

## Conference Paper

# Roles of Business Incubator in Sunan Drajat Pesantren in Generating Islamic Entrepreneurs

Biyati Ahwarumi, Tjiptohadi Sawarjuwono, and Imron Mawardi

Sharia Economy, Airlangga University, Paciran Lamongan 62264, Indonesia

## Abstract

Pondok Pesantren Sunan Drajat (PPSD) is one of the Indonesian pesantrens that has the vision of building economy independence. PPSD has existed as an important part of education, religion, social and economic institution for Muslim community in East Java Indonesia. PPSD graduates were many intellectual Muslims that are also known as graduate Santri that mostly take a role not only as a religion teacher but also become as an entrepreneur. Researchers then observe these graduate sentries that are also known as anti-poverty agent. Selected method is Participant Action Research as the base of observation for knowledge collecting. The aim is to design innovative methods in order to form entrepreneurs within pesantren ecosystem, particularly in Pesantren Business Incubator where all these researches would be conducted. Research result are description of knowledge management for anti-poverty entrepreneur and recommendation for developing entrepreneurship within incubator related to PPSD policy. Hopefully, this well-designed entrepreneurship from Pesantren Business Incubator's Program would give significant contribution to regional economy and Indonesia's business innovation.

**Keywords:** Pesantren Sunan Drajat, business incubator, islamic entrepreneurship

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## 1. Introduction

Pesantren is the origin of Indonesia's education and social economic institution. One of the well-known pesantren is Pondok Pesantren Sunan Drajat (PPSD), located in Paciran that lies on the North Coast of East Java. For over more than 40 years, PPSD have existed as an important part of education, social and especially economic institution that give many influence for surrounding Muslim community. PPSD continuously graduates many intellectual Muslims that also known as graduate Santri. The interesting phenomenon is that these graduate Santris mostly take a role not only

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as a religion teacher but also become as entrepreneur as well, and this already happened in natural random fact. These graduate santris are also known as anti-poverty agents in their neighborhoods. The research method is Participant Action Research (PAR) as that base of knowledge collecting for the enhancement of entrepreneurship from pesantren. The aim is designing the birth of entrepreneurs within the dedicated organization for entrepreneurship as a blended part of the whole ecosystem. This dedicated organization is called Pesantren Business Incubator (PBI) that was formed by pesantren stakeholder. The starting point of generating Islamic entrepreneur from pesantren are the integration of mastery of religion, social and economic science as holistic concepts from modern pesantren that refers to the basic concept of personal independence in Islam. Later on, in the global economic concept, it is believed that entrepreneurship is deeply needed by a country like Indonesia. As a part of Indonesian community, pesantren develops its own sub-organization that forming entrepreneurs, although many expert say that this organization is merely the same with term of business incubator. Pesantren business incubator stands as an independent dedicated part of pesantren running all entrepreneurship-forming activities from planning to evaluating phrase. Results of this research paper are: (1) Description of knowledge management for anti-poverty Entrepreneur, (2) Design of PBI management in knowledge, process and enchantments and (3) Recommendation for stakeholder for developing entrepreneurship within incubator related to PPSD policy. Business incubator in pesantren is important and need to be enhanced. With better approach and more systematic study, this research could become reference of enhancing business incubator for other pesantrens. Hopefully, poverty can and will be reduced by generating well-designed Islamic entrepreneurs that was born from pesantren's business incubator program.

## 2. Literature Review

There are some literature reviews that have been used by researchers in order to find both as theory and practical foundation to compose hypotheses, analyses and conclusions. Roles of business incubator in PPSD in generating local Islamic entrepreneurs can be tracked from these literatures with historical content and analytical forecasting especially in economic term.

The research literatures can be categorized based on the subject into: (1) Literature of Pondok Pesantren, particularly, Pesantren Sunan Drajat that consists of its history, values and current existing type of entrepreneurship, (2) business incubator in

pesantren (IBP) with 7S serving scheme, (3) IBP management, (4) Islamic entrepreneur references as role model, (5) Formulation of pesantren–Islamic entrepreneurship in PPSD incubator.

