

Economic Jihad as a Normative Framework in Pesantren Economies: A Comparative Case Study in Madura

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ABSTRACT (English)

Introduction/Main Objectives: This study explores the application of economic jihad in pesantren-based economic organizations and its impact on community empowerment and institutional governance. Due to the growing participation of pesantren in the Islamic economic system and the continuing lack of investigation into their economic practices, the subject is important. **Background Problems:** There is no study of how economic jihad is implemented across various pesantren governance models. The research question is: What does economic jihad mean, and how is it practiced in pesantren economic organizations? **Novelty:** This work takes a comparative and analytical approach, in contrast to earlier descriptive investigations. The institutional variations of economic jihad and their consequences for governance and empowerment have not been sufficiently studied in any prior research. **Research Methods:** A qualitative comparative case study of two pesantren in Madura was done. Field observations and interviews were used to gather data, which was then analyzed to determine governance structures and economic behavior. **Findings/Results:** According to the study, economic jihad serves as a normative-economic framework that influences institutional behavior. Community empowerment is prioritized in a cooperative model, whereas institutional self-sufficiency is given more importance in a centralized model. The economic practices and social consequences are greatly impacted by the institutional structure. **Conclusion:** this study finds that in pesantren economic systems, integrating governance models improves sustainability and social effect. The major conclusion is that institutional design is essential to optimizing the effectiveness of economic jihad as a tool for governance and a method for empowering communities.


KEYWORD:

Economic Jihad, Pesantren
Islamic Economics, Economic
Empowerment, Islamic
Governance

ABSTRAK (Indonesia)

Pendahuluan/Tujuan Utama: Penelitian ini mengkaji implementasi *jihad ekonomi* dalam lembaga ekonomi berbasis pesantren serta perannya dalam membentuk tata kelola kelembagaan dan pemberdayaan masyarakat. Topik ini penting karena pesantren semakin berperan dalam ekosistem ekonomi Islam, namun praktik ekonominya masih jarang diteliti secara mendalam. **Permasalahan Latar Belakang:** Permasalahan yang diangkat adalah minimnya kajian analitis mengenai bagaimana *jihad ekonomi* dioperasionalkan dalam model tata kelola pesantren yang berbeda. Pertanyaan penelitian adalah: *Bagaimana jihad ekonomi ditafsirkan dan diimplementasikan dalam lembaga ekonomi pesantren?* **Kebaruan:** Berbeda dengan studi sebelumnya yang bersifat deskriptif, penelitian ini menawarkan perspektif komparatif dan analitis. Hingga saat ini, belum ada penelitian yang cukup membahas dampak positif dan negatif dari berbagai bentuk ekonomi jihad institusional terhadap pemerintahan dan pemberdayaan. **Metode Penelitian:** Penelitian ini menggunakan studi kasus kualitatif perbandingan dari dua pesantren di Madura. Peneliti melakukan kerja lapangan dan wawancara, yang digunakan untuk menelusuri pengaturan pemerintahan dan kegiatan ekonomi dari institusi studi kasus. **Temuan/Hasil:** Temuan dari penelitian ini menunjukkan bahwa jihad ekonomi beroperasi sebagai paradigma normatif-ekonomi yang membimbing perilaku institusi. Model terpusat mempromosikan autotrof institusi, sedangkan model kolaboratif fokus pada pemberdayaan masyarakat. Pengaturan

institusional yang berbeda mempengaruhi kegiatan ekonomi dan konsekuensi sosialnya. **Kesimpulan:** Studi ini berpendapat bahwa kombinasi dari berbagai model pemerintahan dalam sistem ekonomi pesantren dapat memperluas cakrawala keberlanjutan dan manfaat sosial. Ini berarti bahwa cara institusi dikonfigurasi menjadi sangat penting dalam mengoperasionalkan jihad ekonomi sebagai mekanisme pemerintahan dan alat pemberdayaan masyarakat, untuk potensi maksimalnya.

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1. Introduction

Islamic boarding schools, also known as pesantren, have always been considered basic structures within the Indonesian socio-religious context. More recently, there has been a marked transformation within pesantren in the sense that they no longer operate solely as educational institutions but as socio-economic agents that are contributing significantly to community-based economic development. Their role in economic activity is evident by way of engaging in efforts to create community resilience, reduce poverty, and engage in ethical economic behavior on the basis of Islamic tenets. Current literature indicates that pesantren have become strategic actors for grass-root Islamic economic development (Sembiring, 2019; Huzaemah, 2024).

