

The Determinants of Creative Economy in Developing the Independence of Pesantren

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This study aims to analyse the determinants that significantly correlate to the development of the entrepreneur model of pesantren (Islamic boarding school) in Indonesia and to examine the contribution of the pesantren entrepreneur model to the independence of pesantren. This research is a quantitative study using panel data of pesantren in DKI Jakarta, West Java, Central Java, East Java, East Kalimantan, South Sumatra, West Sumatra and North Sumatra. The number of pesantren businesses is the independent variable. Meanwhile, the land area, labour, number of santri (students), number of ustadz/ustadzah (teachers) and the existence of government subsidies are the dependent variables. As result, the area of land, labour and the number of teachers have positive impacts on the number of pesantren businesses. Whereas the variables of student numbers and the existence of subsidies have negative impacts on the number of pesantren businesses. The novelty of this research is to give the appropriate innovation model in the development of pesantren entrepreneurs. This model is expected to be a solution to improve the capacity of pesantren, so they can contribute to national economic development. In terms of practical implications, the leaders of pesantren can manage land resources, labour and teachers in increasing the productivity of pesantren entrepreneurs and evade subsidies due to the risk of the decreasing independence of pesantren.

Keywords: *Creative Economy, Independence of Pesantren, Pesantren Entrepreneur.*

Introduction

National economic development cannot be separated from the role of entrepreneurs including its role in promoting the *pesantren* development. *Pesantren* is currently experiencing rapid development quantitatively and qualitatively. In terms of quantity, the number of *pesantren* in 2019 was 28,194 units (Ditpontren the Ministry of Religious Affairs the Republic of Indonesia, 2019). On the other hand, the quantitative development of *pesantren* is examined from the aspects of leadership structure, institutional status, the programs of education, the scope of development, the typical characters of study, programs and businesses diversification and cooperation network development (Research and Development Centre of the Ministry of Religious Affairs, 2014).

It is important to increase the capacity of *pesantren* entrepreneur's development which can contribute to *pesantren* economic independence. To date, the conditions of *pesantren* in Indonesia are varied. The study at the Research and Development Centre of the Ministry of Religious Affairs of Indonesia has mapped *pesantren* in Indonesia into three capacity categories, namely Standard, Transformative and Ideal *Pesantren* (Research and Development Centre of the Ministry of Religious Affairs, 2014). From the institutional aspect of *pesantren*, Qomar (2005) *pesantren* are classified into: modern and traditional; *salafi* and *khalafi*; modest, developing and developed; small, medium and large; for children, parents and college students and; rural and urban. The ministry of Religious Affairs also categories *pesantren* into three types: *salafiyah*, *khalafiyah* and combination. Furthermore, there are also groupings based on the scientific characteristics: *aqidah*, *tahfidz*, *tasawuf*, *tafsir*, *alat*, *nahwu / qawa'id*, *hadith*, *fiqh* and *hisab*. In terms of skill development characteristics, the Ministry of Religious Affairs classifies *pesantren* skills in several types namely *da'wah*, *calligraphy*, *language*, *trade*, *agriculture*, *plantation*, *marine* and *home industry*.

This research focuses on possible efforts needed for *pesantren* to be economically independent through the implementation of entrepreneurs in *pesantren*. *Pesantren* possesses many values and components, but certainly not all of them contribute to the success of *pesantren* business activities. Therefore, it requires a study to determine the factors of values and components that can contribute to the successful implementation of entrepreneurship models in *pesantren*. The large *pesantren* are classified as ideal *pesantren* because of their business units to support the institution existence (Research and Development Centre of the Ministry of Religious Affairs, 2014). Based on those facts, it is highly recommended for every *pesantren* to apply the proper entrepreneur model for the purpose of transformation into a higher stratum of *pesantren*, and to contribute towards the economic independence of *pesantren*. This study aims to analyse the components that significantly influence the development of the *pesantren* entrepreneur model in Indonesia and analyse the contribution

of the *pesantren* entrepreneur model towards the independence of the *pesantren*.

