina (2014) argues that pesantren has three functions in Islamic economics: a social agent of change, a laboratory of Islamic business, and a central hub of Islamic economics studies. Similarly, Nasution (2014) points out that the ulama has a strategic role in the development of Islamic economics but requires a solid commitment to ensure its contribution to the welfare of the people. However, Mochammad Arif Budiman and Mairijani (2016) found that the masjid has not optimally contributed to the development of Islamic economics in Banjarmasin due to the lack of synergy with LKS, limited Islamic economic-themed sermons, and no activities related to the development of Islamic economics. To overcome this, Ahmad Saifudin Anwar *et al* (2018) initiated a 10-step cooperation program covering zakat, the real sector, and the monetary industry to develop Islamic economics in pesantren.

In the context of Kediri, Mubarok *et al* (2018) identified three strategies for developing Islamic economics: strengthening the role of Islamic economic stakeholders, enhancing Islamic financial literacy, and supporting the development of Islamic economics through regulation. Meanwhile, Zuhirsyan (2018) suggests that Pesantren can develop Islamic economics by becoming a laboratory of Islamic business, a center of Islamic economics studies, and an Islamic business forum.

In terms of higher education, Hamzah *et al* (2020) suggest that universities can contribute to the development of Islamic economics by implementing the tri-dharma of higher education and developing human resources in Islamic economics. Furthermore, Saleh and Satriawan (2020) found that the Integrated Model, which integrates the resources available among leaders and Santri, could be implemented to develop the economy in Pesantren. Finally, Kalkavan *et al* (2021) argue that zakat is the most crucial

issue in Islamic economics as it provides a solution to Indonesia's social, political, and cultural problems. To effectively manage business units in Pesantren, Rusanti *et al* (2020) recommend assessment, potential optimization, supervision, monitoring, and evaluation to generate profits and ensure business sustainability.

3. METHODOLOGY

This research is qualitative, using a descriptive analysis approach. The population and study sample are 45 Islamic boarding schools in Banjar City, spread over four sub-districts: Banjar, Pataruman, Purwaharja and Langensari. The data collection techniques to support this research are literature studies, distributing questionnaires, and direct observation of the location of the research object. In practice, the data analysis carried out by researchers included data reduction, data presentation, and the conclusion of research results. There are four stages involved in the implementation of this research.



Figure 2. Research Stages
Source: Author (2022)

4. RESULT AND ANALYSIS

Respondents are grouped into a scoring category using a range of scales to describe the responses and the answers to the data. The calculation of the score for each statement item is as follows:

$$RS = \frac{n(m-1)}{m}$$

Information:

RS = scale range

n = number of samples

m = number of answers for each item

Therefore:

$$RS = \frac{45(5-1)}{5} = 36$$

Lowest score = 1 x 45 = 45

Highest score = 5 x 45 = 225

So the categories obtained are:

- a. 45–81 = strongly disagree (STS)
- b. 81–117 = disagree (TS)
- c. 117–153 = undecided (R)
- d. 153–189 = agree (S)
- e. 189–225 = strongly agree (SS)

4.1. Performance of Islamic economic development in Islamic Boarding Schools

In general, the described performance indicators can be seen in the average score, which results in a total value of 160.5 and an average of 3.56 for the agreed category. This study provides information that indicates that the performance of Sharia economic development based on Islamic boarding schools in Banjar has been good. As one of the

stakeholders of the Islamic economy, Islamic boarding schools have a reasonably strategic role in the development of the Islamic economy, especially in supporting increased Islamic economic and financial literacy through studies sourced from the yellow book (Marlina, 2015; Mubarak *et al*, 2018; Zuhirsyan, 2018).

As mandated by the law on Islamic boarding schools, the function of Islamic boarding schools must cover three aspects: education, preaching, and community empowerment. These three aspects are also closely related to the direction of developing the Islamic economy. Education and da'wah are part of increasing literacy and socializing the Islamic economy to the general public. Many still believe in equating Islamic economics with conventional economics and say it is challenging to implement in everyday life (Al-Fasiri, 2017).

