

THE EXPLORATION OF PESANTREN-BASED ENTREPRENEURSHIP DEVELOPMENT STRATEGY THROUGH TELEOLOGY APPROACH

Siswanto

Faculty of Economics

Universitas Islam Negeri Maulana Malik Ibrahim Malang

Email: siswanto@pbs.uin-malang.ac.id

Abstract

Cultural difference determines the strategies used for entrepreneurship development. Pesantren (Islamic boarding school) as the oldest educational institution in Indonesia has a unique culture. Pesantren-based entrepreneurship development must be equipped with different characteristics of strategy. The purpose of this research is to explore the entrepreneurship development strategy based on the culture of pesantren through teleology approach. The subject of the current research is Pondok Pesantren Sidogiri (PPS) Pasuruan. It employs case study analysis. Interview and observation methods are used to collect the data. The teleology approach is used to understand entrepreneurial strategies under some perspectives which include; the involved subjects, the projected achievements, and the entrepreneurship development strategy based on the culture of pesantren. The results demonstrate the important role of kiai (pesantren leader), santri (students), and alumni in the development of entrepreneurship in Pondok Pesantren Sidogiri. They seek independence for the intention of worship. They practice the value of tabligh (transparent) and fathanah (professional) for institutional management called Koperasi Syariah (sharia cooperative). In addition, the administrative managers hold the values of shidiq (honest) and amanah (trustworthy). In conclusion, the strategy of pesantren-based entrepreneurship development has typical characteristics of pesantren.

Perbedaan budaya menentukan perbedaan strategi pengembangan wirausaha. Pesantren sebagai lembaga pendidikan tertua di Indonesia memiliki budaya yang unik. Pengembangan wirausaha berbasis budaya pesantren tentunya memiliki karakteristik strategi yang berbeda. Tujuan penelitian ini untuk mengeksplorasi strategi pengembangan wirausaha berbasis budaya pesantren melalui pendekatan teleologi. Situs penelitian di Pondok Pesantren Sidogiri (PPS) Pasuruan. Penelitian ini menggunakan analisis studi kasus. Metode wawancara dan observasi digunakan untuk mengumpulkan data yang akan dianalisis. Pendekatan teleologi berguna untuk memahami strategi wirausaha berdasarkan perspektif yang meliputi; subyek yang terlibat, prestasi yang diproyeksikan, dan strategi pengembangan wirausaha berbasis budaya pesantren. Hasil penelitian menunjukkan peran penting kiai, santri, dan alumni dalam pengembangan wirausaha di Pondok Pesantren Sidogiri. Kemandirian untuk niat ibadah menjadi prestasi yang diharapkan. Menerapkan nilai-nilai tabligh (transparansi) dan fathanah (profesional) sebagai strategi pengelolaan lembaga yang berbentuk koperasi syariah. Disamping itu, untuk pengelola dibudayakan nilai-nilai shiddiq (kejujuran) dan amanah (dapat dipercaya). Strategi pengembangan wirausaha berbasis budaya pesantren ini memang memiliki karakteristik yang khas pesantren.

Keywords: Culture of pesantren; entrepreneurship strategy; teleology

Introduction

A cultural difference determines entrepreneurial characteristic and motivation. Pillis and Reardon (2007) studied on entrepreneurial motivation of American and Ireland entrepreneurs. The study concluded that the difference of belief and culture defines the entrepreneurial characteristics and motivation. The cultural characteristic of *pondok pesantren* (Islamic boarding school) is different from that of other organizations. This difference will obviously effect on the uniqueness of characteristics and strategy of *pesantren*-based entrepreneurship development.

Pondok Pesantren Sidogiri (PPS) Pasuruan East Java is one of Islamic boarding schools which manage to develop entrepreneurship. It has several business units to support the independence of *pesantren*. They are *Kopontren* (*Koperasi Pondok Pesantren*), Baitul Maal wa Tamwil (BMT), Usaha Gabungan Terpadu (Integrated Joint Venture) "UGT", and BMT Maslahah. They grow up very rapidly and receive amazing appreciation and achievement. Therefore, Pondok Pesantren Sidogiri has been selected as the first entrepreneurial *pesantren*

in Indonesia because it is considered successful in developing *pesantren*-based entrepreneurship (Bakhri, 2004: 14). One of the business units in PPS is Koperasi Pondok Pesantren (Kopontren) Sidogiri. It has 75 branches in several cities and districts in East Java (Zain, 2016). The success of Kopontren Sidogiri is appreciated by the Office of Communication and Information of East Java. Department of Communications and Information of East Java (2012) stated that the turnover of Sidogiri Kopontren has reached over 1.8 trillion rupiah. The success has enormous contribution on boosting up economic growth, creating jobs, and increasing welfare in East Java. Based on the successful achievement of entrepreneurship development in Pondok Pesantren Sidogiri, there must be a typical strategy of entrepreneurship development based on the values of *pesantren* which is interesting and important to explore. Bakhri (2011: 41) states that PPS applies several approaches and strategies to develop entrepreneurship based on Islamic working culture. They are STAF (*Shidiq, Tabliq, Amanah, Fathanah*).

Entrepreneurship has diverse definitions with diverse mindset (Shane & Venkataraman, 2000). Over the past few years, researches on entrepreneurship have often been attributed to the role of external environmental factors (Fereidouni et al., 2010). This is also in line with the view of Morris et al. (2001) stating that the entrepreneurship process is determined by the role of the environment in which entrepreneurs engage in activities that include macro force, either supporting or preventing macro environments. Supporting environment might be in the form of good infrastructure, availability of capital assistance, the existence of protection from the government and so forth. Littunen (2000) classifies entrepreneurial studies based on traits model and contingency theory.

Many experts believe that entrepreneurship has significant contribution towards economic growth, job creation, economic prosperity, structural change and regional development, innovation, winning competition, and the development of human and intellectual capital (Morris et al., 2001; Zahra & Dess 2001; Antoncic & Hisrich, 2003; Davidson, 2005; Chiles et al., 2007). Parker (2005: 27) shows that small and medium businesses are capable of encouraging job creation and economic growth in the United States. In addition, entrepreneurship is able to generate invention and diversity (Daft, 2000).