There has been much scholarly interest in pesantren economic activity, particularly within the disciplines of Islamic economics and development studies. Current literature shows that pesantren economic activities, such as sharia cooperatives, micro-finance institutions, retail establishments, and farming initiatives, play an important part in financial inclusion and building economic ecosystems (Afifuddin, 2022; Huzaemah, 2024). However, current researches have been predominantly preoccupied with descriptive studies of economic endeavors without conducting critical analyses on the institutional mechanisms behind these projects. In this sense, pesantren have been increasingly viewed not only as economic actors but also as moral-economic institutions where economic actions are embedded within religious morals and social responsibilities (Fahmy et al., 2024; Khobir et al., 2024).

In light of this changing scenario, the notion of economic jihad (*jihad al-iqtisādī*) has been introduced as a significant normative perspective. Economic jihad can be defined as a series of collective endeavors conducted by Muslims for the attainment of economic justice, economic independence, and community well-being based on ethical economics (Zaman, 2019; Fitria et al., 2025). New approaches to economic jihad highlight this notion as a peaceful, constructive jihad through entrepreneurial, economic prosperity, and non-exploitative actions. In this case, economic activity itself becomes religious worship that aims to fulfill *maqāsid al-sharī'ah* (Chapra, 1992; Putra, 2023).

However, although clear in terms of normative principles, the application of economic jihad has been inconsistent and contextual. A key problem that arises is the transformation of theoretical ethical values into concrete and feasible institutions that would be able to work efficiently in complex socio-economic realities. While recognizing the growing economic activity of pesantren, insufficient critical studies have been done on the ways of applying the concept of economic jihad institutionally (Ma & Pujiastuti, 2025;

Anisah, 2025). This makes economic jihad more of an idea and discourse rather than a successful institutionalized form of economic management.

In response to such a problematic situation, pesantren have been seen as a possible solution due to its unique characteristics, which include moral power, social ties, and community credibility. But these attributes do not mean that pesantren will always function well from the point of view of effective and sustained economic governance.

Previous studies propose several strategies to strengthen pesantren-based economic initiatives, including institutional formalization, human capital development, and sharia-based governance frameworks (Afifuddin, 2022; Huzaemah, 2024; Fadilah & Cahyani, 2025). However, these studies tend to treat pesantren as homogeneous entities and rarely examine variations in institutional models and their implications for economic outcomes.

While these approaches provide valuable insights, they often overlook the diversity of pesantren institutional architectures. In practice, pesantren adopt varying organizational models ranging from centralized structures dominated by charismatic leadership to collaborative arrangements involving alumni and communities. This variation indicates the need for a comparative and analytical approach to understand how different institutional models shape economic practices.

Previous works on economic jihad often tend to be confined to single-case studies and description methods, leading to the lack of insight into how economic jihad is conceptualized and implemented within varying institutional arrangements. Current works on economic jihad are still limited in terms of the extent of description rather than analysis of institutional differences and the actual implementations of economic jihad. Furthermore, culturally distinctive areas like Madura have not received adequate attention from researchers (Badan Litbang Kemenag RI, 2025).

The present research intends to fill these gaps through the examination of the implementation of economic jihad in two pesantrens in Madura Pondok Pesantren Miftahul Ulum Karangdurin and Pondok Pesantren Ummul Quro As-Suyuthi. The selection of these pesantrens aims to allow a comparison between two distinct types of institutional frameworks centralized and collaborative.

This research aims to achieve three goals: (1) exploring the interpretations of economic jihad within pesantren, (2) investigating how it is implemented through various institutional models, and (3) assessing its compatibility with Islamic economic principles. This research adds value by offering a comparative and theory-based analysis that frames economic jihad as a normative-economic framework influencing institutional governance and community empowerment.

2. Literature Review

The research on economic practices carried out within the framework of pesantren has also greatly increased with the rise of academic interest towards Islamic economics and community-based development. The literature initially considered pesantrens solely as centers of Islamic education that transferred Islamic teachings and moral values (Azra et al., 2020). Yet, later, the scope of academic work was broadened through a new understanding of pesantrens as active socio-economic agents, able to affect the socio-economic environment of communities through business practices and social entrepreneurship projects (Syahyuti, 2016; Sembiring, 2019; Afifuddin, 2022). Modern

empirical studies show how pesantren-driven economic activities foster financial inclusiveness, entrepreneurial capabilities, and local economy's resilience in rural and semi-urban settings (Huzaemah, 2024; Siregar et al., 2024; Fadillah et al., 2025; Yustanti et al., 2025).