The literature of Pondok Pesantren, particularly, Pesantren Sunan Drajat (PPSD), gives view point of both the historical and the recent aspects (PPSD). Strength, weakness, opportunity and threat factor would be analyzed in terms of position PPSD as Pondok Pesantren that put economy factor as an important one. It is so important that PPSD has an Economy Department that manage financial aspect of all PPSD business and operational units. One of the PPSD unit under Economy Department is business incubator that embedded within Economy Department organization.

Incubator Business (IB) in Pesantren (IBP) with 7S serving scheme. As many other incubator businesses all over the world, PPSDs IB do nurturing process in order to give startup/entrepreneur the ability to grow and sustainably living their business in the future. The 7S serving scheme is providing space, support, shared facilities, service, skill development, synergy, seed capital:

IBP Operational runs under management system of PPSD Economy Department with 9 (nine) major components. These 9M managerial area are: (1) Mission Statement, (2) Market, (3) Management, (4) Man Power, (5) Methods, (6) Machine, (7) Material, (8) Money and (9) Management Information System.

Islamic Entrepreneur References for Role Model as Moslem always refer to Qur'an and Sunnah that reflects on Prophet Muhammad SAW. In a matter of entrepreneurship, figure of Muhammad SAW also strengthen by his beloved wife Khadijah as well-known successful entrepreneur.

Formulation of pesantren–Islamic entrepreneurship in PPSD incubator is now under progress as researcher<sup>1</sup> subject of doctoral dissertation, hopefully in 2018 would be published after discussed in a doctoral forum.

### 3. Methodology

Chosen Research methodology is PAR that simplified and modified into approach the researcher use as Action Research (AR). AR is one type of applied social research that essentially analyze a social experiment by introducing a new policy by monitoring its effects. In this case, generating Islamic entrepreneur is policy of PPSD that would be analyzed and formulated by monitoring its effects.

The reasons that encourage researchers to use this action research methods are:

1. Researchers and stakeholders can jointly identify problems, find causes of problems, find causes of problems and intervene on issues that occur. So, the problem was identified after a dialogue between researchers and related parties and achieved a common understanding (Hotler et al., 1993, p. 298).
2. The formation of mutual understanding between researchers and related parties will increase collective awareness, and so it will be easier if there is a change in something, whether related systems or methods. For example, the system to foster the soul of entrepreneur rahmatan lil alamin santri and the management of effective and optimal business.
3. Flexible principles in AR; although AR is done with careful planning and implementation, researchers and stakeholders may be able to revise the plan if there is a sudden change of situation, for example, in growing the entrepreneur's spirit of Santri is another method.

Baseline action research, as revealed by Metler and Charles (2011): First, action research deals with your problem, not someone else's problem. Second, action research is timely or immediate, action research can start now or whenever you are ready and deliver results that are immediate. Third, action research, as a process can also increase the fabric of stronger relationships among colleagues who become partners.

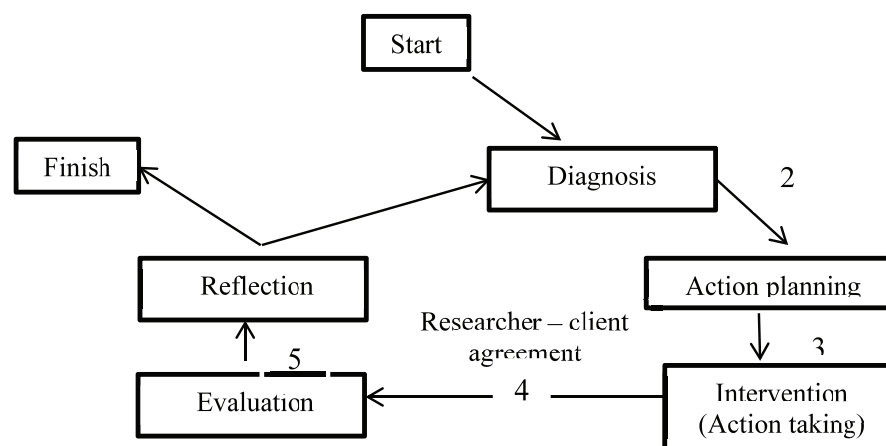


Figure 1: Research method.

Phrases that were undertaken in this study include the following steps:

1. Determine the problem formulation and research questions, namely: (1) How to grow the soul of Islamic entrepreneurs those are the *rahmatan lil alamin* one? (2) How is the management of the PBI doing to achieve maximum performance? (3)

What is the potential power of business incubator synergy among pesantren and society?