The findings of the previous researchers conclude that entrepreneurial studies are still partial, and they need to be explored further. Entrepreneurship studies and motivations still require critical reviews to complement the limitations

of the previous research (Kowi & Kole, 1991; Carsrud & Brannback, 2011). It mainly deals with the exploration of entrepreneurial studies and motivation based on religious values (Valliere, 2008; Kauanui et al., 2010). Katsikis and Kyrgidou (2009) offer more integrative approach to study entrepreneurship called teleological approach.

Teleology is a study of goals and outcomes. This approach has an integral and systemic perspective by reviewing reality based on the perspective of input, process and output. According to the teleological study, there is purposiveness attached to the actions of all living beings and especially humans (Jakee & Spong, 2003). To achieve the ultimate goal, it takes strategy as a manifestation of efforts.

Teleological approach explains about human behavior regarding with the impact of behavior on individual ability to achieve the goals (Alvarez & Barney, 2007). Furthermore, it argues that behaviors bridging the achievement of one's goals are more likely to occur than those which do not give any support. In the context of the current research, the outcomes and achievement of entrepreneurship development (object) based on the culture of *pesantren* are supported by entrepreneurship development strategies applied in PPS.

This study focuses on exploring and understanding the strategy of entrepreneurship development in Pondok Pesantren Sidogiri (PPS) Pasuruan by teleological approach. It uses case study method. The researcher chooses Pondok Pesantren Sidogiri as the subject for several considerations: 1) an institution that has been nominated as the first entrepreneurial *pesantren* in Indonesia by the national media of Indonesia (Bakhri, 2004: 14), 2) an institution with some achievements, both regionally and nationally, from their business units, and 3) an institution which has an integral (not secular) view for entrepreneurship development.

The paradigm of the current research is interpretive since it sees that the nature of human is the creator or constructor of meaning (Burrell & Morgan, 1994: 28). Through this research, the meaning created is examined and viewed through observation and in-depth interviews related to the development strategy of *pesantren*-based entrepreneurship in PPS Pasuruan. The case study is seen applicable to the research focus based on the arguments of Yin (2009: 1) stating that case study strategies are used to uncover contemporary phenomena. This research, therefore, aims to explore the strategy of entrepreneurship development in PPS with teleological approach.

Previous Studies

Katsikis and Kyrgidou (2009) apply teleological approach on entrepreneurial study. It states that the action of human projected to achieve particular goal has more chance of success compared to the one without any projection. The actors encouraging the achievement of the entrepreneurship development goal is a significant factor of the successful entrepreneurship development in Pondok Pesantren Sidogiri Pasuruan (Siswanto, 2013). They are *ustad* (teachers) and *kiai* (*pesantren* leader) who have a central position in *pesantren*. *Kiai*, apart from *santri* and religious teachings, is one of the important pillars in *pesantren* (Halim, 2009: 223).

The development of entrepreneurship in PPS straightens the economic independence (Siswanto, 2013). Business units under the auspices of PPS regularly contribute not less than 10 billion to *pesantren* every year from their social fund. This fund frees PPS from the dependency of government aid even some funds are issued in the form of *zakat* and scholarships. Entrepreneurship development in PPS can improve people's welfare, and reduce poverty and unemployment (Reginald & Mawardi, 2014). This is a very noble program as what is instructed in Islam.

Several studies indicate the urgency of critical studies on the concept of entrepreneurship and its development motivation (Kowi & Kole, 1991; Carsrud & Brannback, 2011). One of them is primarily related to religious values (Valliere, 2007; Kauanui et al, 2010). Entrepreneurship development in the form of Islamic microfinance development in Pondok Pesantren Sidogiri Pasuruan is aimed at achieving the love (*ridho*) of Allah SWT (Siswanto & Alim, 2015). However, this research does not specifically explain the strategy of *pesantren*-based entrepreneurship development. Thus, the teleological approach is urgently used to explain the comprehensive argument of God's existence. Several studies on *pesantren*-based entrepreneurship have been conducted, but it has not been done with a comprehensive approach, actors or subjects involved in the process of entrepreneurship development, and the efforts to develop (strategy), as well as the ultimate goal to achieve (object). Teleological approach is seen comprehensive to achieve the objectives of this research.

Entrepreneurship and Its Development Strategy

Entrepreneurship has diverse definitions, and it is a multidisciplinary study. Entrepreneurship has diverse definitions with diverse frame of thought (Siswanto & Alim, 2015). In this study, the definition of entrepreneurship

refers to a process to look for opportunities to produce goods and services in the future through the activities of discovery, evaluation, and excavation (Shane & Venkataraman, 2000). It is considered as a creative process and collective activity.

Everyone can be an entrepreneur when they have creative ideas of finding and modifying products or services useful to the organization, and an entrepreneur is not only a founder or owner of a company (Shane, et al., 2003). The entrepreneurial process involves human role. The ability and willingness of humans will determine the success of the entrepreneurial process. Entrepreneurship is a collective activity, while individual is a part of it (Huarng & Yu, 2011).

Over several years, researches on entrepreneurship are commonly attributed to the role of external environmental factors (Fereidouni et al., 2010). Although they provide an increasingly clear understanding of entrepreneurial process, they ignore the role of human beings as actors. Entrepreneurship will depend on the decisions on how to execute the process. In this case, the role of human when deciding to go into the entrepreneurship influences the success (Shane et al., 2003). However, the study does not specify the strategy and process of achieving the goal, but it is laid on the paradigm of teleological approach which sees the existence of God's role. Although some researches on human entrepreneurship motivation are found (Shane et al., 2003; Buang & Yousef, 2006; Edelman, et al., 2010; Carsrud & Brannback, 2011), the researcher argue that entrepreneurial research based on religious values is still needed.

Furthermore, the entrepreneurship development strategy conceptually combines both entrepreneurial study and strategy management (Luke et al., 2011). In addition, entrepreneurial strategy is known as a crossing formula between entrepreneurship and strategy (Ireland et al., 2001). It is also a process including four important aspects: 1) entrepreneurial activity, 2) the implementation of business strategy, 3) skill and other resources development, 4) the transfer and application of the skill and other resources to proceed on production (Luke et al., 2011). These important aspects are integrated in the teleology approach.