While the current trend of academic studies in this area is encouraging, many of them continue to follow a descriptive tradition, viewing pesantrens in terms of economic entities with common properties and interests. Economic processes occurring in pesantren contexts are primarily described without any critical reflections on how various institutional arrangements might impact pesantren management practices and results.

As far as Islamic economics goes, economic activities are seen as inevitably connected with ethics, since they are aimed at not only providing material benefits but also contributing to social justice and taking ethical responsibilities (Chapra, 2016; Asutay & Zaman, 2019; Kasmawati & Mawardi, 2025; Anas et al., 2024). Contemporary studies further develop such a view by highlighting the commitment of Islamic economics to sustainability and social justice (Ahyak & Sulhan, 2025; Fadilah & Cahyani, 2025; Khobir et al., 2024). Under these circumstances, the activities of enterprises created on the basis of pesantrens can be viewed as examples of Islamic moral economy (Yustanti et al., 2025).

This notion of economic jihad is introduced recently as a normative perspective for analyzing such trends. Economic jihad refers to a non-violent economic effort for realizing self-reliance, justice, and social welfare via the adoption of ethical economic activities that are compliant with the sharia laws (Rasyid, 2012; Putra, 2023; Aeni et al., 2024). Modern research indicates that economic jihad is significant in enhancing community resilience and fostering value-based entrepreneurial ventures in the Islamic context (Haridah, 2024; Yustanti et al., 2025; Khobir et al., 2024). Nonetheless, most of the current literature remains theoretical without any empirical study on its implementation in practical organizational frameworks.

Institutionally speaking, economic performance is determined not only by institutional norms but also by informal practices, including values and social relations (North, 1990; Denzin & Lincoln, 2018; Tracy, 2020). In cases of pesantren, for example, informal institutions like religious power, community cooperation, and trust-based interactions may have a dominating influence on the economy (Hakim et al., 2025; Siregar et al., 2024). This phenomenon can be explained by the theory of embeddedness, according to which all economic processes are embedded in social and cultural environment (Granovetter, 1985; Khanal & Subedi, 2025). Leadership, or kyai's influence, is a key element in the process. While Weber's (1978) concept of charismatic authority explains how moral legitimacy enables coordination and resource mobilization, recent studies highlight that excessive centralization may limit institutional innovation and participation (Fahmy et al., 2024; Siregar et al., 2024; Hakim et al., 2025).

A lot of recent writing talks about how pesantren need to shift toward more participatory setups for their economic side, especially to deal with those earlier problems. It seems like collaborative models make a real difference. When pesantren bring in alumni and local folks as actual partners, things tend to go better, like wider social and economic effects, and the institutions hold up stronger over time. That's what some studies point out (Afifuddin, 2022; Khanal and Subedi, 2025). I might be simplifying, but it looks like this approach draws from Islamic ideas around shirkah, you know, partnership, and sharing

risks too.. Nevertheless, these findings are often presented in isolation and lack systematic comparison across different pesantren contexts.

Another important dimension discussed in the literature is the integration of commercial and social functions within pesantren economies. Islamic economic ethics encourage the integration of business (*tijarah*) and philanthropy (*tabarru'*) to achieve broader social welfare objectives (Chapra, 2016; Fadhillah & Syamsuri, 2023). From the studies I looked at, pesantren tend to take their extra money from businesses and put it toward education or helping people in the community with social stuff. That kind of thing really shows how they act like Islamic social enterprises, you know, based on those papers from Huzaemah in 2024 and Yustanti and others in 2025.

But honestly, not many researchers dive into the different ways these places are set up. Like, how do those models affect keeping the institution going strong versus spreading resources around more equally. It feels like that's a gap, sort of. Existing work just skips over it mostly, or at least it seems that way to me.

From what I can tell, the existing research on this topic leaves out some pretty important parts. A lot of it just describes things without digging deeper into how different setups work in pesantren economies. Like, they do not really look at the variations in those institutional models in a organized way. The idea of economic jihad comes up a bunch, but mostly in this theoretical sense. It feels like no one has checked out how it actually plays out in various organizations, at least not with real data or examples from the ground. That connection between the core values, how things are structured, and what happens socially or economically, it stays kind of scattered. I am not totally sure why it has not been tied together more solidly in the theories. Some studies touch on it, but then they drop off.

Therefore, this study addresses these gaps by examining how economic jihad is interpreted and operationalized across different pesantren institutional models and how these models shape economic governance and social outcomes. By integrating perspectives from Islamic economics, institutional theory, and moral economy, this study provides a more comprehensive and comparative understanding of pesantren-based economic practices.