This research will provide benefits both on a micro and macroeconomic level in Indonesia because it gives insight on the right model in developing the *pesantren* entrepreneur model. Thus, it can be measured as to what *pesantren* institutions and the government should do in developing the *pesantren* capacity through the implementation of an entrepreneur model. The findings in this study can be used by policy makers in applying the entrepreneur model to increase the capacity of *pesantren* in Indonesia and to contribute towards national economic development.

Literature Review

Pesantren Institutions

Pesantren (Islamic boarding schools) are social institutions that the goals, motivation, and efforts are based on Islamic values (Rahardjo, 1985). They are social institutions with unique value systems and have multi-functional roles in the realms of religion, education and the development of community (El Saha & Haedari, 2008). In 2012 – 2104, the number of *pesantren* was around 27,000 units, which have provided services of education for approximately 3.65 million students (*santri*) in Indonesia. Such services have supported the program of compulsory education from the Indonesian government and as well as national education development. One of potentials of *pesantren* is social economy for community. With these potential varieties, *pesantren* have taken part in developing community. *Pesantren* in support of community development are illustrated by the development of community resources, socio-culture and independent education.

Pesantren Entrepreneurs

Pesantren as the oldest form of Islamic education and the closest institution to the community have an important role in increasing community economic empowerment. *Pesantren* have potential resources, and so they are eligible to be pioneers of community economic empowerment. The methods of *pesantren* in empowering the community economy can be overviewed from several aspects such as employment, establishment of business entities and opening of business opportunities, education of students, financial institutions and social institutions of *pesantren* (Fathoni & Rohim, 2019). *Pesantren* have a strategic role with all of their uniqueness and resources. For this reason, *pesantren* can be the pioneers in advancing the community economy.

Components, Value Systems and Pesantren Entrepreneurs

The organisational culture and process are affected by the value system. Such system

becomes the output standard for organisation (Taliziduhu, 2003). The behaviours of organisation founders create the organisational culture, and the values are imprinted and enforced through primary and secondary mechanisms. The mechanism is the method taken into account for an organisation to develop and grow. It includes strategic alliances, organisational function differentiation, differentiation by community challenges, differentiation by the existence of hierarchies in organisations, etc. *Pesantren* itself have a strong component in upholding the teachings of religion.

The theory explains the correlation between observance and religious teachings with behaviour of the community. In Islam, the religious teachings solemnly commit in structuring society or organisation attitude. Castles (1982), without a firm language, emphasised the change of people's attitude due to religion. In line with that, Abdullah (1994) reveals the close relation between Moslem business community achievement with religious observance values and the supporting factors such as socio-political society structure. Religion plays an important role in engineering community culture including attitudes and behaviour. Bassir, Zakaria, Hasan, and Alfian (2014) also reveal that religious teachings affect creative economy development in society. Those references show that the teaching of religious values (*Akhlaq al-Karimah*) taught by *pesantren* significantly influence the inception of the *pesantren* creative economy.

Religious teachings become the references of motivation and values in creating dynamic socio-economic life. It means that culture is constructed from the crystallisation of people's attitudes and habits. In this sense, culture becomes the manifestation of behaviour and value systems in society. It also can be the whole system of beliefs, values and behaviour of a person or community that guide the way of talking, behaviour, and even attitudes in problem solving internally and externally (Taliziduhu, 2003).

A strong *pesantren* culture is similar to a magnet that is capable of attracting surrounding substances. On the contrary, *pesantren* without culture is similar to iron. This *pesantren* culture functions to control individuals in a *pesantren* organisation from a conscience to a pattern of everyday collective behaviour. The form of collective behaviour patterns that hold values and beliefs is a tangible manifestation of culture or artefacts (Yusuf, 2011). Leadership determines the acceleration of the process of manifesting artefacts. In this case, leadership has a significant influence in the manifestation of *pesantren* culture.

