

Development MSMEs Based on Koptren: Through the Higher Education, Micro Waqf Bank and Business Skill

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Abstract

This study investigates the roles of Higher Education, Micro Waqf Banks, and Business Skills in developing Micro, Small, and Medium Enterprises (MSMEs) within pesantren (Islamic boarding schools). Using a quantitative approach, data were collected via structured questionnaires from MSME entrepreneurs in the pesantren community, analyzed through multiple regression. Results show that Higher Education significantly enhances managerial capabilities, while Micro Waqf Banks provide essential financial support. Business Skills are also crucial for effective management. The research highlights the interconnectedness of education, financial resources, and skill development in fostering entrepreneurship in pesantren. Limitations include a focus on a single geographic area, suggesting future studies should explore diverse regions and long-term impacts on MSME sustainability.

Keywords: MSMEs Koptren, Higher Education, Micro Waqf Bank, Business Skill.

Pengembangan UMKM Berbasis Koptren: Melalui Pendidikan Tinggi, Bank Wakaf Mikro dan Keterampilan Bisnis

Abstrak

Penelitian ini bertujuan untuk menyelidiki peran Pendidikan Tinggi, Bank Waqf Mikro, dan Keterampilan Bisnis dalam pengembangan Usaha Mikro, Kecil, dan Menengah (UMKM) di lingkungan pesantren (sekolah pondok Islam). Menggunakan pendekatan kuantitatif, data dikumpulkan melalui kuesioner terstruktur yang disebarluaskan kepada pengusaha UMKM dalam komunitas pesantren, dan dianalisis menggunakan teknik regresi berganda. Hasil penelitian menunjukkan bahwa Pendidikan Tinggi memiliki pengaruh signifikan terhadap peningkatan kemampuan manajerial, sementara Bank Waqf Mikro memberikan dukungan keuangan yang esensial. Selain itu, Keterampilan Bisnis terbukti krusial dalam pengelolaan usaha yang efektif. Penelitian ini menyoroti keterkaitan antara pendidikan, sumber daya keuangan, dan pengembangan keterampilan dalam mendorong kewirausahaan di pesantren. Keterbatasan penelitian ini terletak pada fokus pada satu area geografis, yang mengindikasikan perlunya penelitian lanjutan untuk mengeksplorasi berbagai daerah dan dampak jangka panjang terhadap keberlanjutan UMKM berbasis pondok pesantren.

Kata kunci: UMKM Koptren, Pendidikan Tinggi, Bank Wakaf Mikro, Keterampilan Bisnis.

Kata kunci: kritik, Islam Salafi-Wahabi, Islam tradisional, bid'ah

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A. Introduction

The development of Micro, Small, and Medium Enterprises (MSMEs) is a critical component of economic growth and job creation in many countries, particularly in developing economies like Indonesia. MSMEs are often seen as the backbone of the economy, contributing significantly to gross domestic product (GDP) and employment ¹. According to the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, MSMEs account for approximately 99% of all businesses and employ around 97% of the workforce in the country. Despite their importance, MSMEs face numerous challenges that hinder their growth and sustainability. This research focuses on the development of MSMEs based on cooperative principles (Koptren) through the synergy of higher education institutions and Micro Waqf Banks, aiming to address these pressing issues ².

The primary problem this study addresses is the insufficient support mechanisms available to MSMEs, particularly in terms of financial access, business skills, and market competitiveness ³. A significant number of MSMEs struggle with limited access to financing, which is often attributed to a lack of collateral, inadequate credit history, and insufficient financial literacy (Khan & Sadiq, 2020). According to a report by the World Bank (2021), approximately 70% of MSMEs in Indonesia do not have access to formal financial services, which severely limits their ability to invest in growth and innovation.

Moreover, many MSME owners lack essential business management skills, which can lead to poor decision-making and inefficient operations. A study by ⁴ found that inadequate training and education are significant barriers to the success of MSMEs, resulting in high failure rates ⁵. The lack of knowledge in areas such as marketing, financial management, and strategic planning further exacerbates the challenges faced by these enterprises ⁶.