The Culture of *Pesantren*, Islamic Values, and Entrepreneurship

Pesantren is the oldest educational institution in Indonesia with a unique culture. *Pesantren* is the oldest educational institution which grows for the effort

and willingness of society (Yasmani, 2002). It has an integral education system, due to the involvement of its important components including *kiai* (religious leader), *santri* (student), education, and cottage. Therefore, the relationship of *santri*, *kiai*, and alumni has its own peculiarity. Based on these characteristics, *pesantren* has a unique culture. Furthermore, *pesantren* has a unique culture based on physical characteristics, life perspective, ideology, scientific tradition, and teaching methodology (Goetzav, 2012).

Besides, it has an important role to teach moral values to the *santri* and society. It always teaches moral values and Islam since colonial era in Indonesia up to now through a typical education (Syam, 2009: 78). Values are the basic beliefs with individual element of seeing truth and goodness which determine attitudes, motivations and behaviors (Robbins, 2006: 84; McShane & Von Glinow, 2003: 98). Religious beliefs can shape economic behavior as it is stated by Weber in Protestant Work Ethics (PWE) (Valliere, 2008). It encourages humans on working activity and inspires them regarding with the values of the company (Wren, 1994: 25). Weber's view is reinforced by the result of research conducted by McClelland concluding that: 1) high levels of need for achievement will encourage entrepreneurial activity, 2) high need for achievement in a society is proven to have a close relationship with rapid economic growth, 3) some ethnic, religious, and certain minority groups show differences in the need for achievement (Wren, 1994: 27).

More importantly, as Islam is a way of life that teaches an integral life, it gives encouragement in order for humans to work and to do goodness for the world as if they would to live forever, and to do something for hereafter as if they would die tomorrow. Islam encourages humans to work for the gift of God in the world (Qs 62: 10). Working includes several professions, one of which is through business and entrepreneurship.

Prophet Muhammad SAW, the role model for Muslims, is an entrepreneur (Antonio dkk, 2010a; Kelana, 2008: 26). In a hadith stated by Imam Ahmad, the Prophet Muhammad says: "Pay attention, entrepreneurship is, in the world, truly nine over ten entries to the wealth". Entrepreneurship is an important mission in Islam (Yazilmiwati & Ilhaamie, 2011). Being an entrepreneur is one of the ways to balance life and hereafter, as the Qur'an teaches humans to live a balanced life by considering the life of both the world and the hereafter. Those who abandon their responsibility in the world due to performing goodness for hereafter are not good Muslims, and those who leave the hereafter for the world are too (Abidin & Basymelah, 2010: 42).

Teleology as an Approach

Teleology is a study on the way of achieving the ultimate goal (Katsikis & Kyrgidou, 2009). This approach is used to understand the meaning of strategy of entrepreneurship development in Pondok Pesantren Sidogiri (PPS) Pasuruan. Referring to the ultimate goal of entrepreneurship development in PPS can help the researcher understand the processes and strategies developed. The term “teleology” is derived from the ancient Greek word, the *telos* which means the ends, targets, or goals. The ultimate goal is closely related to human action (Jakee & Spong, 2003). In addition, the purpose (in-order-to motive) of entrepreneurship development, especially the development of sharia micro finance institutions in PPS, is to worship Allah SWT (Siswanto & Alim, 2015). Therefore, the ultimate goal of worshiping Allah is in line with the view of teleology which explains a fundamental argument about the existence of God.

Based on the description above, in order to obtain a more comprehensive perspective, the researcher employs teleological approach to understand the strategy of entrepreneurship development in PPS. Entrepreneurial concepts based on a teleology approach cover three types: 1) the subject, related to who is involved in the process, 2) the process, related to how people do the process, and 3) the object, related to the measurement used to see success. Moreover, efforts to understand the strategy are derived from the perspective of the actors (subject) during the development process (including the strategy used) to achieve the final objective (object) which they perceive as the final cause or purposiveness (Katsikis & Kyrgidou, 2009).

Research Method

This research focuses on the entrepreneurship development strategies used in Pondok Pesantren Sidogiri Pasuruan. In order to be able to understand the perceptions of the actors involved, this study uses an interpretive paradigm. It perceives that human nature is the creator of meaning, and emphasizes one's meaning towards a symbol, which is the process and strategy of entrepreneurship development (Triuwono, 2006: 217). This paradigm has a high contextual awareness which can be seen from the absence of willingness to generalize the findings or theory.

The current research uses case study method. It is believed that the method is able to achieve the research objectives. A case study is supposed to be used to study a case with the following features: 1) it is oriented to contemporary studies, 2) it is used to answer the focus of research with how

and why question; 3) the researcher has no control over the phenomena to study (Yin, 2015: 1). Therefore, the case study method is projected to be able to answer and understand the focus of this research, what is on how the actors develop entrepreneurship in Pondok Pesantren Sidigiri based on teleology approach.

As the chosen research site, Pondok Pesantren Sidogiri (PPS) Pasuruan has three business units, they are sharia production, distribution and finance. The production unit is a home industry which supplies some needs, such as bakeries, rice processing plants, soy sauce and so forth. Then, the distribution unit has a role to displaying goods from production unit, and the retail and trade unit is managed by *Kopontren*. Production and distribution unit is structurally under *Kopontren*. While Sharia micro-finance unit functions as a provider of business development funds in other units and for the surrounding communities who want to make transaction with sharia system. These three units are known as the triangle circles which play an important role in entrepreneurial and institutional activities in PPS.

Data and information in this study were obtained from the subjects or actors using purposive and snowballing techniques. As an important person, they will provide a source of information which helps us to know the success level of entrepreneurship development in PPS, the process, and strategy of achieving that success. They are key informants selected based on a set of specific criteria and objectives. Thus, in order to obtain the qualified subjects, direct observation needs to be conducted. The informants are central figures or important actors involved in establishing and developing entrepreneurship in PPS. After finding the first informant, the researcher conducted an in-depth interview. Then, the first informant is requested to recommend the informants who meet the criteria. The interview processes are conducted continually until the data showing snowball repetitive information are obtained. The number of informants for research is not set as in qualitative research, the quality of information is more important than the quantity one (Sandelowski, 1995)

In addition to the interviews with the subjects, data are also obtained through observation on the research site to explore and understand the context and problem of research. The researcher can obtain more complete overview and illustration of the field through field observation. Documentation methods are also used to supplement the secondary data in order to describe the condition of the research site. Triangulation method is also used to test the validity of data, that they can be further analyzed.

