

An Analysis of Islamic Education Financing Concepts through the Management of Business Incubation Assistance: A Case Study at an Islamic Boarding School

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Abstract

This study aims to analyze the concept of Islamic education financing through the management of business incubation assistance at the Madinatul Munawwarah Islamic Boarding School. This study employs a qualitative approach using the case study method. Data collection was conducted through interviews with the foundation and business managers, as well as direct observation of the boarding school's business activities. The results indicate that the management of business incubation assistance can serve as a productive alternative source of financing. The business units developed contribute approximately 5%–10% to the boarding school's operational needs. These findings suggest that integrating Islamic education financing with entrepreneurship can strengthen the financial independence of Islamic educational institutions.

INTRODUCTION

Education funding is a critical factor in the sustainability of educational institutions, as all educational activities require adequate financial support (Fattah, 2019; Hidayat & Wijaya, 2020). Limited funding is one of the main challenges in improving educational quality, particularly in Islamic educational institutions based on pesantren. Most pesantren are under private or foundation management, and some face significant financial burdens in meeting the funding needs of the pesantren.

From an Islamic perspective, education funding is not merely a technical matter but also involves the values of trust and responsibility in managing community funds (Hafidhuddin, 2019; Hayatika et al., 2021; Qotrunada et al., 2025). Therefore, a funding model is needed that is not only effective but also sustainable.

The development of independent business ventures at Islamic boarding schools has become one strategy for addressing these challenges. This approach aligns with the concept of economic self-reliance in Islamic boarding schools, which has evolved throughout the history of Islamic education (Azra, 2013), and is reinforced by modern educational entrepreneurship concepts (Satrio et al., 2021). Through the Ministry of Religious Affairs, the government has launched the Islamic

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Boarding School Business Incubation Program to foster businesses within the boarding school environment to support the operational funding of Islamic boarding schools. This program has been in place since 2018. Therefore, it is necessary for us to examine the management of this program through the lens of the concept of Islamic education funding.

The urgency of this research lies in the need to examine how government-provided business incubation assistance can be effectively managed by Islamic boarding schools, as well as how such management relates to the concept of Islamic education financing. This analysis is important because not all Islamic boarding schools possess the same managerial capacity to manage such assistance; therefore, an academic study is needed to provide an overview of best practices, challenges, and opportunities for development. Thus, this research not only contributes to the development of Islamic education financing theory but also offers practical implications for Islamic boarding school administrators and policymakers in formulating financing strategies that are more responsive to the needs of Islamic educational institutions.

METHODS

This study employs a qualitative approach using a case study design aimed at gaining an in-depth understanding of the phenomenon of managing educational funding through pesantren-based enterprises (Albshkar et al., 2025; Creswell, 2014; Engkizar et al., 2025, 2026; Oktavia et al., 2020; Rambe et al., 2025). The qualitative approach was chosen because it allows for the exploration of the meanings, experiences, and strategies employed by pesantren administrators in managing educational funding in a contextual and holistic manner. The case study is considered relevant because it allows the researcher to examine in detail the practices of managing business incubation assistance at a specific Islamic educational institution, thereby yielding rich and in-depth findings.

The research data was collected using two main methods: in-depth interviews and direct observation. Interviews were conducted with the foundation and the managers of the Islamic Boarding School business units to obtain information regarding financial management, business operational strategies, and their views on the effectiveness of the business incubation program (Sugiyono, 2018). The interviews were semi-structured to allow the researcher to explore the informants' responses more flexibly while maintaining focus on the research themes. Additionally, observations were conducted on business operational activities within the Islamic Boarding School environment to directly observe production processes, service delivery, and business management, thereby yielding factual data that is not always revealed through interviews (Moleong, 2021). These observations encompassed aspects of financial management, work patterns, interactions among managers, and the involvement of students in activities.

The research instruments consisted of interview guidelines, field notes, and documentation. The interview guidelines were developed based on indicators of Islamic education financing management and Islamic Boarding School entrepreneurship practices. Field notes were used to record observations, while documentation consisted of financial reports, business plans, and relevant policy documents. Data triangulation was conducted by comparing the results of interviews, observations, and documentation to enhance the validity of the findings (Denzin, 2012).