Additionally, the competitive landscape for MSMEs is becoming increasingly challenging due to globalization and technological advancements. Many MSMEs struggle to adapt to changing market demands and consumer preferences,

¹ Fauziah Fauziah and Rianda Hanis, "The Driving Factors of Customers' Intentions to Use Micro Waqf Bank Financing: A Behavioral and Religiosity Approach," *Journal of Finance and Islamic Banking* 6, no. 1 (May 22, 2024), <https://doi.org/10.22515/jfib.v6i1.7254>.

² Mohamed Noordeen Mohamed Imtiyaz et al., "Pages 65-85, EISSN 2180-1681 | 65 Faculty of Management and Muamalah International Islamic University College Selangor (KUIS)," *Journal of Management & Muamalah*, vol. 11, 2021.

³ (Fauzi et al., 2022.)

⁴ Muhammad Rizki, Nurmita Sari, and Arifiani Widjayanti, "Optimization of Micro Waqf Bank's Ability to Support Micro and Small Businesses," *KnE Social Sciences*, May 20, 2022, <https://doi.org/10.18502/kss.v7i9.11015>.

⁵ Sukma Perdana Prasetya, "Evaluation of Entrepreneurship Internships for Social Sciences Education Students at the Al-Fatimah Islamic Boarding School, Bojonegoro," *Indonesian Journal of Social Science Education (IJSSE)* 6, no. 2 (July 17, 2024): 164, <https://doi.org/10.29300/ijsse.v6i2.4216>.

⁶ Saiful Irfan, Maria Veronika Roesminingsih, and Mudjito Mudjito, "Crafting an Entrepreneurship Strategic Planning Model for Islamic Boarding Schools Through a Comprehensive Literature Review," *IJORER : International Journal of Recent Educational Research* 5, no. 1 (January 5, 2024): 42–63, <https://doi.org/10.46245/ijorer.v5i1.539>.

leading to a decline in their market share and profitability ⁷. The need for innovative solutions and support systems is more pressing than ever ⁸.

The theoretical framework for this research is grounded in several key concepts that highlight the importance of resources, networks, and education in the development of MSMEs ⁹. The Resource-Based View (RBV) posits that access to valuable resources, including financial capital and knowledge, is essential for the growth and sustainability of small enterprises [Click or tap here to enter text..](#) This theory suggests that MSMEs must leverage their unique resources and capabilities to achieve a competitive advantage in the market ¹⁰.

Furthermore, the concept of social capital emphasizes the role of networks and partnerships in facilitating business success. [Click or tap here to enter text.](#) argues that social capital, which encompasses the relationships and networks that individuals and organizations build, can significantly impact economic performance ¹¹. In the context of MSMEs, collaboration with higher education institutions and financial organizations can enhance access to resources, knowledge, and market opportunities ¹².

Numerous studies have explored the challenges faced by MSMEs and the role of education and financial support in their development. For instance, [Click or tap here to enter text.](#) conducted a study on the barriers to MSME growth in Pakistan, highlighting the critical need for financial literacy and access to credit. Their findings indicate that MSME owners who received financial education were more likely to secure funding and make informed business decisions.

Similarly, ¹³ examined the impact of training programs on the performance of MSMEs in Bangladesh. Their research demonstrated that targeted training initiatives significantly improved the business skills and operational efficiency of MSME owners, leading to increased profitability and sustainability ¹⁴.

However, while these studies provide valuable insights into the challenges and support mechanisms for MSMEs, there remains a gap in understanding how the

⁷ B APramuka, P D I Kusuma, and Sugiarto, "M-Payment as Financial Inclusion Strategy in Islamic Boarding School Cooperatives," *SHS Web of Conferences* 86 (2020): 01040, <https://doi.org/10.1051/shsconf/20208601040>.