3. Method

This study uses a qualitative setup with a comparative case approach to look at how economic jihad gets put into practice in pesantren economic setups. I think picking qualitative makes sense here, since its about digging into meanings and values and all those social ties that numbers just cant really grab hold of. Like, instead of proving some hypothesis, the goal is to get a real feel for how people interpret and run with economic jihad in their own cultural spots.

The two pesantren I focused on are in Madura, specifically Pondok Pesantren Miftahul Ulum Karangdurin in Sampang and Pondok Pesantren Ummul Quro As-Suyuthi in Pamekasan. Madura seemed like the right place because of its big pesantren culture and how religion really shapes what people do economically. These two were chosen on purpose, you know, first off they both have economic parts that follow sharia rules pretty strictly. Second, they are kind of opposites, Karangdurin has this top down structure from a strong leader, while Ummul Quro is more about working together with alumni and locals. And third, they both have a lot of pull in their communities, so its useful for seeing

community driven Islamic economics up close. It feels like that contrast helps show different ways things can play out.

As the researcher, I was basically the main tool for all this, handling everything from picking the cases to talking with people and making sense of what came up. Spending a good amount of time there helped me pick up on the daily life in the pesantren, the economic side, and how folks interact. I tried to stay reflexive, meaning I kept checking my own biases so interpretations stuck to what was actually observed. Data came from primary stuff like deep interviews, watching without jumping in, and casual chats with key people such as the kyai leaders, economic managers, students or santri, alumni, and community folks tied to the activities. Altogether, 28 informants got involved, picked through purposive sampling at first and then snowballing based on who knew what from their roles and experiences.

Secondary sources were things like pesantren papers on structures and reports, plus some books and government docs on Islamic economics. All this data gathering happened over about a month in October 2025, with several rounds of interviews. Observations covered the everyday economic routines and how management worked, interviews were semi structured with open questions to get at thoughts on economic jihad and setups, and I looked over documents to back up what people said. Interviews happened in Indonesian or Madurese, whatever felt right, and got written out word for word.

For analysis, it followed that interactive model with steps like collecting data, cutting it down, laying it out, and drawing some conclusions. I made matrices to compare the two cases and spot patterns or differences. Theories on Islamic ethics, institutions, charismatic leaders, and moral economy helped guide the thinking.

To make sure it was trustworthy, triangulation mixed sources and methods, and I checked back with some informants on my takes. Thick descriptions were used so others could see if it applies elsewhere. Ethics wise, everyone knew the point of the study and that they could opt out, names stayed anonymous with just role labels, and I respected the pesantren ways and local sensitivities during it all. Some parts of this might be a bit messy to explain fully, but it seems solid overall. The way these pesantren differ stands out, especially in leadership. Interviews really brought that to light, you know.

4. Result and Discussion

4.1 Results

This section presents the empirical findings of the study based on qualitative fieldwork conducted at Pondok Pesantren Miftahul Ulum Karangdurin and Pondok Pesantren Ummul Quro As-Suyuthi. Drawing on in-depth interviews, participant observation, and document analysis, the results illuminate how pesantren-based economic activities are conceptualized, institutionalized, and operationalized within distinct organizational contexts. The analysis situates these findings within contemporary scholarship on pesantren economic empowerment and the Islamic social economy.

4.1.1 Economic Jihad as a Value-Based Economic Orientation

It shows that in both pesantren these actors are consistently interpreted economic jihad as an economic orientation based values and not just an instrumental for income generation. This means economic jihad is not only a moral force orienting institution

behavior that refers to the moral economy in which economics are reflected through its ethical values and social responsibility (Dalimunthe R. A. et al., 2024; Firmansyah et al., 2024). The results also indicate that economic jihad functions as a situated value system, shaping the targeted priorities of different pesantren institutions, with informants stating economic engagement is taken to be a moral duty in relation to their understanding of Islamic teachings. A cooperative manager, for example, described how business activities are intentionally structured to maintain educational operations and offer social returns rather than optimize profit (Waski, personal communication—October 13, 2025). Accordingly, economic success is not defined solely by financial surplus, but by its contribution to institutional sustainability and social welfare.