The data analysis technique used in this study employs the interactive model proposed by (Miles & Saldaña, 2015), which comprises three main stages: data reduction, data presentation, and drawing conclusions/verification. Data reduction was conducted by selecting, simplifying, and organizing the data in accordance with

the research focus. Data presentation is done in the form of matrices, tables, and thematic narratives to facilitate interpretation. Conclusions are drawn iteratively by linking empirical findings to the theoretical framework of Islamic education financing and the concept of Islamic Boarding School entrepreneurship. The analysis process is conducted simultaneously from the beginning of data collection until the end of the study, allowing the researcher to continuously refine the focus and deepen the interpretation.

To ensure the validity of the data, this study employed a strategy of source and method triangulation, member checks with informants, and an audit trail of the research process. Triangulation was conducted by comparing information from various informants and data collection methods. Member checks were conducted by confirming the interview results with informants to ensure they aligned with their intended meanings. An audit trail was maintained by systematically documenting the entire research process, from planning and data collection to analysis and drawing conclusions.

RESULT AND DISCUSSION

The Concept of Islamic Education Financing

Islamic education financing is a financial management process that encompasses the planning, implementation, and oversight of the use of educational funds (Mulyasa, 2022; Rahman, 2022). This process involves various interrelated stages that must be carried out systematically to ensure the optimal use of funds. Thorough planning is necessary to determine budget requirements in accordance with the educational programs to be implemented. Furthermore, budget execution must be carried out transparently and accountably to prevent any misuse of funds. This management aims to ensure the effective use of funds in achieving educational goals.

Diversifying funding sources is essential for maintaining the stability of educational institutions, particularly in the face of funding constraints from primary sources. Islamic educational institutions are required to be creative in seeking alternative funding sources so as not to rely on a single source. One approach that can be taken is through the development of independently managed businesses operated professionally (Fattah, 2019; Hasanah, 2020). Furthermore, from an Islamic economic perspective, funding can also be supported by social instruments such as zakat and waqf, which hold significant potential in sustaining educational programs (Izzah, 2024; Ndonga & Kalkautsar, 2025; Rozalinda, 2020). Through this diversification, educational institutions are expected to survive and grow sustainably.

Implementation of Business Incubation in Islamic Boarding Schools

Based on interviews and observations, the business units developed in Islamic boarding schools serve as a source of additional funding as well as a means of entrepreneurial education for the students. These business units are not only profit-oriented but also serve as a platform for students to gain hands-on experience in understanding the business world. Through active involvement in business activities, students gain real-world experience that cannot be obtained in the classroom. They learn about responsibility, teamwork, and decision-making skills in real-life situations. Thus, boarding school business units play a dual role: as a financial support system and as a vehicle for character and skills education.

Business management demonstrates the application of modern management principles, such as division of labor, customer service, and systematic operational management. Every individual involved in the business has clear roles and responsibilities in accordance with the established organizational structure. In addition, customer service is given careful attention to maintain customer satisfaction and loyalty. Business operations are carried out in a planned and controlled manner

to improve efficiency and productivity. This aligns with the concept of entrepreneurship-based educational management, which emphasizes the importance of professionalism in business management (Muheramtahadi & Na'afi, 2022; Rahman, 2022).

Furthermore, the existence of the boarding school's internal market serves as a key supporting factor for the business's sustainability, thereby ensuring a sufficiently high level of stability. This internal market encompasses all members of the pesantren community, such as students, teachers, and administrators, who serve as regular customers. With a relatively guaranteed market, the risk of business losses can be significantly minimized. This situation also provides opportunities for the business to grow gradually with a more manageable level of competition. Therefore, the existence of an internal market serves as a strategic strength in maintaining the continuity of business units within the pesantren environment.

Contribution of Business Ventures to Pesantren Funding

Research findings indicate that pesantren business units are able to contribute approximately 5%–10% toward the institution's operational needs. This contribution is derived from various types of businesses managed independently by the pesantren, such as cooperatives, canteens, and other service-based ventures. Although the percentage is relatively small, this contribution still has a positive impact on the sustainability of educational activities. The funds generated can be used to support daily operational needs as well as the development of educational facilities. Thus, pesantren business units play a tangible role in helping maintain the institution's financial stability.

From an educational financial management perspective, this contribution indicates that institutional businesses serve a strategic role as an alternative funding source (Hasanah, 2021; Levin & McEwan, 2001). The existence of this alternative funding source is crucial, particularly when facing funding constraints from the government or donors. Additionally, boarding school enterprises reflect efforts toward the economic self-reliance of Islamic educational institutions. Although they are not yet the primary source, these enterprises can reduce dependence on external funding. Therefore, the development of business units must be continuously enhanced to optimize their contribution to educational funding.