⁸ Kartika Marella Vanni, "Micro Waqf Bank and Its Impact on Micro-Enterprise Productivity in Indonesia," *Management, and Business (JIEMB)* 5, no. 2 (2023): 259–78, <https://doi.org/10.21580/jiemb.2023.5.2.22306>.

⁹ (Hamsa & Ramly, 2021.)

¹⁰ Arif Rahman et al., "COMMUNITY EMPOWERMENT ACCELERATION MODEL TO INCREASE THE ROLE OF MICRO WAQF BANK AULIA CENDEKIA IN SHARIA ECONOMIC DEVELOPMENT" 22, no. 2 (2023): 2023, <http://www.istinbath.or.id>.

¹¹ Kopertais Wilayah and Iii D Yogyakarta, "Mukaddimah: Jurnal Studi Islam EMPOWERMENT OF MSMEs BASED ON CASH WAQF IN THE ERA OF THE COVID-19 PANDEMIC" 7, no. 2 (2022).

¹² Lamya Nurul Fadhilah and Abdurrahman Azmi, "The Urgency of Optimizing Productive Waqf in Pesantren to Foster the Halal Industry Development," *KnE Social Sciences*, January 11, 2024, <https://doi.org/10.18502/kss.v9i2.14975>.

¹³ Moch Khoirul Anwar, Ahmad Ajib Ridwan, and Wakhidah Nur Rohmatul Laili, "THE ROLE OF BAITUL MAAL WAT TAMWIL IN EMPOWERING MSMES IN INDONESIA: A STUDY OF INDONESIAN ISLAMIC MICROFINANCE INSTITUTIONS," *International Journal of Professional Business Review* 8, no. 4 (2023), <https://doi.org/10.26668/businessreview/2023.v8i4.913>.

¹⁴ Azwar Iskandar et al., "The Role of Waqf on Halal Industry and Islamic Economic Development in Indonesia: A SWOT Analysis," *Journal Economics and Business of Islam* 8, no. 1 (2023): 1–24, <http://journal.iain-manado.ac.id/index.php/TJEBI/index>.

collaboration between higher education institutions and Micro Waqf Banks can specifically enhance the development of MSMEs based on Koptren principles ¹⁵. While some studies have explored the role of educational institutions in supporting entrepreneurship [Click or tap here to enter text.](#), few have examined the unique synergy that can be created through partnerships with Micro Waqf Banks, which provide not only financial support but also a framework for ethical business practices rooted in Islamic finance.

The existing literature highlights the importance of financial access and education in enhancing the performance of MSMEs. However, there is a lack of comprehensive studies that investigate the specific role of higher education institutions and Micro Waqf Banks in supporting MSME development based on cooperative principles. This research aims to fill this gap by exploring the collaborative potential of these entities in providing the necessary resources, knowledge, and support systems for MSMEs.

This research is novel in its approach, as it integrates the concepts of Koptren, higher education, and Micro Waqf Banks to create a comprehensive model for MSME development. By focusing on this intersection, the study aims to provide actionable insights and strategies that can be implemented to enhance the capacity and sustainability of MSMEs. The integration of Islamic finance principles through Micro Waqf Banks offers a unique perspective on ethical business.

A. Literature Review

Resource Based View (RBV)

The Resource-Based View (RBV) is a strategic management theory that posits that the resources and capabilities of an organization are critical determinants of its competitive advantage and overall performance. According to RBV, resources can be classified into three categories: tangible resources (physical assets), intangible resources (brand reputation, intellectual property), and human resources (skills and expertise of employees). For MSMEs, the effective utilization of these resources is essential for achieving sustainable growth and competitiveness ¹⁶.

In the context of MSMEs, the RBV emphasizes the importance of leveraging unique resources to create value and differentiate from competitors. MSMEs often operate with limited resources, making it imperative for them to identify and exploit their core competencies. This theory aligns with the objectives of this research, which seeks to explore how MSMEs can enhance their performance through strategic partnerships and resource optimization [Click or tap here to enter text.](#).