2. Conduct literature and previous research review related to problem formulation
3. Conduct data collection with in-depth interviews, FGD (Focused Group Discussion) and documentation
4. Do action planning and action taking
5. Evaluate action taking
6. Reflect/learn from this action research process
7. Compiling conclusions and suggestions and research implications

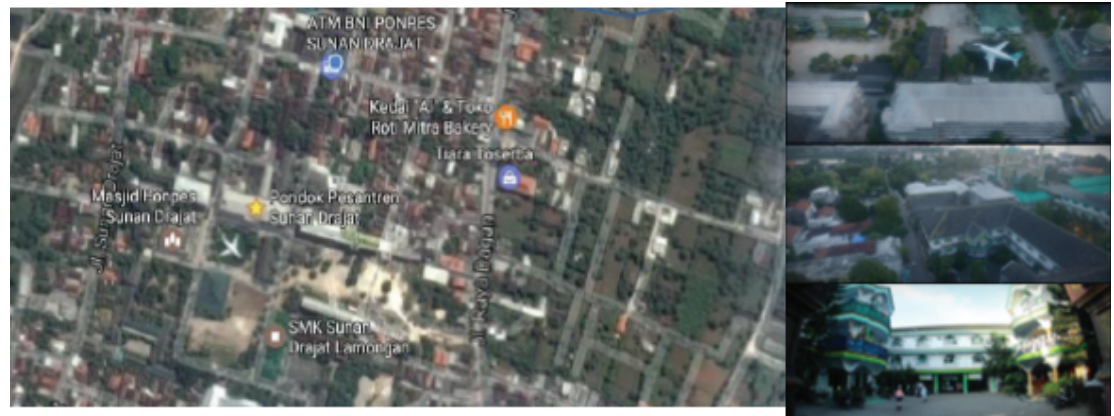
#### 4. Discussion

Based on Literature Review and Methodology conducted by the researchers, we can analyze the roles of business incubator in Sunan Drajat Pesantren in generating Islamic entrepreneurs. Historical vision mission and literature of PPSD, potential resources and modern analysis gave some substance to be discussed on the context of this research.

PPSD is one of the many modern pesantren in Indonesia that have grown all functional—that are education and social roles and especially economy through business units and industries owned by Pesantren Foundation. All pesantren business units are managed by economy department that was established in 2000. The founder of PPSD and his family devote their life to independently fulfilling all pesantren economy needs.

The founding of Economy Department is based on the need for coordination and synergy of the economy of business units in PPSD. Major functions of the Economy Department is conducting economic governance for PPSD Business Units including: product-based: AMDK (bottled drinking water) of Aidrat brand, Mengkudu Juice, Kemiri Sunan, Kisda Fertilizer, Sunan Drajat Convection, Ocean Salt; based on services: PT. SDL (NPK FERTILIZER, Equipment Rental and Mining) Radio Persada, Persada TV, Sunan Drajat Printing, Laundry Sunan Drajat, Warnet Putra and Putri, Copy of Sunan Drajat, Cattle and Goat Farm, Chicken Egg; retail-based: Sunan Drajat Stores, Sunan Drajat Book Store, Sunan Drajat Cafeteria.

Vision Economy Department of PPSD is to improve the management of pesantren business potential in order to achieve professional performance maximally to build welfare of Muslim civil society. The Mission is to (1) Establish working function of



**Figure 2:** PPSD Location and Environment.

pesantren business system effectively and efficiently, (2) Apply business system light patterns—become enlightened to the surrounding, (3) Develop and optimize every business that has been running in PPSD, (4) Implement PPSD SOP (Standard Operating Procedure) for all work execution activities, and (5) Create a conducive working environment so that applied work culture is in line with Islamic values.