The informant selection is based on the following criteria: 1) they have experience in business and entrepreneurship in Pondok Pesantren Sidogiri. They become the source of information for their adequate experience and insight to provide the meaningful description, 2) they are consciously selected in this study. The selection can be based on either the researcher's own observation or recommendation of others that they have experience and contribution in Kopontren Sidogiri, 3) They have been involved in business activities and entrepreneurship for at least one year, 4) they have been willing to be involved and able to reflect on their experiences during, the process of developing business and entrepreneurship in PPS.

Results and Discussions

The results of the study are described into three important parts to integrate the teleological approach. The results and discussion of the research, based on the flow of the teleological approach, are described in the following system: 1) kiai, santri, and alumni are the subjects of entrepreneurship development, 2) koperasi syariah (sharia cooperative) as an institutional strategy to develop pesantren-based entrepreneurship, and 3) the independence and willingness of God is the projected achievement.

Kiai, Santri, and Alumni Synergizes and Contributes to the Country

Kiai is a figure who has the authority to be followed and a role model for santri and society. He is the central figure in *pesantren* (Marhumah, 2010: 79). *Pesantren* is like a small kingdom where *kiai* is the one who has power and authority for everything. The relationship of a *kiai* with *santri* lasts a lifetime (Dhofier, 2011: 93). *Kiai* is the most essential element in *pesantren*. He is the founder, or the descendant of the *pesantren* founder. Therefore, it is common when his role is closely attached to the culture of *pesantren*. The respect of *santri* to *kiai* is absolute and longlasting. It is shown in all aspects of life; religious, social, and personal life.

Breaking the relation with a teacher or *kiai* is considered to be a big disgrace. It is believed that it will end up with the loss of *barakah*, and the knowledge gained will not be beneficial. It is taboo, for *santri*, to say that he is a former student/*santri* of a certain *kiai* because once he becomes a *santri* for a certain *kiai*, he is considered to be his student forever. Even, those who have been graduated (alumni) are encouraged to keep in contact with the

pesantren, even though the *kiai* has already passed away. This is a discipline to obtain *barakah*.

A *kiai* and *santri* have a very strong emotional connection. This relationship is still kept even though the *santri* has graduated (alumni). *Kiai* is like a parent for *santri*. The teachings of *ta'lim muta'allim* (*adab* or the morality of student) explains:

“Maintain the honor of your teacher, your father in religion, or what some law calls by the name of ethical dairy. And naming with “fathers in religion”, according to some scholars, is more worthy.... (Al-Utsaimin: 2005: 115).

A *santri* perceives a teacher like a father who must be respected, obeyed, and exalted. We have to be gentle to him. *Santri* shows high respect and obedience to a teacher who is considered to have authority, because he is considered to be close to God (Dhofier, 2011: 126).

Business and entrepreneurship development of Pondok Pesantren Sidogiri (PPS) Pasuruan is initiated by *kiai*. *Kiai* Sa'doelah Nawawi was the first initiator in 1961. It is confirmed in the excerpts of the interviews presented by Ustadz Mahmud as follow:

“KH. Sa'doelah Nawawi was the first initiator of entrepreneurship in 1961. It is stipulated in the policy of *pesantren* which states “*pesantren* does not want to receive assistance from the government”. It means that *pesantren* must earn income. Which income? It is obviously from entrepreneur. At that time, I was a student, I predicted him (KH. Sa'doelah Nawawi) that he wants students live independently later, and they don't live as civil servants. Thus, the certificate of the alumni cannot be used to apply a job as civil servants. So, they must be self-employed/entrepreneur. The plan to have the cooperative has been initiated since 1961”.

K. Kholil Nawawie, the successor of the *pesantren* leadership, gives full authority to the cooperative board to run the business activities. Although the business of *Kopontren Sidogiri* had started since 1961, it officially proposed a cooperative legal entity in April 1997. Meanwhile, deed of legal entity of *Kopontren Sidogiri* No. 441/BH/KWK.13/VII/97 was published on July 15th, 1997. *Kopontren sidogiri* contributes considerably to the activities and operations of *Ponpes Sidogiri*. Based on Sidontin's *Kopontren* budgets, 10% of the surplus of business results (SHU) is provided for educational activities at *Ponpes Sidogiri*. For *santri*, *Kopontren* provides daily necessities, as well as a place for learning independence, entrepreneurship, and devotion. Whilst, for the community, *Kopontren* provides daily consumed goods at competitive prices. This regulation is based on the the principle of *kopontren* development,

by *santri*, for *santri*. This is expressed in excerpts of interviews with Ustadz Mahmud as follow:

“We’ve always worked to build various businesses. All is done for the sake of *santri* because our business motto is “from *santri*, by *santri* and for *santri*”.

After kopontren Sidogiri develops rapidly, the other business units, such as BMT Masalahah, BMT UGT, PT. Business Partners, PT. Sidogiri Mitra Utama, PT. Sidogiri Pandu Utama, PT.UGT Mas Tour, etc. also develop. These business units involve *santri* and alumni to contribute to society and nation. Through various types of business and entrepreneurial activities in Pasuruan, PPS can overcome various problems related to employment, economic development of *pesantren* and surrounding communities, improving the economy of society in Pasuruan and East Java. It encourages the development of entrepreneurship in PPS as a form of contribution of *santri* for this country. One of the initiators of entrepreneurship in PPS, Ustadz Mahmud conveyed:

“We often give presentations about the “Islamic economic revival from *santri*”.

That is the contribution of *santri* to the State for the realization of *baldatun thoyibatun wa robun ghafur* in Indonesia. So, we together with 9 groups in PPS contributed greatly to the nation and this State to participate in realizing the state of *baldatun thoyibatun wa robun ghafur*. We are in the position of civil society to build *masyarakat madani*, not those who get help from the government, but those who can help the government”.