Of course, this problem is one of the homework assignments to ground the Sharia economy in Banjar City, especially for Islamic boarding schools carrying out studies closely related to muamalah. Several facts were found from this study: there are three dimensions whose values still need to be more optimal, with doubtful qualifications for answers. First, Islamic boarding schools have yet to study Sharia economics/finance routinely. It is possible that the understanding of what Islamic economics means is narrowly interpreted at the level of Islamic financial institutions (Islamic banks) only, and most Islamic boarding schools conduct book studies only at the level of religious jurisprudence, not covering muamalah fiqh. Moreover, most pesantren in the city of Banjar oversee formal schools, whose curriculum follows the curriculum set by the government, so that muamalah (economic) fiqh studies are taught little to students.

Table 1. Respondents' Responses to the Performance of Islamic Economic Development in Islamic Boarding Schools

No	Respon					Total Value	Average Score	Category
	SS (5)	S (4)	R (3)	TS (2)	STS (1)			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
P1	10	32	1	2	-	185	4,11	Agree (S)
	50	128	3	4	-			
	22,2%	71,1%	2,2%	4,4%	-			
P2	3	17	18	7	-	151	3,35	Undecided (R)
	15	68	54	14	-			
	6,7%	37,8%	40%	15,6%	-			
P3	3	16	13	13	-	144	3,2	Undecided (R)
	15	64	39	26	-			
	6,7%	35,6%	28,9%	28,9%	-			
P4	5	16	12	12	-	139	3,08	Undecided (R)
	25	64	26	24	-			
	11,1%	35,6%	26,7%	26,7%	-			
P5	9	27	6	3	-	177	3,93	Agree (S)
	45	108	18	6	-			
	20%	60%	13,3%	6,7%	-			
P6	6	26	7	6	-	167	3,71	Agree (S)
	30	104	21	12	-			
	13,3%	57,8%	15,6%	13,3%	-			

Total Score	963	21,38	
Average Score	160,5	3,56	Agree (S)

Second, most Islamic boarding schools still need Islamic economic/zakat/financing institutions. The score obtained for this dimension is 144, with a doubtful category. The researchers' observations found that most of the Islamic boarding schools in Banjar City were small in terms of the number of students they had. Because the number of students is small, the economic potential in the Islamic boarding school environment has not been optimized. Only a few Islamic boarding schools have financial institutions such as Sharia cooperatives and Baitul Maal wat Tamwil (BMT); the rest manage small stalls (canteens) to serve their students' basic needs and drinking water depots which are assistance from Baznas Kota Banjar.

In the field, Islamic boarding schools receive assistance from the community through zakat, infaq, alms and even endowments. Including the status of land ownership for Islamic boarding schools, most of them are in the form of waqf, which is as much as 46.7% of the total Islamic boarding schools in Banjar City. However, this assistance must be managed optimally, especially in recording zakat, infaq and alms transactions that go to Islamic boarding schools. The researcher observes that zakat, infaq, and alms are some of the sources of income that contribute to covering the Islamic boarding school's operational activities every month. If only this indicator were optimized, establishing good cooperation between Islamic boarding schools and Baznas of Banjar City by establishing a zakat collection unit (UPZ) at Islamic boarding schools would undoubtedly positively contribute to optimizing the collection of zakat, infaq and alms in Banjar City.

Third, Islamic boarding schools have not been involved in Sharia economic socialization/promotion activities. Related to the score obtained for this dimension is 139, with a doubtful category. The implication is that the involvement of Islamic boarding schools in Banjar in the socialization/promotional activities of the Sharia economy is minimal. This statement reveals that Islamic economic da'wah activities through Islamic boarding schools have not been optimal.

Other dimensions have shown good performance, namely the development of Sharia entrepreneurship and knowing the regulations of the Governor of West Java regarding the outcome of Islamic economics and finance. The result of Islamic entrepreneurship based on Islamic boarding schools has received tremendous support from the West Java provincial government through the One Pesantren One Product (OPOP) program. Around 20 Islamic boarding schools in Banjar City have passed and received assistance from the 2019 OPOP program (Kapol.id, 4 September 2019).