The interpretation of economic jihad in Pondok Pesantren Miftahul Ulum Karangdurin is mostly focused on the use of economic jihad as a strategy to attain economic independence for pesantren. According to the administrators, the financial resources generated by the economic units would be used to meet the operation cost and fund scholarships. The institution has adopted a more inward focus on its orientation (Qomaruddin, personal communication, October 11, 2025). On the other hand, participants from Pondok Pesantren Ummul Quro As-Suyuthi have defined economic jihad in more socio-centric terms. Participants stated that economic activities would be conducted in ways that enhance socio-economic empowerment for the local community using joint ventures and profit sharing schemes (Alfin, personal communication, October 30, 2025).

It should be noted that the value-based approach is in line with modern Islamic economics research that puts emphasis on combining ethics, social justice, and productive activity (Chapra, 2016; Rangkuti, 2024; Zahirah & Suhaedi, 2025). Hence, the results obtained prove the thesis that economic jihad functions as the context-driven moral paradigm that influences institutional priorities at pesantren in a different way.

Table 1. Comparison of Economic Units in Two Pesantren

Aspect	Karangdurin	Ummul Quro
Business Types	KSA Jatim (8 units), Al-Kautsar Shop (6 units)	Restaurant, rice milling, catfish farming, cooking oil toll manufacturing (<i>maklon</i>), grocery store
Sharia Contracts (<i>Akad</i>)	<i>Wadi'ah, mudharabah, musyarakah, murabahah, ijarah, rahn, qardh</i>	<i>Tijarah, mudharabah, musyarakah</i>
Management	Alumni, senior students (<i>santri</i>), community	Alumni, students (<i>santri</i>), community
Economic Impact	Institutional self-reliance, scholarships, operational funding	Community empowerment, enhancement of digital literacy
Orientation	Institutional independence	Social welfare (<i>maslahah</i>)

Source: Processed from interviews with kyai, administrators, santri, alumni, and community members (October 2025).

According to Table 1, Karangdurin features a more centralized and diverse structure of business while Ummul Quro relies on partnership and operates in the real sector. Such differences in types of business activity and in contractual relations reveal

differences in complexity of institutions, as Karangdurin represents the more developed organizational system, and Ummul Quro shows a higher level of flexibility in responding to economic challenges.

4.1.2 Institutional Configuration of Pesantren Economic Units

In contrast, Ummul Quro exhibits a decentralized model. Partnerships with alumni and community members enable broader distribution of economic benefits (Sufyanto, personal communication, October 8, 2025). This model aligns with contemporary perspectives on embeddedness, where economic activities are deeply rooted in social relationships and moral values (Firmansyah et al., 2024; Zahirah & Suhaedi, 2025).

This configuration ensures close alignment between economic activities and pesantren values, as strategic decisions related to investment, profit allocation, and business expansion remain closely tied to religious authority. Such a model corresponds with findings in pesantren governance studies that emphasize the pivotal role of kyai as both moral and managerial anchors of institutional life (Hakim et al., 2025).

Instead, Ummul Quro follows a decentralized approach. Collaboration between the university's alumni and other members of the community facilitates the wider dissemination of economic gains (Sufyanto, personal communication, October 8, 2025). The model fits well within modern interpretations of embeddedness, where economic activity is firmly grounded in social relations and ethics (Firmansyah et al., 2024; Zahirah & Suhaedi, 2025).

4.1.3 Sharia Contracts and Ethical Governance

The two madrasahs show clear dedication in ensuring that their operations are sharia-compliant. Nevertheless, the disparity in contract varieties reveals institutional differentiation among the two pesantren. While Karangdurin has a variety of contracts used in its operations, which is a sign of a mature institution, Ummul Quro focuses on partnership contracts, which are relatively simple and easier to understand (Sadili, personal communication, October 8, 2025). It can be concluded from these observations that *maqāṣid al-sharī'ah* may be fulfilled through various institutions in different ways.

On the other hand, Ummul Quro makes use of fewer contract types such as *tijārah*, *mudharabah*, and *musyarakah*. The selected contracts are appropriate for a partnership-oriented business enterprise. Moreover, profit-sharing contracts are favored due to their ability to ensure risk sharing and transparency, thus ensuring that *maqāṣid*-based goals are achieved.

Sharia compliance is upheld by effective governance structures that are not based on supervisory boards but are embedded in religion and trust instead. The results confirm contemporary findings that pesantren utilize moral legitimacy that is embedded in their organization to govern economic activities effectively (Hakim et al., 2025).

4.1.4 Roles of Key Stakeholders in Pesantren Economic Ecosystems

The results demonstrate the critical importance of the involvement of all stakeholders. According to the analysis, the way roles are allocated to participants shapes governance approaches and economic engagement. Santri in Ummul Quro engage in greater managerial activities (Zanoba, personal communication, October 12, 2025), while

those in Karangdurin have an active role as employees only (Rofiq, personal communication, October 9, 2025).