Slowly but surely, sharia economic development from entrepreneurial activities in Pondok Pesantren Sidogiri Pasuruan gets appreciation from central and provincial government. The business asset of entrepreneurial activity in PPS is more than 2 trillion. The assets of one of business units in PPS, BMT UGT, reached up to 2.2 trillion in 2016, with a turnover of 16 trillion in the same year (Kurnia, 2017). This certainly plays an important role in East Java’s regional economic growth of 5.6% in 2017, and nationally.

Cooperative Becomes a Profitable Commercial Association for the Order of *Kiai*

The establishment of cooperative as an institution that shades business and entrepreneurship activities in Pondok Pesantren Sidogiri (PPS) Pasuruan is a form of response from the government’s desire to become “*soko guru*” Indonesian economy. This is stated by the board and one of the founders of BMT UGT, Ustad Mahmud. The first cooperative in PPS is Kopontren Sidogiri. Sharia-based cooperatives are engaged in the real sector or trade. Along with the need and sense of care about the condition of the community

around *pesantren* trapped in the practice of loan sharks, sharia-based cooperative *pesantren* next, the Cooperative BMT MMU, which is now BMT Maslahah. On an ongoing basis established Cooperative BMT UGT, from other business units, are also incorporated cooperative law. From the initial capital of Rp. 13,500.00, -, now its turnover has reached above 6 trillion, and the *zakat* is more than 5 billion.

Cooperative is one of the legal entities selected in the development of sharia economy in Indonesia. The soul and spirit of the cooperative are in accordance with the principles of brotherhood, cooperation and partnership, as well as service of members and society. Chapra (2000: 38) explains about the importance of the position of cooperatives in an economy as follows;

“In addition to the fact that it is a profit-oriented business organizations, cooperatives are a service-oriented organization of business service, it can contribute to the realization of Islamic economic goals. With Islamic emphasis on brotherhood, cooperatives of all kinds can resolve the mutually beneficial issues between producers, business actors, consumers, deposit makers, and investors, should get a great emphasis on Islamic society”.

Moreover, cooperative becomes a considerable option as a form of business organization and entrepreneurship developed by PPS. The establishment of cooperatives as *kongsi* or Business Community is in line with Islamic values related to fraternity and service. The sense of brotherhood and concern for the community is what drives business partnership in the form of sharia cooperatives in Pondok Pesantren Sidogiri Pasuruan. This was conveyed by informants as follows;

“So the character of Muslim character is supposed to have a high concern. Do we care about orphans? Caring for the poor, the *dhuafa*, and the *mustadh'afin*? Do we care about the fate of the oppressed? If not, *i'maluu sayarallah amal*. How to do it? We form a cooperative”.

The practice of loan sharks remaining rampant in the villages surrounding the *pesantren* ignites the concern of kiai and ustadz to develop the cooperative BMT. It is inspired from the practice of moneylenders which is miserable to the poor and the weak (*dhuafa and mustadh'afin*). In order to provide solutions for the communities involved in these loan shark practices, the Cooperative BMT MMU and BMT UGT were established. In 1997, *Baitul Maal wa Tamwil* (BMT MMU) was incorporated as a cooperative and one-on-one BMT with the legal status of the cooperative at that time. The establishment of the *koperasi* based on the order is due to the command of kiai. And in the tradition and culture of the *pesantren*, when kiai commands something good, it must be practiced by the santri as a form of action termed *sami'na wa atha'na* (when

we hear the command of *kiai*, we will obey). It is in line with what is said by Djakfar (2017) that *kiai* or *ulama* can perform the role as a giver of fatwas in business developing at *pesantren*. A form of concern for the weak and helpless from Pesantren Sidogiri is implemented with concrete action, which establishes Sharia-based cooperative. The principle of action is expressed with *i'maluu fa yarallah amalakum* (do o mankind), Allah will pay attention to your deeds. Principles based on Islamic values are derived from the Quran in the underlying development of based boarding schools.

Kiai, *santri*, and *alumni* develop sharia-based cooperative because of the concern to *dhu'aifa* and *mustadh'afin* in order not to belong to the group that disbelieves the religion. The orientation and motive of the action is inspired contextually Q.S. 107: 1-3, which explains the urgency of caring about orphans and the poor. The ignorance of the fate of the weak and oppressed people for the activists of sharia-based cooperative development in pesantren in PPS is a manifestation of the attitude of religious liars. The motive and encouragement of Islamic values is the underlying development and strategy of attainment of entrepreneurship in Pasuruan PPS.

There are two important things that become the strategy of cooperative entrepreneurship development in PPS. It is in line with Bakhri's statement, two important things to achieve a robust and robust cooperative are related to managers and management systems (2015: 44). First, managers must have *siddiq* and *amanah* characteristics. Second, the management-based systems is *tabligh* and *fathanah*. The four traits that become the *pesantren*-based development strategy are developed from the four characteristics of Prophet Muhammad SAW which are well known with *siddiq*, *tabligh*, *amanah* and *fathanah* whose abbreviation is STAF.

Siddiq is a term used to express the meaning of honesty values. The *sidiq* means honest. Honesty is a mental attitude that must be owned by the manager based on Kopontren Sidogiri. Therefore, the entire board of management, supervisors, directors, managers, branch managers, and employees must have an honest nature, in both words and deeds, in carrying out their duties. Managers are also required to have a trustworthy nature. This credible character is shown by the similarity between words and actions, financial records in fact, expenditures and income are recorded in accordance with the terms, all promises kept and provide prompt and appropriate service (Bakhri, 2015: 44).

The management system also uses the principle of *tabligh* and *fathanah*. *Tabliqh* is an implementation of the principle of openness or transparency.

While *fathanah* is an implementation of professionalism. Open and transparent management system is shown by the openness of relationship and transparency of all stakeholders of Sidogiri based on Kopontren, ie between manager, manager with cooperative member, manager and government. Various modern management systems are applied to achieve the vision and mission of sharia cooperative Sidogiri. Annual member meetings as the highest authority in the cooperative container are carried out annually on a regular basis. To realize transparency in the management of this pesantren-based cooperative, it creates financial reports and monthly and quarterly activities to interested parties.