Within this Economy Department of PPSD, stands the Business Incubator Unit that makes Islamic entrepreneurship become top priority. The concept of Pesantren's Business Incubator received a good response from the government of Indonesia as well as local authorities, University and several community institutions (Airlangga University, ITS, Ministry of Industry, KKP, Ministry of Religious Affairs, Ministry of National Education, Bank of Indonesia, BNI and others). Despite this support, PPSD still needs a lot of task to be done for the development of its Business Incubator; definition of PBI for reference is no definition/direct example of ERA from previous studies but researchers tend to describe it as Incubation institution that is owned and managed by pesantren to empower and optimize pesantren potency in order to support self-reliance and to print santri into entrepreneur rahmatan lil alamin (processed by researchers from several sources, 2017)

As the nature of many other Business Incubators in the world, PPSD Business Incubator serves its tenant known as 7S. These are: '7S' Services: *space, shared, services, support, skill development, seed capital and synergy.*

1. *Space*: the incubator provides a place (places) for tenant/start-up entrepreneur to grow their business at an early stage—room/building in pesantren that functions for operational (secretarial) and process of all incubation activities.
2. *Shared*: incubator provides office facilities that can be used together, such as receptionists, conference rooms, telephone systems, computers and security. IBP

owns and provides facilities for shared tenant (general: office facilities; special: facilities according to the competence of tenants, for example, workshop, kitchen, packaging machine, etc.).

3. *Service*: includes management consulting and market issues, financial and legal aspects, trade and technology information. IBP services to tenants in the form of management consulting, information services, marketing, legal intermediation, technological enhancement, certification facilitation, etc.
4. *Support*: incubator provides support for access to research, professional, technological, international and investment networks. Pesantren functions as a hub–liaison–lane for tenants to get access to information, business networks, tech support, etc.
5. *Skill development*: skills development can be done through the practice of preparing business plans, management and other capabilities. IBP facilitates capacity-building activities for tenants (training, workshops, internships, licenses, co-working, etc.).
6. *Seed capital*: initial funding can be done through internal rolling funds or by helping small business access to funding sources or existing financial institutions. IBP becomes a part of the finance tenant solution, which may be network access with financial institutions, information on funding opportunities, or as a recommendation to other institutions that have financial solutions, etc.).
7. *Synergy*: tenant cooperation or competition between tenants and networks with universities, professionals and the international community. IBP facilitates cooperation and competition among tenant and other synergy schemes with broader networks (research institutions, professional business communities, colleges, etc.).

In the process of running Business Incubator, Pesantren Management has 9M component:

1. *Mission Statement*: formulates strategic plan (vision, mission, objectives and operational plan). IBP refers to the character and vision of pesantren mission.
2. *Market*: exploit and expand market already owned by pesantren internally and also external and its development potential modern-based Islamic management from and for santri.
3. *Management*: modern-based Islamic management from and for santri.



4. *Man Power*: optimizes all human resources involved in IBP operations.
5. *Methods*: practice the principles of Sharia in every incubation activity.
6. *Machine*: maximizing the utilization and maintenance of pesantren facilities and infrastructure as a facility of competency development and tenant business.
7. *Material*: prioritize the use of best-quality and local-based resource pesantren.
8. *Money*: access, information, Islamic financial scheme (BMT, application of Sharia contract).
9. *Management Information System*: utilizing database technology and IT based for competency development of santri, pesantren business unit and business of tenant.

The Component of 9M Management and 7S Services from PBI can be analyzed as follows:

1. IBP Institution: (1) strategic and operational plan, (2) institution, (3) organization, (4) management (5) governance, (6) work program, (7) sustainability program.
2. Tenant Incubator Business Pesantren: (1) selected students, (2) alumni, (3) tenant selected from other community groups (SAP—Santri Alumni People concept).
3. Method: in-wall (stay and running business in Pesantren), out-wall (stay and running business outside Pesantren), online/e-incubator.
4. IBP operational infrastructure facilities: rooms in pesantren, pesantren business units, tools, machinery, modules, teaching materials, etc.
5. Ecosystem (explains the network, its role, its position and its effect on the related components).

From Figure 3, we can see that there are four main elements of IBP: Authorities, AN-NASL and AN-NAFS (Community), AL MAAL (Business), AL-DIN and AL-AQL (Research and Education); these elements must be present and linked in order to make conducive ecosystem for entrepreneur growth.

## 5. Result

This research tends to be an academic manuscript that would become a useful document for public, especially Pesantren needs to relate their vision of economic sustainability and independency with entrepreneurship.