Pesantren culture can create a good competitive advantage with the ability to confidently compete with other institutions. The culture of the institution is the main factor in defining the competitive advantage of the related institution (Detty & Istiharini, 2013; Zaki, at al., 2020). Such expression is the reflection of the typical institution with creative economy. The organisational culture theory and the relationship theory between creative economy and

values explain the *pesantren* influence and significance value on the creative economy achieved by a *pesantren*.

Labourers

Labourers are residents of working age who are ready to work. They are the residents who are already working, looking for a job, studying at school and taking care of the household (Zenda, 2017). Labour has an important role as the actor in the execution of development. The government has demanded an improvement of the quality of labourers in Indonesia and their contribution to country development, in addition to protecting their rights and interests in accordance with human dignity (Sastrohadiwiryo, 2002).

The Number of Students (Santri)

According to Ismail (2011), *santri* are the main element in *pesantren*. They are usually divided into two groups namely *santri mukim* (settle) and *santri kalong* (unsettle). *Santri mukim* are students who come from areas far from the *pesantren*. If they stay longer in the *pesantren*, they will usually be given the responsibility to take care of the daily needs of the *pesantren*. Meanwhile, *santri kalong* are students who come from the area around the *pesantren*. This group of students do not settle in *pesantren*. Usually they will go home when the activities at the *pesantren* have finished. Dhofier (2011) states that the reasons students stay or commute in *pesantren* are due to:

1. *Santri* want to learn more about other books on Islam under the guidance of the *Kiai* (scholar) who lead the *pesantren*;
2. *Santri* wants to gain life experience together with other students including experience in the field of organisation and relationships with other famous *pesantren*;
3. *Santri* wants to put more focus on completing his study at the *pesantren* without being preoccupied with the obligations he has at home.

Teachers

Teachers at *pesantren* are called *Ustadz/Ustadzah* or *Kiai*. They are essential components in *pesantren*, and they are mostly the founder of these institutions. The title of *Ustadz* and *Kiai* are not titles obtained from formal education, but they are given by the community to people with expertise in Islamic religion, lead *pesantren*, and who teach religious books to their students (Hamang, 2015).

According to Ma'arif (2010), the fame of an *Ustadz* and *Kiai* depends on his expertise and knowledge in Islam, authority, charismatics, abilities and skills in managing the *pesantren*.

Thus, the personalities of *Ustadz* and *Kiai* determine the development of *pesantren* in the future because they are the central figures in the *pesantren*.

Government Subsidies

The government provides payments for households or companies to meet certain objectives, and so companies or households can yield or buy products in greater quantities and at lower prices. From an economic perspective, subsidies aim to reduce prices or to increase output (Spencer & Amos Jr., 1993).

Suparmoko (2003) distinguishes subsidies into two forms; money and goods. Subsidies in the form of money are given to manufacturers to reduce the price of goods they produce, and subsidies to consumers increase consumer income. Subsidies in the form of goods are related to certain types of goods that the government provides of a certain quantity for consumers and producers without any charge.

Previous Research

An empirical study conducted by Bawono (2018) shows that the variables of technological resources, tradition and the number of teachers influence positively and significantly the variables of creative economic development in *pesantren*. The technology resource is the most dominant variable that describes the creative economy development, and the least dominant being the number of teachers.

Fauzi (2017) finds that *pesantren* are capable of managing human resources by developing students and the community entrepreneur spirit in accordance with natural resource potential in the *pesantren* environment. In addition, Sanusi (2012) discovers that value systems of good behaviour (entrepreneurship spirit, responsibility, good facilities, trust and partner teachers) are able to illustrate student independence, such as entrepreneurship. Sutatmi, Towaf, Rakib, and Rohayatien (2011) reveal that *pesantren* have a fundamental role, especially in character building, moral education and personality values. The insight into entrepreneurship values of the *pesantren* community is generally sufficient, and the students consider strong intention as fundamental for every human being to be an entrepreneur. They have to develop an entrepreneur attitude in order to foster and grow an entrepreneurial spirit.