Sharia cooperative (*Koperasi Syariah*) of Pondok Pesantren Sidogiri has operational management standards (SOM), standard operating procedures (SOP), adopting PSAK (Statement of Financial Accounting Standards), and already possessing *Islamic Microfinance Standard (IMS)*. It is a manifestation of management strategy based on *fathanah* or professional culture. To improve the professionalism of employees and managers, sharia-based cooperative boarding schools are preparing educational funds and implement training programs in accordance with their fields.

The sharia cooperative development strategy shows remarkable achievement. Bakhri (2015: 47) states that honest (*siddiq*) and trustworthy (*amanah*) managers and transparent management systems (*fathanah*) have generated tremendous positive effect, some of which are: 1) the increase of new members and the amount of deposits. 2) the increase of support and trust from members, 3) the increasing support from members on good program activities. Positive performance plays an important role in realizing the independence of the organization, *pesantren*, and its members.

Independence by Intention of Worship to Achieve Divine Love: Projected Achievement

Various achievements of sharia cooperatives lead Pondok Pesantren Sidogiri to be the reference and tourist destination of Sharia cooperative from various areas. From the initial capital of Rp 13,500,000, - into an institution with trillions of income. Currently, BMT UGT has a turnover of more than 6 trillion. The success of *pesantren*-based entrepreneurship development contributes significantly to the achievement of PPS independence. The independency is reflected in the salaf educational system aiming to create *ibadillahi as-shalihin*. This independence of the educational system is the goal

of developing entrepreneurship in PPS. The following is the explanation of *Ustada Haq*;

“In order for education to continue and to stand on the believed principles without any intervention of other parties, independence through the development of entrepreneur is the bridge.”

Independence is an expected condition to be responsible to self (independent), uncontrolled and free from any interventions of other people or parties. The independence of *Ponpes Sidogiri* is driven by the principle that there is no intervention from outside parties. For the activists of this cooperative, the development of entrepreneurship is a means of support to achieve independence. Through this entrepreneurial activity, *pesantren* can contribute to the government by diverting the funding of school operational aid to the other educational institutions. Through *pesantren*-based entrepreneurship activities, santri and alumni become more independent and can create their own job opportunities.

Moreover, entrepreneurship development in PPS as a means to achieve independence with the intention to worship or dedication for love of Allah SWT (*ridlallah*). The actors are committed to make the activities in the business unit and network entrepreneurs as a devotion or worship. This is confirmed in the following statement;

“So, the important thing of working here (entrepreneurship development) is devotion (worship). Why devotion? Because this boarding school should not take a large fee to students, while the education must be the way. The education will not work without any fund. That’s why the business unit must be able to get as much fund as possible.”

Worship includes all kinds of activities, any actions and practices driven by the intention to earn divine pleasure (*ridhallah*). It includes business practice and entrepreneurship. *Hadith* of the Prophet narrated by Bukhari states, “Every deed must be accompanied by intention, and everyone gets what is intended ...” (*Sahih Bukhari* no. 1). In another *hadith*, the Prophet also says, “Surely Allah loves the Muslim who is believing, working, owning high profession, and doing business (HR. At-Tabrani on *Mu’jam Al Kabir* no. 13022, in Antonio, et al. 2010a: 43). People keeping the essence of faith have the courage to fight for religion, in both worship and *da’wah*, *hijrah*, *jihad* and doing *infaq* (At-Tuwaijry, 2007: 3). The meaning of worship is a reflection of *pesantren*-based entrepreneurship development. It is also confirmed by *Ustadz Wafa*;

“... once the heart of a market leader was tapped to help the development of BMT Sidogiri to eradicate the practice of moneylenders. He was given an explanation that, BMT Sidogiri has the intention to eradicate the practice of

moneylenders conducted lately. ... “How if we work together to help the people free from the moneylenders, I believe it is a worship...”

More importantly, the meaning of worship has a relatively wide understanding. At-Tuwaijry (2007: 2) states that worship includes everything loved by Allah SWT in both the form of words and deeds, either visible or invisible. Thus, worship is not only ritual, but it also includes all practices of kindness (good deeds) that expect His love and pleasure. The practice of entrepreneurship development in Ponpes Sidogiri is a form of pious action wishing Allah’s pleasure. The worship is manifested in the hard efforts on economy to be beneficial for people and to call on the good, and to keep away from evil with real action.

Conclusion

The development of *pesantren*-based entrepreneurship is institutionally incorporated as a cooperative institution. Being in an environment tied to Islamic culture and values, the cooperative applies the principles of sharia in its contracts and trade practices. The development process or strategy used to improve business competitiveness is also based on Islamic values. The business turnover of the three business units: Kopontren Sidogiri, BMT Maslah, and BMT UGT, has reached 6 trillion. The success is achieved by implementing a management strategy based on the nature of the Prophet Muhammad, transparency (*tabligh*) and professionalism (*fathanah*). Meanwhile, honesty (*siddiq*) and trustworthiness (*amanah*) are the characteristics that became a strategy to strengthen Sharia-based cooperative in Pondok Pesantren Sidogiri Pasuruan.

Business and entrepreneurship development of Pondok Pesantren Sidogiri (PPS) Pasuruan is initiated by *kiai*. He is the first person to initiate the establishment of sharia cooperatives in Pondok Pesantren Sidogiri Pasuruan. His idea is interpreted as a command for teachers and santri. In *pesantren*, the advice of *kiai* is a command which must be heard and practiced (*sami’na wa atha’na*). Therefore, the instruction to train the independence of santri is implemented by establishing sharia cooperatives. *Kiai* also concerned about the condition of the community around PPS who are entangled in the practice of moneylenders. He suggests them through *da’wah* by real action, establishing a cooperative sharia known for BMT *Maslahah* and BMT UGT. The development of *pesantren*-based entrepreneurship also involves students and alumni.