4.2. Perceptions of Islamic boarding school leaders (Kyai) on the Sharia Economy

Table 2. Respondents' responses to the perceptions of Islamic boarding school leaders (Kiai) towards the Sharia Economy

No	Respon					Total Value	Average Score	Category
	SS (5)	S (4)	R (3)	TS (2)	STS (1)			
1	2	3	4	5	6	7	8	9
P1	4	22	11	7	1	156	3,5	Agree (S)
	20	88	33	14	1			
	8,9%	48,9%	24,4%	15,6%	2,2%			
P2	4	24	11	6	-	161	3,6	Agree (S)
	20	96	33	12	-			
	8,9%	53,3%	24,4%	13,3%	-			
P3	15	22	8	-	-	187	4,15	Agree (S)
	75	88	24	-	-			
	33,3%	48,9%	17,8%	-	-			
P4	29	14	2	-	-	179	4,0	Agree (S)
	145	28	6	-	-			
	64,4%	31,1%	4,4%	-	-			
P5	7	21	12	5	-	165	3,7	Agree (S)
	35	84	36	10	-			
	15,6%	46,7%	26,7%	11,1%	-			
P6	2	7	15	18	3	122	2,71	Undecided (R)
	10	28	45	36	3			
	4,4%	15,6%	33,3%	40%	6,7%			
Total Score						970	21,66	Agree (S)
Average Score						161,7	3,61	

In general, the perception of Islamic boarding school leaders in Banjar City towards the Sharia economy is good. The results of the descriptive analysis inform us that the total score obtained is 161.7 in the agreed category. So the view of the majority of the kiai has a tremendous impact on the prospects for developing the Islamic economy in the City of Banjar. The Kiai's role in Islamic boarding schools is a central figure who can have a positive change impact, both for students, ustadz and also the general public.

Law Number 18 of 2019 also states that a Kiai is an educator with the competency of Islamic religious knowledge, who acts as a figure, role model, and caretaker for Islamic boarding schools. So a Kiai is a figure who gains the trust and respect of the community for the knowledge they possess. This role makes the Kiai a place to ask religious questions because of their understanding of religion (tafaqquh fiddin). This was also reinforced by Nasution (2014), who revealed that Kiai has a very strategic role in developing the Islamic economy. Usually, a kiai does not only have a strong base of religious knowledge but many also master general knowledge, including economics. Islamic economics is an economic system extracted from the Al-Qur'an and Hadith. Therefore the positive perception of the Kiai provides a new strength in efforts to socialize Islamic economics in Banjar.

The implication is that the perception of the various dimensions that the respondents questioned also got good results, especially related to understanding the practice of Islamic financial institutions that have complied with Sharia principles. The Kiai have this view because Islamic financial institutions are an alternative to keeping people from ribawi transactions using an interest system. The reason is rational because the Islamic banking system refers to the Al-Qur'an and Hadith as the basis for operational activities (Algebar and Santosa, 2021). Although many scholars still debate about the sharia of Islamic banks, in the context of the City of Banjar, the answers by this kiai uniformly provide a positive assessment of Islamic economic institutions in general. Sharia is a trending business symbol and foundation that upholds religious values in its operational activities.

This good perception of the Kyai is significant in maintaining the continuity of Islamic economic da'wah. Basic principles must be followed to keep transactions in Islamic financial institutions on track. Several basic principles of Islamic economics have been formulated and reviewed between Bank Indonesia (BI) and the Indonesian Ulama Council (MUI), the formulation of which is illustrated in Figure 2 below:



Figure 2. Basic Principles of Islamic Economics
Source: Bank Indonesia (2018)

The five instruments that serve as barometers of Islamic economic activity are: 1) zakat, 2) prohibition of usury, 3) prohibition of maysir/gambling, 4) infaq, alms and waqf, and 5) muamalah transaction rules. Meanwhile, the basic principles on which it is based are:

1. Control of individual assets.
2. Inclusive income distribution.
3. Optimal investment and risk sharing.
4. A productive investment that is closely related to the real sector.
5. Social participation for the public interest.
6. Transact based on cooperation and fairness.