Based on the empirical studies of *pesantren* creative economy conducted by Rimbawan (2012), the results reveal knowledge and skills as the instruments of work competence achievement. *Pesantren* empowerment of students is through enhancing the economic competence of students, so that they can be models either in the productive economy or cadres of community economic empowerments after returning to their community beside

their main role as religious teachers with the ability of Islamic religious knowledge.

According to Rimbawan (2012), several indicators support the potential of creative economy through *pesantren* empowerment, namely (1) human resources from ten to hundreds of students; (2) land ownership, each *pesantren* generally possess extensive land, especially rural area *pesantren*; (3) market potential by considering the social relations and kinship between surrounding community and religious institutions; (4) technological potential that the institutions are strategic for developing technology; (5) the leadership of the *Kiyai* as the chiefs of Islamic boarding schools who are obeyed and charismatic. In line with that, Badruzzaman (2009) finds that the potential for *pesantren* creative economy is reinforced by student numbers, facilities, teachers and infrastructure.

Suparwoko (2010) mentions that creativity posits as the main capital in confronting challenges of the global era. The forms of creative economy always appear with unique added value, create a typical market, successfully absorb labourers and increase economic revenue. He concludes that in developing creative economy, it requires qualified human resources with prominent creative and innovative skills. Moreover, creative economy development demands a place or space to explore ideas and work, do personal-actualisation and create ideas.

Toriquddin (2011) states that *pesantren* have strong reasons to advance creative economy considering the development of the institution. *Pesantren* are not only required to reinforce the development of *ubudiyah* (spiritual values) in students but also demanded the enhancement of the development in the aspects of problem solving, rationality and responsibility. In the modern era, the *pesantren* era is needed to answer the current challenges. They must not only engage with the realm of education by graduating scientists but also develop skilful workers and provide more benefits to the surrounding environment.

Cin, Kim, and Vonortas (2014) state that subsidies have succeeded in increasing expenditure and added value of manufacturing SMEs in Korea. Subsidies increasingly encourage entrepreneurial activities and economic growth in this country. This is supported by increased investment in SMEs, and so labour productivity also escalates. In line with that, Azizah (2016) states that overall activities of eco-protection-based economic business units in *pesantren* are supremely determined by several things including the role of teachers who should be played by *ustadz* inside and outside the *pesantren*. Through this role of educators, it is expected to be able to protect the economic empowerment of *pesantren*. In addition, the role of the government also determines the success of economic empowerment in *pesantren*. Besides providing support to accelerate the *pesantren* business process, the government also acts as a facilitator and provides support in the procurement of tools in the economic development of the *pesantren*.

Research Methods

This study aims to test the proposed hypothesis, namely analysing the influence of independent variables on the dependent variable. The main problem is based on data retrieval and references from various literature. The scope of this research is quantitative and uses panel data from 2004 - 2018 at *pesantren* (Islamic Boarding Schools) in DKI Jakarta, West Java, Central Java, East Java, East Kalimantan, South Sumatra, West Sumatra and North Sumatra. The choice of sample is based on data dissemination and accessibility, as it would be more appropriate to describe entrepreneurship in *pesantren*.

Variable Operational Definition

This study processes the data from two variables; dependent and independent variables, in the sense that the independent variable will influence the dependent variables and vice versa. In this study, the number of *pesantren* businesses belongs to the dependent variable. While the rest are independent variables including: land area, labourer, number of students, number of teachers and the existence of subsidies from the government.

1. Number of businesses are the businesses owned by *pesantren* and their management being under *pesantren* (the units).
2. Land area is the area of land owned by *pesantren* including both productive and unproductive land, and they are used for *pesantren* development (the unit of km²).
3. Labourers are the personnel occupied by *pesantren* to operate all *pesantren's* needs (the unit of people).
4. The number of *santri* is the number of students in *pesantren* in each period (the unit of people).
5. Teachers are personnel occupied by *pesantren* to provide teaching for students in *pesantren* (The unit of people).
6. Subsidy is a subsidy obtained by *pesantren*, both directly and indirectly given to *pesantren* (nominal data).