The purpose of *pesantren*-based entrepreneurial development in the form of business partnership of sharia cooperatives is to achieve independence with the intention of worship in order to achieve the pleasure of Allah SWT (*ridlallah*). Independence with the intention of worship is an expected achievement because it will support the implementation of educational systems of *pesantren*. Worship has a very wide dimension. It includes everything loved by Allah Almighty. Entrepreneurial activity, for the ones involved in the development of *pesantren*-based entrepreneurship, is a means of devotion or worship to Allah SWT.

References

- Abidin, Z. dan Basymeleh, F.F. 2010. *Langkah Emas Pengusaha Muslim*. Jakarta: Penerbit Al-Manar.
- Al-Utsaimin, Muhammad bin Shalih, 2005. *Syarah Adab dan Manfaat Menuntut Ilmu* (penerjemah: Ahmad Sabiq). Jakarta: Pustaka Imam Asy-Syafi'i.
- Alvarez, S.A. and Barney, J.B. 2007. Discovery and Creation: Alternative Theories of Entrepreneurial Action, *Strategic Entrepreneurship Journal*, Vol. 1 No. 1/2, pp. 11-26.
- Antoncic, B. and Hisrich, R.D. 2003. Clarifying the Intrapreneurship Concept, *Journal of Small Business and Enterprise Development*, Vol. 10 No. 1, pp. 7-24.
- Antonio, M.S., Mahfudz, S., Ali, N.M., Khairunnas. 2010a. *Ensiklopedia Leadership and Manajemen Muhammad SAW "The Super Leader Super Manager" Buku 2: Bisnis dan Kewirausahaan*, Jakarta: TAZKIA Publishing.
- At-Tuwaijry, M.A. 2007. *Makna Iman dan Islam*. team islamhouse (penterjemah). www.islamhouse.com.
- Bakhri, M. S. 2004. *Kebangkitan Ekonomi Syariah di Pesantren: belajar dari pengalaman Sidogiri*, Pasuruan: Cipta Pustaka Utama.
- Bakhri, M. S. 2015. *Sukses Koperasi Di Sidogiri: The Best Islamic Microfinance. Practice di Pesantren*. Pasuruan: Cipta Pustaka Utama.
- Buang, N.A. and Yusof, Y.M. 2006. Motivating Factor that Influence Class F Contractor to Become Entrepreneurs, *Jurnal Pendidikan* 31, pp. 107-121.

- Burrell, G., and Morgan, G., 1994. *Sociological Paradigms and Organisational Analysis: Elements of the Sociology of Corporate Life*. London: Heinemann.
- Carsrud, A., Brannback, M. 2011. Entrepreneurial Motivations: What Do We Still Need to Know? *Journal of Small Business Management*, 49 (1), pp. 9-26.
- Chapra, U. 2000. *Sistem Moneter Islam*. Jakarta: Gema Insana Press.
- Creswell, J.W. 2007. *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*. Thousand Oaks, Sage Publications.
- Daft, R. L. 2000. *Management* (5th ed.). TX: The Dryden Press.
- Davidson, P. 2005. Methodological Approaches to Entrepreneurship: Past Research and Suggestions for the Future, *Small Enterprise Research*, Vol. 13 No. 1, pp. 1-21.
- Denzin, N.K., and Lincoln, Y.S. 2009. *Hand Book of Qualitative Research*. Daryatno dkk (Penterjemah). Yogyakarta: Pustaka Pelajar.
- Department of Communications and Information of East Java. 2012. Omzet Kopotren Sidogiri Tembus Angka Rp 1,8 Triliun, <http://kominfo.jatimprov.go.id/read/umum/30215>, diakses tanggal 14 Februari 2017.
- Dhofier, Z. 2011. *Tradisi Pesantren: Studi Pandangan Hidup Kiai dan Visinya Mengenai Masa Depan Indonesia*. Jakarta: LP3ES.
- Djakfar, M. 2017. Guarding Sharia Economy in Indonesia Optimization of Contemporary Ulama Authority and Local Wisdom, *Jurnal El Harakah*, Vol. 19 No. 2 pp. 209-226.
- Dukes, S. 1984. Phenomenology Methodology in the Human Sciences. *Journal of Religion and Health* 23 (3): 197-203 dalam Bukholder, D.U. 2009. *Returning Conselor Education Doctoral Studies Issues of Retention and Perceived Experiences*. Diserastasi PhD dari Kent State University College and Graduate School of Education, Health, and Human Services.
- Edelman, L.F., Brush, C.G., Manolova, C.S., Greene, P.G. 2010. Start-Up Motivation and Growth Intention of Minority Nascent Entrepreneurs, *Journal of Small Business Management*, Vol. 48 No. 2 pp. 174-196.

- Fereidouni, H.G., Masron, T.A., Nikbin, D., Amiri, R.E. 2010. Consequences of External Environment on Entrepreneurial Motivation in Iran, *Asian Academy of Management Journal*, Vol. 15 No. 2 pp. 175-196.
- Goeztav, D. 2012. Menggagas Pesantren sebagai Pusat Peradaban di Indonesia. <http://the-jasspro.blogspot.com/2012/04/menggagas-pesantren-sebagai-pusat.html> diakses 5 Maret 2018.
- Halim, A., 2009. Menggali Potensi Ekonomi Pondok Pesantren: *Manajemen Pesantren* (Halim, A., Suhartini, Arif, M.C., Sunato, eds). Yogyakarta: LKiS Printing Cemerlang.
- Huang, K.H. and Yu, T.H.K. 2011. Kewirausahaan, Process Innovation and Value Creation by a Non-Profit SME, *Management Decision*, Vol. 49 No. 2.
- Ireland, R.D., Hitt, M.A., Camp, S.M. and Sexton, D.L. 2001. Integrating Entrepreneurship and Strategic Management Actions to Create Firm Wealth. *Academy of Management Executive*. Vol. 15 No. 1, pp. 49-63.
- Jakee, K. and Spong, H. 2003. Praxeology, Entrepreneurship and the Market Process: A Review of Kizner's Contribution, *Journal of the History of Economic Thought*, Vol. 25 No. 4, pp. 461-86.
- Kao, J. 1989. Kewirausahaan, *Creativity and Organization: Text, Cases and Readings*. Prentice Hall, New Jersey.
- Katsikis I.N., Kyrgidou L.P. 2009. Entrepreneurship in Teleology: The Variety of the Forms, *International Journal of Entrepreneurial Behavior and Research*, Vol. 12 No.2, pp. 209-231.
- Kauanui, S.K., Thomas, K.D., Sherman, C.L., Waters, G.R., Gilea, M. 2010. An Exploration of Entrepreneurship and Play, *Journal of Organizational Change Management*, Vol. 23 No. 1, pp. 51-70.
- Kelana, M. 2008. *Muhammad SAW is the Great Entrepreneur*. Bandung: Dinar Publishing.
- Kowi, A., and Kole, J. 1991. An Islamic Perspective on Expectancy-Valence Theory, *The American Journal of Islamic Social Science*, Vol. 8 No. 3.