Conceptual Analysis of Entrepreneurship-Based Financing

Business management in Islamic education financing reflects the integration of financial and entrepreneurial concepts. This integration is evident in how institutions not only manage funds administratively but also grow them through productive activities. This approach encourages educational institutions to be more innovative in seeking and managing funding sources. Additionally, the business activities undertaken also provide added value in the form of practical experience for administrators and students. Thus, business management becomes an essential component of an education financing strategy oriented toward self-reliance.

The principle of self-reliance reflects an institution's ability to develop internal funding sources without relying entirely on external parties (Fattah, 2019; Hasanah, 2020). Educational institutions are expected to harness their potential to create sustainable sources of revenue. The principle of productivity emphasizes that available funds should not only be used for consumption but also as investments capable of generating profits (Novarita et al., 2025; Rozalinda, 2020). Through this principle, financial management becomes more dynamic and development-oriented. These two principles complement each other in creating a strong and self-reliant financing system.

Additionally, the principles of accountability and sustainability serve as crucial foundations in the management of educational financing (Hafidhuddin, 2019; Tilaar & Nugroho, 2012). Accountability demands transparency and responsibility in every

use of funds to ensure trust among all stakeholders. Meanwhile, sustainability emphasizes the importance of maintaining the continuity of funding sources in the long term. These two principles ensure that financial management is not only effective but also accountable and continuously evolving. By applying these principles, Islamic educational institutions can build a stable and resilient financing system.

Challenges and Opportunities

Business management in Islamic education financing reflects the integration of financial and entrepreneurial concepts. This integration is evident in how institutions not only manage funds administratively but also grow them through productive activities. This approach encourages educational institutions to be more innovative in seeking and managing funding sources. Additionally, the business activities undertaken provide added value in the form of practical experience for administrators and students. Thus, business management becomes a crucial component of an education financing strategy oriented toward self-reliance.

The principle of self-reliance demonstrates an institution's ability to develop internal funding sources without relying entirely on external parties (Fattah, 2019; Hasanah, 2020). Educational institutions are required to harness their potential to create sustainable revenue streams. The principle of productivity emphasizes that available funds should not only be used for consumption but also as investments capable of generating profits (Rozalinda, 2020). Through this principle, financial management becomes more dynamic and development-oriented. These two principles complement each other in creating a strong and self-reliant financing system.

Furthermore, the principles of accountability and sustainability serve as essential foundations for the management of education financing (Hafidhuddin, 2019; Rahman, 2022; Tilaar & Nugroho, 2012). Accountability requires transparency and responsibility in every use of funds to ensure trust among all stakeholders. Meanwhile, sustainability emphasizes the importance of maintaining the continuity of funding sources in the long term. These two principles ensure that financial management is not only effective but also accountable and continuously improving. By applying these principles, Islamic educational institutions can build a stable and resilient financing system.

CONCLUSION

Based on the research findings, it can be concluded that the financing of Islamic education in pesantren does not rely solely on conventional funding sources but can also be strengthened through the development of independent, entrepreneurship-based businesses. Financial management encompassing planning, implementation, and oversight has proven to be more effective when supported by diversified funding sources, including pesantren business units. The implementation of pesantren business incubation programs demonstrates that the developed businesses serve not only as additional funding sources but also as vehicles for entrepreneurial education for students. This highlights the integration of economic and educational functions within a mutually supportive system.

The contribution of pesantren business units to operational funding, although still within the range of 5%–10%, has had a positive impact in reducing dependence on external funds. The existence of the pesantren's internal market serves as a strategic factor supporting business stability, thereby enabling the gradual sustainability of business development. Furthermore, the application of modern management principles in business operations demonstrates that pesantren are capable of adapting to the demands of professionalism without compromising Islamic values. This situation underscores that pesantren possess significant potential

to become economically self-reliant educational institutions.

Conceptually, entrepreneurship-based education financing in Islamic boarding schools reflects the application of the principles of self-reliance, productivity, accountability, and sustainability. These principles serve as a crucial foundation for building a financing system that is not only effective but also resilient in the long term. Nevertheless, challenges remain in business development, such as limited resources, management issues, and relatively small business scale. Therefore, efforts to strengthen business management capacity and provide sustainable policy support are necessary. With optimal management, pesantren business units have the potential to become a main pillar in supporting the financial independence of Islamic education in the future.

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