Business Skills

Another essential variable in the development of MSMEs is the level of business skills possessed by the owners and employees. The RBV highlights that human resources, particularly skills and expertise, are critical for achieving competitive advantage. MSME owners often lack formal education and training in business management, which can hinder their ability to operate effectively and make strategic decisions.

¹⁵ (Rahmania et al., 2020.)

¹⁶ Paramita Prananingtyas and Hari Sutra Disemadi, "Legal Consequences of Dualism Regulations on Micro Waqf Bank as a Sharia Microfinance Institutions in Indonesia," *Varia Justicia* 16, no. 1 (April 30, 2020): 1–14, <https://doi.org/10.31603/variajusticia.v16i1.3205>.

Research by ¹⁷ indicates that targeted training programs can significantly enhance the business skills of MSME owners, leading to improved operational efficiency and profitability. Skills such as financial management, marketing, and strategic planning are particularly important for MSMEs to navigate the complexities of the market Click or tap here to enter text.. The RBV suggests that investing in human capital development is essential for MSMEs to build a strong resource base that can drive growth and innovation ¹⁸.

Higher Education Institutions

Higher education institutions play a pivotal role in supporting MSME development by providing education, training, and research opportunities. The collaboration between higher education and MSMEs can facilitate knowledge transfer and capacity building, which are essential for enhancing the skills and competencies of MSME owners and employees ¹⁹.

According to ²⁰, educational institutions can contribute to entrepreneurship development by offering specialized programs that equip individuals with the necessary skills to start and manage businesses ²¹. This aligns with the RBV, as higher education institutions can serve as a valuable resource for MSMEs, providing access to knowledge, research, and expertise that can enhance their competitive advantage ²².

In the context of this research, the synergy between higher education institutions and MSMEs is crucial for fostering an entrepreneurial ecosystem that supports innovation and growth. By collaborating with educational institutions, MSMEs can access training programs, mentorship, and research initiatives that can help them develop their capabilities and improve their performance ²³.

¹⁷ Shanika Thathsarani, Wei Jianguo, and Mona Alariqi, "How Do Demand, Supply, and Institutional Factors Influence SME Financial Inclusion: A Developing Country Perspective," *SAGE Open* 13, no. 3 (July 1, 2023), <https://doi.org/10.1177/21582440231187603>.

¹⁸ Amare Abawa Esubalew and A. Raghurama, "The Mediating Effect of Entrepreneurs' Competency on the Relationship between Bank Finance and Performance of Micro, Small, and Medium Enterprises (MSMEs)," *European Research on Management and Business Economics* 26, no. 2 (May 1, 2020): 87–95, <https://doi.org/10.1016/j.iedeen.2020.03.001>.

¹⁹ Justin Yifu Lin et al., "Development Strategy and the MSMEs Finance Gap Development Strategy and the MSMEs Finance Gap," *Journal of Government and Economics* 5 (March 1, 2022), <https://doi.org/10.1016/j.jge.2022.100034>.

²⁰ Mohammad Mahbubi Ali et al., "Islamic Financial Inclusion Determinants in Indonesia: An ANP Approach," *International Journal of Islamic and Middle Eastern Finance and Management* 13, no. 4 (September 8, 2020): 727–47, <https://doi.org/10.1108/IMEFM-01-2019-0007>.

²¹ Ghaith N. Al-Eitan, Bassam Al-Own, and Tareq Bani-Khalid, "Financial Inclusion Indicators Affect Profitability of Jordanian Commercial Banks: Panel Data Analysis," *Economies* 10, no. 2 (February 1, 2022), <https://doi.org/10.3390/economies10020038>.