The participation of santri in these organizations is dependent upon these structural contrasts. In Karangdurin, for instance, the participation of santri, especially those who are senior students, is primarily concerned with their operation as personnel in the cooperative and retail divisions. Meanwhile, in Ummul Quro, the participation of santri can be observed more independently as managers of smaller businesses like aquaculture and canteens. The participation of graduates can also be identified, which is important because they are involved as managers, investors, and distributors in both pesantrens.

Community members can participate as consumers and clients of cooperatives, which can be seen in Karangdurin, while they can also act as business partners and receivers of capital in the case of Ummul Quro.

Table 2. Key Stakeholders in Pesantren Economic Activities

Stakeholder	PP Miftahul Ulum Karangdurin	PP Ummul Quro As-Suyuthi
Kyai (Leader)	Sharia advisor and supervisor; center of moral legitimacy	Innovator, partnership facilitator, economic literacy mentor
Students (<i>Santri</i>)	Business unit operational staff; managerial training participants	Managers of catfish farming, canteen, and other small units
Alumni	Managers of KSA Jatim; shop cashiers; investors	Managers of Tok Sewu; oil distributors; business partners
Community	Cooperative members/customers; shop customers	Rice milling partners; recipients of grocery store capital
Pesantren (Institution)	Business coordination center; recipient of residual income (<i>SHU</i>)	Partnership hub; manager of social funds and alms (<i>sedekah</i>)

Source: Processed from interviews with kyai, administrators, santri, alumni, and community members (October 2025).

It is evident from Table 2 that distinctions between stakeholders' roles stem from two types of governance structures: hierarchical governance (Karangdurin) and participative governance (Ummul Quro). The latter seems to be more open towards economic empowerment, whereas the former offers stricter control over institutions.

4.1.5 Economic Impact and Capacity Building

There is empirical evidence suggesting that the economic activities of pesantrens are productive and deliver social and economic returns. For instance, an alumnus observed that engagement in economic entities considerably improved his entrepreneurial abilities and financial knowledge (Muhsin, personal communication, October 28, 2025), proving that economic jihad helps build human capital.

Economic entities in Karangdurin directly impact pesantren financial independence through funding operational costs, offering scholarships, and funding infrastructure construction. On the other hand, in Ummul Quro, the focus lies on empowering communities, evidenced by increased household incomes and improved digital literacy among entrepreneurs (see Table 1).

The results are additionally supported through field observations involving the interaction of researchers with individuals playing crucial roles in the economic activities of the pesantren, such as administrators, santri, and managers of the business units. In this regard, it is established that economic activity is indeed embedded within daily institutional practice, thus increasing the empirical validity of the findings.

4.1.6 Structural Challenges and Adaptive Strategies

However, both pesantrens also exhibit structural barriers. Both pesantrens' informants indicated that the reliance on kyai-centric decision making could hinder innovation and business growth (Ahyak, personal communication, October 24, 2025).

As part of the strategies to overcome their structural barriers, both pesantrens have also adapted through utilizing their alumni's network in raising capital and managerial skill, profit sharing for risk reduction, and digitalization with entrepreneurship training in phases. The adaptive response of the two pesantrens mirrors empirical evidence about pesantrens' economic sustainability (Yustanti et al., 2025; Hakim et al., 2025).

Table 3. Challenges and Adaptive Strategies in Pesantren Economic Development

Challenge	PP Miftahul Ulum Karangdurin	PP Ummul Quro As-Suyuthi	Collective Adaptation Strategy
Capital Constraints	Large capital required for KSA Jatim expansion	Limited initial capital from the community	Alumni partnerships; profit-sharing systems; cooperative strengthening
Low Managerial Literacy	Students & alumni require professional training	Community managers need intensive mentoring	Sharia financial training; business assistance/mentoring
Dependency on Kyai	Centralized strategic decision-making	Business development awaits Kyai's direction	Task delegation; establishment of formal management structures
Limited Digitalization	Digital systems are in early stages	Limited digital infrastructure	Gradual digitalization; digital entrepreneurship training
Socio-Cultural Challenges	Dominance of cash-based transaction culture	Perception of businesses as "Kyai's private enterprise"	Community education; business transparency; community collaboration

Source: Processed from interviews with caregivers, administrators, santri, alumni, and community members (October 2025).