Departing from these basic instruments and principles, the Islamic economy goes hand in hand with three sectors: social, real sector, and monetary (Anwar *et al*, 2018).

4.3. The Contribution of Islamic boarding schools to the Development of the Islamic Economy

Table 3. Respondents' responses to the contribution of Islamic boarding schools to the development of the Islamic economy

No	Response					Total Value	Average Score	Category
	SS (5)	S (4)	R (3)	TS (2)	STS (1)			
<i>I</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
P1	6	20	9	9	1	156	3,5	Agree (S)
	30	80	27	18	1			
	13,3%	44,4%	20%	20%	2,2%			
P2	12	20	7	6	-	173	3,84	Agree (S)
	60	80	21	12	-			
	26,7%	44,4%	15,6%	13,3%	-			
P3	8	20	11	6	-	165	3,7	Agree (S)
	40	80	33	12	-			
	17,8%	44,4%	24,4%	13,3%	-			
P4	11	29	4	1	-	185	4,11	Agree (S)
	55	116	12	2	-			
	24,4%	64,4%	8,9%	2,2%	-			
P5	2	21	10	11	1	147	3,3	Undecided (R)
	10	84	30	22	1			
	4,4%	46,7%	22,2%	24,4%	2,2%			
P6	20	24	-	1	-	198	4,4	Strongly Agree (SS)
	100	96	-	2	-			
	44,4%	53,3%	-	2,2%	-			
Total Score						1.024	22,85	Agree (S)
Average Score						170,7	3,80	

This study's results state that Islamic boarding schools' contribution to the development of the Islamic economy in Banjar City is good, with a total score of 170.7 in the agreed category. Islamic boarding schools' support for the Islamic economy is not only at the discourse and study level but already at the technical level, such as the ownership and use of an Islamic bank account. This indicator is not only in the form of having an account at an Islamic bank but also being active in using it as a financial transaction tool for Islamic boarding schools.

Several Islamic boarding schools have used Islamic bank accounts to accommodate infaq syahriah (mandatory monthly contributions) from parents/guardians of students. Some have used them for the payment of honoraria for ustadz. This practice is considered a step forward in supporting the Sharia economy in Banjar City. Also, many Islamic boarding schools already have Sharia cooperatives, or BMTs, even though they are still on a small scale. Of course, this is a positive appreciation in reviving financial institutions free from usury, gharar and maysir.

Even though only a tiny proportion of them already have Islamic financial institutions, Islamic boarding schools have great potential to become Islamic business

laboratories (Marlina, 2014). If only the financial sector is running well, directly and indirectly, it will also drive the other two sectors, namely the social sector (zakat) and the real sector. If this potential is well optimized, the existence of Islamic boarding schools may have a significant impact in helping to improve the welfare of the surrounding community following the mandate of Law Number 18 of 2019.

The cooperation aspect also received a good response from Islamic boarding schools. Although most Islamic boarding schools admit that they have not intensively held socialization/promotion of Islamic economic institutions, from the aspect of cooperation, some Islamic boarding schools have collaborated with several stakeholders of the Islamic economy, more specifically Baznas Kota Banjar. One of the implementations of this cooperation is the distribution of assistance for procuring drinking water depots. Solihin (interview, 26 December 2022), the leader of Persis 85 Islamic Boarding School and the general secretary of the Banjar City Islamic Boarding School Forum (FPP), explained that 39 Islamic boarding schools in Banjar City received drinking water depot assistance from Baznas. This program assists in procuring drinking water facilities to meet the needs of the students and ustadz. Several Islamic boarding schools use it as initial capital for a drinking water business sold to the community around the Islamic boarding school.

The output of this collaboration is that Islamic boarding schools can meet the drinking water needs of students and ustadz and get proceeds from selling drinking water to the public. The proceeds from the sale of drinking water contribute to additional pesantren cash income, which covers daily operational activities. The collaboration between Baznas and the Islamic Boarding School Forum (FPP) hopes that Islamic boarding schools can support their operational needs more strongly from the proceeds from selling this drinking water (Solihin, Interview, 26 December 2022).