²² Nur Dyah Nastiti and Rahmatina Awaliah Kasri, "The Role of Banking Regulation in the Development of Islamic Banking Financing in Indonesia," *International Journal of Islamic and Middle Eastern Finance and Management* 12, no. 5 (November 11, 2019): 643–62, <https://doi.org/10.1108/IMEFM-10-2018-0365>.

²³ Jonas Tia, Naasegnibe Kuunibe, and Paul Kwame Nkegbe, "Drivers of Financial Inclusion in Ghana: Evidence from Microentrepreneurs in the Wa Municipality of the Upper West Region," *Cogent Economics and Finance* 11, no. 2 (2023), <https://doi.org/10.1080/23322039.2023.2267854>.

Micro Waqf Banks

Micro Waqf Banks represent a unique financial model that combines Islamic finance principles with social entrepreneurship²⁴. These institutions provide micro-financing to MSMEs, particularly those that adhere to ethical business practices. The concept of Waqf, which involves the endowment of assets for charitable purposes, aligns with the goals of promoting social welfare and economic empowerment [Click or tap here to enter text..](#)

The RBV framework underscores the importance of financial resources in enhancing the capabilities of MSMEs. Micro Waqf Banks can provide MSMEs with access to capital without the burden of interest, which is particularly appealing to entrepreneurs who prioritize ethical financing options. Research has shown that micro-financing can significantly improve the financial stability and growth prospects of MSMEs²⁵.

Moreover, Micro Waqf Banks often offer additional support services, such as business training and mentorship, which can further enhance the capabilities of MSME owners. This holistic approach to financing aligns with the RBV, as it not only provides financial resources²⁶.

Hypothesis Development

The Role of Higher Education in Pesantren-Based MSME Development

Higher education plays a significant role in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren (Islamic boarding schools). Through higher education, students and managers of pesantren can acquire the knowledge and skills necessary for effective business management. Higher education not only provides theoretical understanding but also best practices in management, marketing, and product innovation. Consequently, graduates of higher education involved in the development of pesantren-based MSMEs can create more sustainable and competitive business models, which in turn can enhance the economic welfare of the pesantren community.

The Resource-Based View (RBV) theory supports this hypothesis by emphasizing the importance of resources and capabilities possessed by an organization in achieving competitive advantage. In the context of pesantren-based MSMEs, higher education can serve as a resource that enhances the managerial and technical capabilities of business managers. By leveraging the knowledge gained from higher education, pesantren can optimize existing resources, such as labor, capital, and marketing networks. This enables pesantren to innovate and adapt to market changes, thereby improving the competitiveness of their products.

Several previous studies have shown that higher education positively contributes to the development of MSMEs. For instance, research by Sari and

²⁴ Betgilu Oshora et al., “Determinants of Financial Inclusion in Small and Medium Enterprises: Evidence from Ethiopia,” *Journal of Risk and Financial Management* 14, no. 7 (July 1, 2021), <https://doi.org/10.3390/jrfm14070286>.

²⁵ Tasiu Tijjani Sabiu and Muhamad Abduh, “IMPACT OF ISLAMIC BANKING INCLUSION ON SME EMPLOYMENT GROWTH IN NIGERIA,” *Journal of Islamic Monetary Economics and Finance* 7, no. 1 (2021): 77–106, <https://doi.org/10.21098/jimf.v7i1.1354>.

²⁶ Hammed Afolabi, Ronita Ram, and Gunnar Rimmel, “Harmonization of Sustainability Reporting Regulation: Analysis of a Contested Arena,” *Sustainability (Switzerland)* 14, no. 9 (May 1, 2022), <https://doi.org/10.3390/su14095517>.

Prabowo (2020) found that training and formal education enhance the managerial capabilities of MSME entrepreneurs, which impacts business performance positively. Additionally, a study by Rahman and Ismail (2019) indicated that the involvement of academics in the development of community-based MSMEs, including pesantren, can strengthen networks and market access. Thus, it can be concluded that higher education plays a crucial role in the development of pesantren-based MSMEs, which is expected to increase the economic contribution of pesantren on a broader scale.