Table 3 demonstrates that both pesantren adopt relatively similar adaptive strategies, including leveraging alumni networks and implementing profit-sharing mechanisms. This indicates a pattern of institutional resilience grounded in shared values and social networks, which plays a crucial role in sustaining pesantren-based economic systems.

4.2 Discussion

4.2.1 Economic Jihad as a Normative-Economic Framework in Pesantren

The findings of this study reinforce the argument that economic jihad within pesantren operates as a normative-economic framework rather than a symbolic construct; however, this study also critically reveals that its implementation is not uniform and is shaped by institutional priorities and constraints. As demonstrated in the Results section, economic activities in both pesantren are framed as moral obligations anchored in Islamic teachings such as honesty (*ṣidq*), trust (*amānah*), and social responsibility (Effendi et al., 2025). Yet, this moral framing does not automatically guarantee optimal economic performance, as tensions may arise between ethical commitments and managerial efficiency. This understanding aligns with classical and contemporary Islamic economic thought (Chapra, 2016; Rangkuti, 2024), but the findings extend this perspective by showing that moral economy principles (Dalimunthe S. S. et al., 2024) operate differently depending on organizational context and leadership orientation.

This perspective has been supported by empirical findings recently (Yustanti et al., 2025; Khobir et al., 2024). Nevertheless, while this research confirms previous perspectives, it goes beyond that by analyzing and comparing the two different orientations. As for this particular case, where the orientation of Karangdurin is oriented towards self-reliance, but the orientation of Ummul Quro is more socially-oriented, it has become clear that there is a dilemma between financial stability of institutions and distributional effects. Thus, the financial sustainability of Karangdurin is relatively higher than the social one, while in the case of Ummul Quro the vice versa is true.

4.2.2 Institutional Models and the Logic of Pesantren Economic Governance

Comparison of these two institutional frameworks also highlights the strengths and weaknesses of both models. First of all, centralized governance is associated with the idea of charisma and Weberian charismatic leadership (Weber, 1978). As a result, a very high level of institutional control and value coherence can be achieved in this case. At the same time, the weaknesses of centralized governance include a high level of dependency on kyai authority, low flexibility, and lower innovation levels associated with a slow hierarchical decision-making process. Nevertheless, despite its weaknesses, centralized governance can efficiently operate within large and complicated organizational structures, like KSA Jatim, for instance.

On the other hand, while collaborative governance at Ummul Quro ensures the inclusiveness of an institution, its weaknesses should be discussed as well. They include the possible problem of cooperation between the different participants of the educational process, lower efficiency of institutional management, and the dependence of the system on some extraneous actors such as alumni and representatives of the local community. Nevertheless, while collaborative governance corresponds to the ideas expressed in the theory of participatory governance (Muiz & Noh, 2025), it requires stable partnership networks and good managerial skills.

4.2.3 Sharia Compliance Beyond Formal Institutional Mechanisms

The results contribute to the ongoing debates on the subject of Islamic economic governance because in both pesantrens, the role of informal methods is evident. Nevertheless, the use of informal approaches in the context of economic governance poses a significant limitation since the lack of supervision may hinder transparency, accountability, and scalability when dealing with a more complex economic setting. Although moral suasion can guarantee adherence to rules in a socially coherent society,

This pattern supports recent empirical research suggesting that pesantren often substitute formal regulatory structures with embedded religious legitimacy, which can be equally effective in ensuring ethical compliance within socially cohesive communities (Hakim et al., 2025). The extensive use of diverse contracts at Karangdurin reflects institutional complexity and financial sophistication, while the focused application of partnership-based contracts at Ummul Quro underscores a preference for distributive justice and risk-sharing. These findings extend maqāṣid-oriented Islamic economic literature by demonstrating that contract selection reflects institutional priorities and social objectives, rather than merely legal compliance.

4.2.4 Stakeholder Integration and Economic Inclusion

The differentiated roles of stakeholders reveal pesantren as multi-actor ecosystems; however, this study also identifies unequal power distribution among actors, particularly in centralized systems where decision-making remains concentrated in the kyai. The kyai's central role as a source of moral legitimacy and strategic direction is consistent with pesantren governance literature; however, the variation in kyai engagement across the two cases indicates adaptive leadership models. At Ummul Quro, the kyai's role as facilitator and innovator reflects a shift toward enabling rather than directing economic initiatives, corresponding with broader trends in participatory religious leadership.