This drinking water depot business significantly impacts empowerment activities carried out by pesantren because the management system is also managed jointly under the responsibility of an ustadz as the coordinator of this business activity. Indirectly, this has a positive impact on increasing the ustadz's income outside of teaching fees. In addition, this activity also involves students and graduates in carrying out their operational activities, using a profit-sharing scheme between the administrator and the pesantren. Then it becomes one of the implementations of Sharia principles from small activities carried out by pesantren, also mentioned by Saleh and Satriawan (2020), as a model that integrates the existing resource components between leaders, ustadz, and students.

Other empowerment that has been carried out by Islamic boarding schools, based on the results of observations of researchers in the field, opens opportunities for the community around the Islamic boarding school to carry out economic activities within the Islamic boarding school environment. Some people manage the pesantren canteen, some are in the kitchen as cooks, but some only sell goods during formal schooling. So that the existence of Islamic boarding schools can be felt indirectly by the people around them, even though Islamic boarding schools do not directly provide more promising job opportunities by providing such opportunities, as found in Nasution's research (2016) that Islamic boarding schools contribute to social welfare.

Another thing that Islamic boarding schools can do in managing their business units is explained by Fathony *et al* (2021), who explain that there are three pillars of the development of economic business units, including creating a climate that allows the potential of the Islamic boarding school community to develop, strengthening the

potential of the Islamic boarding school community, and protecting the Islamic boarding school unit Economic endeavours. Even though it is carried out with effortless records, like what is mainly done by pesantren, good management is likely to have a good impact on pesantren and all elements involved in it.

In particular, Islamic boarding schools in Banjar have yet to become an institution that can assist people caught in loan shark debt. Many people are trapped in loan shark debt with burdensome interest rates. They are involved in the vortex of moneylenders because they think it is effortless to apply for loans from moneylenders. It is simple administrative requirement for unbankable people. Still, this situation changes when the borrowing community needs help making instalment payments quickly with very high interest.

This condition is homework for pesantren to optimize the role of community empowerment mandated by law. This strategic role cannot be carried out by pesantren alone; there needs to be cooperation and collaboration between all elements of society, especially Sharia economic stakeholders. Islamic boarding schools may play a role in providing education and studies, and the government or social organizations can carry out other roles with an interest in assisting the community.

5. CONCLUSION AND RECOMMENDATION

This research shows that Islamic boarding schools in Banjar City have performed well in developing the Shariah economy. They support Shariah economic da'wah, collaborate with the government and private sector in developing Shariah entrepreneurship, and are aware of regulations related to Shariah economy and finance development. However, some performance aspects still need to be improved, such as organizing routine study activities, having Shariah economic/zakat/financing institutions, and being involved in socializing/promoting Shariah economic and financial products. The leaders of the boarding schools have a positive perception of the Shariah economy but still doubt that Shariah financial products are the same as conventional economic products. The boarding schools have also made excellent contributions to the development of the Shariah economy, such as having Shariah bank accounts, collaborating with Shariah economic stakeholders, and involving the surrounding community in their financial institutions. However, there is still a need for mentoring for those who are trapped in usury debt.

The findings of this study suggest that further efforts are needed to support the development of Islamic economics in Banjar City. The pesantren need to increase their study activities in fiqh muamalah, or Islamic economics and finance in general, through collaboration with universities with Islamic economics or finance programs. Optimizing existing Islamic economic institutions in the pesantren is also urgently needed to improve the welfare of the ustadz and the surrounding community. Collaborations with Islamic financial institutions and authorities such as Bank Indonesia (BI) and the Financial Services Authority (OJK) can help promote and socialize Islamic financial products to the pesantren community. The pesantren also hope for support from the Banjar City Government in developing Islamic economics, such as creating regulations based on West Java Provincial Governor Regulation No. 1 of 2022 on the Development of Islamic Economics and Finance. Will support the central government's program to become the centre of Islamic economics in 2024.

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