Method Analysis Data

Panel data and model of regression analysis applies for data analysis in this study. Regression analysis theoretically is the study of the dependent variable on one or more other variables (Gujarati & Porter, 2010). While panel data exhibits time series data combination (between times) and cross sections (between individuals or spaces). The regression using panel data provides benefits including (Gujarati & Porter, 2010):

- a. *The data relates to individuals, companies, states, countries, and others from time to time. There are restrictions on heterogeneity in these units. Panel data estimation techniques can overcome this heterogeneity explicitly by providing subject-specific variables, which we will study shortly.*
- b. *By combining time-series observations and cross-sections, panel data provides "more information, more variation, less inter-variable collinearity, more degrees of freedom, and more efficiency."*
- c. *By studying repetitive cross-section observations, panel data is the most appropriate for studying the dynamics of change.*
- d. *Panel data is the most appropriate for detecting and measuring impacts that simply cannot be seen in pure cross-section or pure time-series data.*
- e. *Panel data accommodate learning of complex behavioural models.*
- f. *By making the data into several thousand units, panel data can minimise the bias that may occur if we aggregate individuals or companies into large aggregations.*

In general, the panel data model estimation has three approaches, namely the Common Effect Approach (Pooled Least Square), the Fixed Effect Model Approach, and the Random Effect Model Approach (Gujarati & Porter, 2010). The approach used in this study is the Common Effect Approach (Pooled Least Square). This approach only combines cross section data with time series data regardless of time and individual differences. The model is then estimated by using the OLS Pooled (Ordinary Least Square Pooled) method. The panel regression equation model with the common effect approach is as follows:

$$\text{Business} = \beta_0 + \beta_1 \text{Area} + \beta_2 \text{Labour} + \beta_3 \text{Student} + \beta_4 \text{Teachers} + \beta_5 \text{Subsidies} + \text{et}$$

Description:

Business	: Number of businesses owned by <i>pesantren</i>
Area	: Land area owned by the <i>pesantren</i>
Labour	: The personnel in <i>pesantren</i>
Student	: Number of students
Teachers	: Teachers at <i>pesantren</i>
Subsidies	: Subsidies by the government

Results and Discussions

Research Data Description

Descriptive statistical analysis is a statistic that serves to describe or give an overview of the object under the study through sample data or population and makes conclusions to generalise phenomena. The results of the descriptive statistical analysis are as in Table 1.

Table 1: The Results of Descriptive Statistical Analysis

	Business	Land Area	Labour	Student	Teachers	Subsidy
<i>Mean</i>	3.015152	10095.45	24.63636	347.2879	24.63636	0.742424
<i>Median</i>	2.000000	10000.00	10.00000	300.0000	10.00000	1.000000
<i>Std. Deviation</i>	2.753976	10882.67	26.72805	286.8054	26.72805	0.440650
<i>Minimum</i>	0.000000	350.0000	1.000000	42.00000	1.000000	0.000000
<i>Maximum</i>	11.00000	39000.00	70.00000	1320.000	70.00000	1.000000

Panel Data Regression

This research uses the Common Effect Approach (Pooled Least Square). It is used to determine the effect of independent variables on the dependent variable. The independent variables include land area, labourers, number of students, teachers and subsidies by the government. While the dependent is the number of *pesantren* businesses. The estimation results with the Common Model Approach (Pooled Least Square) are as in Table 2.