Involving santri in economic transactions allows us to highlight the educational aspect of economic activities within pesantrens. In the process of gaining practical experience through business dealings, pesantren promote the development of human capital and entrepreneurial abilities, which confirms the notion that pesantren serve as incubators for entrepreneurship based on values and ethics (Khobir et al., 2024). The involvement of alumni contributes to the development of network ties, as the individuals have managerial skills, financial resources, and market connections.

Community engagement strategies show varying patterns regarding economic inclusion. Karangdurin adopts an engagement strategy in which community members are engaged mainly as cooperative clients and consumers. On the other hand, Ummul Quro views its members as partners and owners. The difference is crucial in determining distributive effects and empowerment, strengthening assertions that economic inclusivity in faith-based institutions yields wider welfare effects.

4.2.5 Economic Impact and the Dual Function of Pesantren Enterprises

The results highlight the twofold role of pesantren enterprises; nevertheless, such role leads to inherent conflict in terms of institutional sustainability and social redistribution. While the former organization gives priority to internal financial

sustainability, the latter focuses on its social effects. For instance, at Karangdurin, economic entities directly aid pesantren sustainability through financing expenses, scholarships, and construction, contributing to institutional sustainability. At Ummul Quro, the major impact is the improvement of the lives of community members, their entrepreneurship capabilities, and digital literacy skills, as shown in Table 1.

Indeed, such a dual nature is echoed by broader debates on sustainability vs. social distribution in Islamic social economy literature. Furthermore, it is important to note that such micro-level mechanisms cannot be disconnected from the macroeconomic environment in which Islamic financial markets exist in Indonesia. Several works studying sharia financial markets show that competition with regular finance tools, the size of the market, and the level of integration of Islamic financial products are key determinants of economic actors' success (Ahyak & Sulhan, 2025). In this sense, pesantren economic institutions function as grassroots economic actors, whose sustainability and effectiveness are determined by macro-level processes.

4.2.6 Structural Constraints and Institutional Resilience

Such shortcomings, which have been outlined above, not only support findings made in other research but also emphasize inherent weaknesses, constraining further scalability and competitiveness of pesantren economic institutions. Among the key limitations can be mentioned excessive reliance on informal governance, insufficient management skills, and limited integration into the overall digital and financial environment (Hakim et al., 2025; Yustanti et al., 2025). Such limitations reveal pesantren institutions' vulnerability while adapting to new realities in the sphere of economics.

Nonetheless, the adaptive mechanisms noted above display resiliency, but they will only be successful if supported by other social structures. It is for this reason that the future of development lies in the combination of a legitimate and effective form of governance, which entails both the moral legitimacy of the pesantrens, as well as institutionalization and modernization. The above adaptive mechanisms correlate with approaches that focus on the theory of institutional resilience through adaptability, social integration, and innovation as the primary means of survival. What can be derived from the results of this study is that the economic system of pesantrens is resilient in its nature because of moral legitimacy, social integration, and education.

5. Conclusion

This study concludes that economic jihad functions as a normative-economic framework shaping institutional behavior and the economic governance of pesantren. The findings identify two primary models: a centralized model emphasizing institutional self-reliance and a collaborative model oriented toward community empowerment. These differences indicate that institutional configuration plays a significant role in shaping how economic jihad is operationalized in practice. Theoretically, these findings reinforce the relevance of the moral economy perspective in pesantren-based economies, where religious values serve as the primary drivers of economic decision-making.

However, this study has several limitations, including the limited number of cases and the qualitative approach, which does not permit quantitative measurement of economic

impact. Future research is therefore recommended to adopt quantitative or mixed-method approaches to systematically assess the impact of economic jihad on institutional performance and community welfare. Furthermore, subsequent studies should expand the geographical scope and critically examine internal dynamics, including potential conflicts, power distribution, and the sustainability of institutional models.

The findings carry important implications for theory, practice, and policy. Theoretically, this study enriches Islamic economic discourse by introducing economic jihad as an analytical lens for understanding how normative Islamic values shape institutional economic behavior beyond formal financial systems. Practically, pesantren managers may strengthen economic sustainability by balancing ethical coherence with managerial capacity, expanding alumni-based networks, and adopting digital innovations incrementally without undermining religious legitimacy. From a policy perspective, the results suggest that Islamic economic development frameworks should recognize pesantren as strategic partners in community-based economic empowerment and accommodate informal governance mechanisms rooted in moral authority and social trust. Future research may extend this inquiry through longitudinal, quantitative, or cross-regional studies to further examine the performance, scalability, and digital transformation of pesantren-based economic institutions within the broader Islamic moral economy.

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