- Kurnia, D. BMT UGT Sidogiri Pasuruan Catat Pertumbuhan Positif, <http://www.republika.co.id/berita/ekonomi/syariah-ekonomi/17/12/25>, diakses tanggal 25 Februari 2018.
- Littunen, H. 2000. Entrepreneurship and the Characteristics of the *Entrepreneurship Personality*. *International Journal of Entrepreneurship Behavior and Research*. Vol. 6 No. 6.
- Luke, B., Kearins, K., Verreynne, M.L. 2011. Developing a conceptual framework of strategic entrepreneurship, *International Journal of Entrepreneurial Behaviour & Research*. Vol. 17 No. 3, 2011 pp. 314-337.
- Marhumah, E. 2010. *Konstruksi Sosial Gender di Pesantren: Studi Kasus Kiai atas Wacana Perempuan*. Yogyakarta: LKiS.
- McShane, S.L., and Von Glinow, M.A. *Organizational Behavior 2nd Ed.* Boston: McGraw-Hill Irwin.
- Morris, M.F., Kuratko D.F., Schindehutte. 2001. Towards Integration: Understanding Entrepreneurship through Frameworks. *Kewirausahaan and Innovation*, February, pp. 35-49.
- Parker, S.,C. 2005. *The Economics of Entrepreneurship: What We Know and What We Don't*, Now Publisher Inc. Boston.
- Pillis E.,D. and Reardon, K.K. 2007. The Influence of Personality Traits and Persuasive Message on Entrepreneurial Intention, *Career Development International*, Vol. 12 No. 4, pp. 382-396.
- Reginal, A.R., dan Mawardi, I. 2014. Kewirausahaan Sosial pada Pondok Pesantren Sidogiri Pasuruan, *JESTT* Vol. 1 No. 5.
- Robbins, S.P. 2006. *Organizational Behavior, 10th Ed.* Prentice Hall. (pent. Benyamin Molan) Perilaku Organisasi, Jakarta: PT. Indeks.
- Sandelowski, M. 1995. Sample size in qualitative research. *Research in Nursing and Health*, 18, 179-183. dalam Bukholder, D.U. 2009. *Returning Conselor Education Doctoral Studies Issues of Retention and Perceived Experiences*. Diserastasi PhD dari Kent State University College and Graduate School of Education, Health, and Human Services.

- Shane, S. and Venkataraman, S. 2000. The Promise of Entrepreneurship as a Field of Research, *Academy of Management Review*, Vol. 25 No. 1, pp. 217-26.
- Shane, S., Locke, E.A., Collins, C.J. 2003. Entrepreneurial Motivation, *Human Resource Management Review*, 13 (2003) 257-279.
- Siswanto, 2013. Motivasi Wirausaha di Pondok Pesantren Sidogiri, Disertasi, FEB UB Malang.
- Siswanto, dan Alim, M.A., 2015. Konstruksi Makna Motif Tindakan Pengembangan *Islamic Microfinance* Berdasarkan Perspekti Kiai. Malang: Penelitian Kompetitif LP2M UIN Maliki Malang (belum dipublikasikan).
- Syam, N. 2009. Kepemimpinan dalam Pengembangan Pondok Pesantren: *Manajemen Pesantren* (Halim, A., Suhartini, Arif, M.C., Sunato, eds). Yogyakarta: LKiS Printing Cemerlang.
- Triyuwono, I. 2006. *Akuntansi Syariah: Perspektif, Metodologi, dan Teori*. Jakarta: PT. RajaGrafindo Persada.
- Valliere, D. 2008. Exploring Buddhist Influence on the Entrepreneurship Decision. *International Journal of Kewirausahaan Behavior and Research*. Vol. 14 No. 3.
- Wren, D.A. 1994. *The Evolution of Management Thought 4th Ed*. New York: Jhon Wiley and Sons.
- Yasmani. 2002. *Modernisasi Pesantren: Kritikan Nurcholis Madjid terhadap Pendidikan Islam Tradisional*. Jakarta: Ciputat Press.
- Yazilmiwati and Ilhaamie. 2011. The Motivation of Islamic Studies' Student to be Entrepreneurs: A Study of Undergraduate and Postgraduate Students in A Public University. *2nd International Conference on Business and Economic Research (2nd Icer 2011) Proceeding*.
- Yin, R.K. 2009. *Case Study Research: Design and Methods Fourth Edition*. Sage Publication, London UK.
- Yin, R.K. 2015. *Studi Kasus: Desain dan Metode* (pent. M. Djuazi Mudzakir). Jakarta: RajaGrafindo Persada.

- Zahra, S., and Dess, G. 2001. Entrepreneurship as a Field of Research: Encouraging Dialogue and Debate. *Academy of Management Review*, 26(1), 8-11.
- Zain, M.A. 2009. Model-Model Perkembangan Ekonomi Pondok Pesantren: Pengalaman Pondok Pesantren Sidogiri: *Manajemen Pesantren* (Halim, A., Suhartini, Arif, M.C., Sunato, eds). Yogyakarta: LKiS Printing Cemerlang.
- Zain, M.A. 2016. Membangun Ekonomi Keummatan Menuju Terwujudnya Baldatun Thoyyibatun wa Robbun Ghafur Model: Pengembangan Eksya Berbasis Sosial. Makalah disampaikan dalam Konferensi Regional PDRB Surabaya, 11 Agustus 2016.