Table 2: The Estimation Results of Common Effect Model Approach

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.533396	0.452760	5.595447	0.0000
Land Area	0.000194	4.57E-05	4.253548	0.0001
Labourers	0.034758	0.007361	4.721623	0.0000
Students	-0.008448	0.001134	-7.451066	0.0000
Teachers	0.042561	0.011776	3.614313	0.0006
Subsidy	-1.562187	0.415026	-3.764068	0.0004
R-squared	0.779202	F-statistic		42.34830
Adjusted R-squared	0.760802	Prob(F-statistic)		0.000000

In Table 2, the panel regression equation model with the common model approach is as follows:

$$\text{Business} = 2.533396 + 0.000194 \text{ Area} + 0.034758 \text{ Labourers} - 0.008448 \text{ Students} + 0.042561 \text{ Teachers} - 1.562187 \text{ Subsidies} + et$$

Having indicated from the value of Prob (f-stat) <0.05, with a 95 % certainty level, the independent variable has a significant effect on the dependent variable. The significant variables are marked by prob t-statistics <0.05. In the sense of a 95 % certainty level, the variables that significantly affect the *pesantren* business are land area, labourers, number of students, number of teachers, and subsidies.

Classic Assumption test

a. Multicollinearity Test

Multicollinearity examines the correlation between independent variables in the regression model. The new model cannot contain a correlation between variables. To indicate multicollinearity presence, the statistical test of the tolerance test is used as in Table 3.

Table 3: The Test Result of Multicollinearity

Model auxiliary	Dependent	R square	tolerance
1	Land area	0,887	0,123
2	Labourers	0,279	0,721
3	Students	0,736	0,264
4	Teachers	0,819	0,181
5	Subsidy	0,166	0,834

Table 3 shows that the tolerance value for each auxiliary model > 0.10 . It can be concluded that there is no issue of multicollinearity in the model.

b. Normality Test

A statistical test of normality test aims to find out the distribution of research data. Data will be normal if they have a probability value greater than the alpha value (0.05), and vice versa. The approach used in this study is the Jarque-berra test, and the results are as in Table 4.

Table 4: The Result of Normality Test

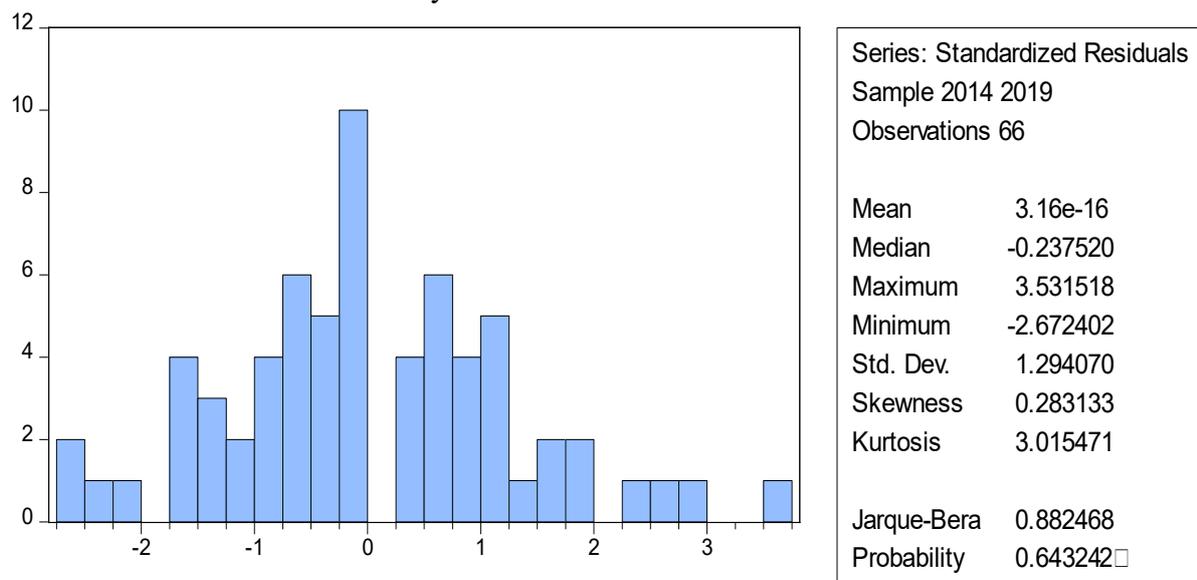


Table 4 shows the probability value $0.643242 > 0.05$, so the model can be stated as normally distributed

c. Heteroskedasticity Test

Heteroskedasticity is inequality residual variation for all observations. The statistical test used to detect the presence of heteroskedasticity is the Glejser test, and the estimation results are as in Table 5.