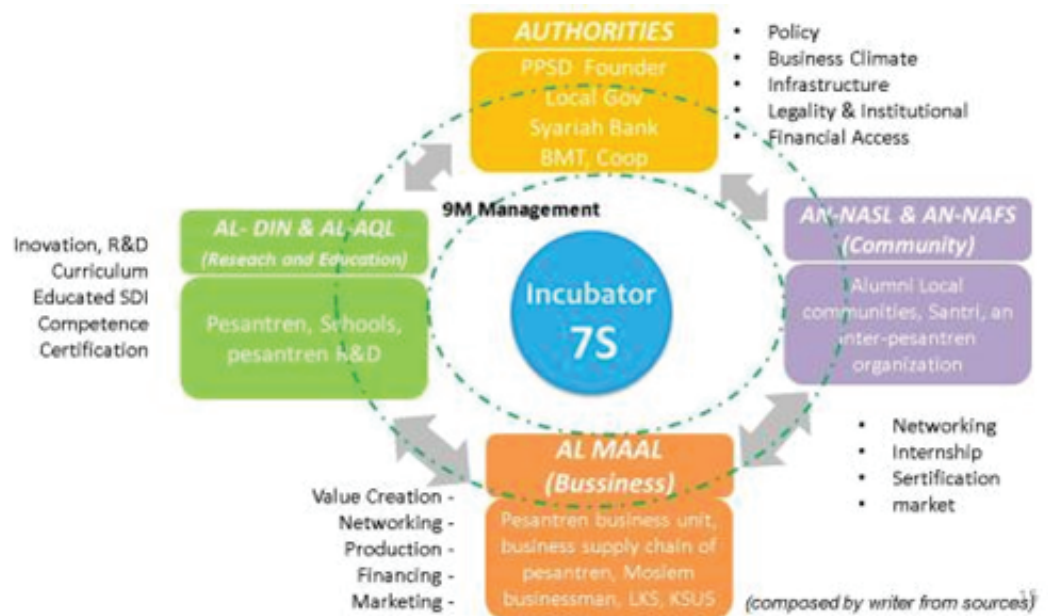


Figure 3: Pesantren Business Incubator (PBI)—ecosystem diagram.

The benefit of this document would be:

1. Become reference material of pesantren to improve performance of management of business incubator of pesantren.
2. Being a consideration material for the leadership of pesantren in managing economic potential and developing business with Islamic entrepreneur (Entrepreneur Rahmatan lil Alamin-ERA) as value chain and Sharia economy network booster.
3. To be a research material-development tool, especially related to the growth of ERA and business incubator of pesantren for academic community with the hope to be more refined in the future.
4. The expected outcome is an increase in the number of ERA in Pondok Pesantren Sunan Drajat.

## 6. Conclusions

Here is the sum of three components, namely: conclusions, suggestions and contributions of the research that can be listed as follows:

1. Pondok Pesantren is the right institution to develop incubator of entrepreneurship in Indonesia to grow Islamic entrepreneurship which is *Rahmatan lil Alamin*.

2. The role of PPSD especially economic departure is very potential to create Islamic entrepreneur and can give an example of the role of PP for entrepreneurship.
3. The role of PPSD that has been to develop Islamic entrepreneurship: recruitment, mentoring, internship, networking.
4. Pesantren to become a pilot project of educational and social organization that contributes to global economic values by generating Islamic Entrepreneur or ERA.
5. The role of PPSD to be undertaken to further develop Islamic entrepreneurship are as follows:
  6. Implement IBP operations by maximizing the potential of 9M pesantren.
  7. Have a strategic plan, operational and sustainability programs that align and strengthen the values of the main Pesantren.
  8. Have the potential to develop and expand the principle of 7S services to the maximum.
  9. Have a big potential business optimization program based on local content and resources.
  10. Have a positive economic and social effect to the environment around the boarding school with SDI recruitment priority from SAM scheme.
  11. Produce alumni and business networks that strengthen the independence of the people, especially in the field of economy.

## Acknowledgement

Our research here is far from perfect. Further additional researches, both from our internal team and other researchers, are needed to develop and sharpen the subject. Therefore, all critics, inputs and suggestions about this research content would be much appreciated. And more important by mean of this article, writers would like to give tribute and gratitude to all contributors who helped in completing it; Pesantren Sunan Drajad, PPSD Incubator crews, Airlangga University, and all kind friends and colleagues whom we cannot mention one by one.

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