Table 5: Glejser Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Land area	2.99E-07	2.55E-05	0.011747	0.9907
Labourers	-0.000616	0.004110	-0.149975	0.8813
Students	-0.000292	0.000633	-0.461751	0.6459
Teachers	0.010882	0.006575	1.655045	0.1031
Subsidy	-0.361649	0.231732	-1.560635	0.1239

Table 5 shows that in each independent variable the regression of the absolute residual value has a probability value > 0.05 . It means that each variable has no heteroskedasticity issue in the model.

Model Significance Test

a. Individual Parameter Significant Test (t Test)

T test applies to determine whether the change in each independent variable can explain the change in the dependent variable. This method is carried out on the regression equation obtained from the relationship of each independent variable individually (partial) to the dependent variable by comparing the coefficient values in the significant column according to each independent variable. The t test results are as in Table 6.

Table 6: The Results of t Statistic Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Remark
Land area	0.000194	4.57E-05	4.253548	0.0001	Significant
Labourers	0.034758	0.007361	4.721623	0.0000	Significant
Students	-0.008448	0.001134	-7.451066	0.0000	Significant
Teachers	0.042561	0.011776	3.614313	0.0006	Significant
Subsidy	-1.562187	0.415026	-3.764068	0.0004	Significant

b. Simultaneous Parameter Significance Test (F Test)

The F test basically shows whether all the independent variables in the model have a respective influence on the dependent variable. The results of the F test are as shown in Table 7.

Table 7: The Result of F Statistic Test

R-squared	0.779202	F-statistic	42.34830	Remark
Adjusted R-squared	0.760802	Prob(F-statistic)	0.000000	Significant

c. Determination Coefficient (R²)

R² test is used to find out the extent of the variation proportion of the independent variables in explaining the dependent variable. If the value of R² lies between 0 and 1, then the regression line explains 100% variation or proportion and the dependent variable. Table 7 shows that the coefficient of determination 0.7792. It means that 77.92 % of the independent variables in this study can explain the dependent variable

Land area towards the Number of Pesantren Businesses

In this study, the area of land affects the number of *pesantren* businesses. This condition illustrates the importance of land ownership for productive activities. Land ownership is the key to the sustainability of *pesantren* for the long and short term development of *pesantren*. This research confirms the research conducted by Rimbawan (2012) by showing an important factor in developing the *pesantren's* creative economic potential, namely land ownership. More land relates to more potential for the development of *pesantren* creative economy. Badruzzaman (2009) also found that *pesantren* potential of creative economy correlates to the presence of facilities and infrastructure. Suparwoko (2010) also found that the creative economy development demands place or space for production. Referring to the results of those studies, it can be interpreted that increasing the total land area of the *pesantren* in an aggregate manner can increase the number of businesses owned by the *pesantren* to develop creative economic activities. In short, to become an independent *pesantren*, it is necessary to increase the amount of land ownership.

Labour towards the Number of Pesantren Businesses

In this study, the labourers affect the number of *pesantren* businesses. This condition clarifys that labour has an important role in developing economy including the *pesantren* economic independence. Theoretically the results of this study confirm the theory of production, where labour has an important role in the production process. The higher the number of labourers

in the *pesantren*, the greater the *pesantren* business will be.

Empirically these results confirm the research conducted by Suparwoko (2010), which states that in developing creative economy, it requires qualified human resources with prominent creative and innovative skills. It means that the existence of creative and innovative labour is needed by *pesantren* in order to increase the independence of *pesantren*. Based on this result, it can be interpreted that the labour of a *pesantren* need to be improved. The increasing labourers are not only in quantity but also in quality so as to encourage the progress of *pesantren* in the short and long term.

The Number of Students towards the Number of Pesantren Businesses

In this study, the number of students has a negative effect on the number of *pesantren* businesses. This condition illustrates that *pesantren* consisting of many students tend to have a small number of businesses. If this phenomenon is reviewed from the consumer's point of view, *pesantren* consisting of many students should have many business units. Nevertheless, such condition is different from the results of this study. Empirically, this research is different from the results of Rimbawan's study (2012). It shows that the potential for creative economic development is supported by human resources, namely students. On the other hand, Badruzzaman's research (2009) found that the *pesantren's* creative economic potential is supported by the number of students.

From this condition it should also be suspected that *pesantren* with a big number of students will get more income, so the financial institution is more secure. As result, the meal at *pesantren* does not need to look for other sources of funding, or the *pesantren* does not need to build more business units.

Teachers towards the Number of Pesantren Businesses

Teachers or *ustad/ustadzah* in this study indicate an influence on the number of *pesantren* businesses. This condition illustrates that the presence of more educators will encourage innovation or differentiation in business. In addition, teachers are more observant in seeking opportunities in business development, both for long-term and short-term businesses.

Empirically this research is in line with Bawono's research (2018). It shows that the development of creative economy in *pesantren* is influenced by the number of *ustadz* (teachers). Likewise, research conducted by Badruzzaman (2009) found that *ustadz* influence or support the creative economy in *pesantren*. This condition indirectly or directly clarifies that the position of teaching staff in *pesantren* is very important. Their existence can affect the *pesantren* and the continuity of the *pesantren*.

The results of Suparwoko's research (2010) also show that quality human resources are in demand to develop creative economy. Likewise, Azizah (2016) states that the overall activity of the eco-protection-based economic business units in *pesantren* is prominently determined by the role of teachers or *ustadz*, both inside and outside *pesantren*.

Referring to the results of research and empirical studies, it can be concluded that the existence of *ustadz* or teaching staff in *pesantren* is the key to develop *pesantren* businesses. Their positions cover both the driving force of the *pesantren* business and as a role model for students.

Government Subsidies towards the Number of Pesantren Businesses

Government subsidies in this study indicate the influence on the number of *pesantren* businesses, but the tendency is negative. This condition illustrates that to date the provision of subsidies to *pesantren* has not been able to revive the *pesantren* economy. Therefore, it requires innovation (form) of subsidies for *pesantren*. It is necessary in order to guarantee the independence of the *pesantren* economy both in the short and long term.

Empirically this research is not in line with Cin et al., (2014) which showed that subsidies succeeded in driving entrepreneurial activity and economic growth. Likewise, Azizah (2016) shows that the role of government is crucial in the success of economic empowerment in *pesantren*. It means that the existence of subsidies should encourage *pesantren* to develop economically and institutionally.

Conclusions and Recommendations

Having analysed and discussed the findings of the research of the *pesantren* entrepreneur model in Indonesia in national economic development, the researcher draws the following conclusions: (i) Land area has a positive impact on the number of businesses owned by *pesantren*; (ii) Labour has a positive influence on the number of *pesantren*-owned businesses; (iii) The number of students (*santri*) has a negative influence on the number of businesses owned by *pesantren*; (iv) Teachers (*ustadz/ustadzah*) have a positive influence on the number of businesses owned by *pesantren* and; (v) Government subsidies have a negative influence on the number of businesses owned by *pesantren*.

Based on the conclusions about the *pesantren* entrepreneur model in Indonesia in national economic development, the suggestions are as follows: 1) In order to increase productivity, *pesantren* leaders have to wisely use the *pesantren's* land and manage the labourers and teachers. This condition is necessary because the presence of capital (land area) and



workforce (labour and teachers) influences the increasing number of businesses owned by *pesantren*. 2) Government subsidies also need to be dispensed to *pesantren*, but the form of subsidies should be different and changing. It means that the government, in providing subsidies, must already be in the form of businesses or business facilities, so it will increase the productivity of *pesantren*. 3) Society should overview *pesantren* not only on a micro scale but also on a macro scale. It means that *pesantren* are a part of the economic cycle where the circulation needs support because this institution will directly and indirectly affect the national economy.

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