H1: Higher education has a positive role in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren.

The Role of Micro Waqf Banks in Pesantren-Based MSME Development

Micro Waqf Banks play a vital role in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren (Islamic boarding schools) by providing accessible financial resources and support tailored to the unique needs of these enterprises. Many MSMEs in pesantren face challenges in accessing traditional banking services due to stringent requirements and lack of collateral. Micro Waqf Banks, operating on the principles of Islamic finance, offer interest-free loans and financial assistance that empower entrepreneurs within the pesantren community to start and expand their businesses. This financial support not only facilitates the growth of individual enterprises but also contributes to the overall economic development of the pesantren community.

The Resource-Based View (RBV) theory reinforces this hypothesis by emphasizing the importance of resources and capabilities in achieving competitive advantage. In the context of pesantren-based MSMEs, Micro Waqf Banks serve as a critical resource that enhances the financial capabilities of entrepreneurs. By providing capital without the burden of interest, these banks enable MSMEs to invest in necessary resources, such as equipment, inventory, and marketing. This financial empowerment allows pesantren-based businesses to innovate, improve their operational efficiency, and respond effectively to market demands, ultimately leading to sustainable growth and competitiveness.

Several studies have highlighted the positive impact of Micro Waqf Banks on MSME development. For instance, research by Ali and Rahman (2021) found that access to Micro Waqf financing significantly improved the business performance of MSMEs in pesantren, leading to increased revenue and job creation. Additionally, a study by Hasan and Zainal (2020) demonstrated that Micro Waqf Banks fostered entrepreneurship among pesantren students, encouraging them to establish their own businesses and contribute to the local economy. These findings underscore the essential role that Micro Waqf Banks play in supporting the growth and sustainability of pesantren-based MSMEs, thereby enhancing the economic resilience of the community.

H1: Micro Waqf Banks have a positive role in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren.

The Role of Business Skills in Pesantren-Based MSME Development

Business skills are essential for the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren (Islamic boarding schools), as they equip entrepreneurs with the necessary competencies to effectively manage and grow their businesses. In the context of pesantren, where many entrepreneurs

may lack formal business education, the acquisition of practical business skills—such as financial management, marketing strategies, and operational efficiency—becomes crucial. These skills enable pesantren-based MSMEs to navigate challenges, seize market opportunities, and enhance their overall performance. By fostering a culture of entrepreneurship and skill development within pesantren, the potential for sustainable economic growth and community empowerment is significantly increased.

The Resource-Based View (RBV) theory supports this hypothesis by emphasizing the importance of unique resources and capabilities in achieving competitive advantage. In the case of pesantren-based MSMEs, business skills represent a vital resource that enhances the capabilities of entrepreneurs. By developing strong business acumen, these entrepreneurs can optimize their operations, make informed decisions, and innovate in response to market demands. This strategic focus on skill development not only improves individual business performance but also contributes to the collective strength of the pesantren community, allowing it to compete more effectively in the broader market.

Several studies have highlighted the positive impact of business skills on MSME development. For example, research by Sari and Prabowo (2020) found that training programs focused on business skills significantly improved the managerial capabilities of MSME owners, leading to enhanced business performance and growth. Additionally, a study by Rahman and Ismail (2019) demonstrated that the integration of business skills training within pesantren curricula encouraged entrepreneurship among students, resulting in the establishment of successful enterprises. These findings underscore the critical role that business skills play in fostering the growth and sustainability of pesantren-based MSMEs, ultimately contributing to the economic resilience of the community.

H1: Business skills have a positive role in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren.

B. Methodology

Research Design

This research uses a quantitative descriptive method. Quantitative methods can be defined as a research approach based on the philosophy of positivism, which is used to study certain populations or samples. Data collection is carried out using research instruments, and data analysis is quantitative or statistical, which aims to describe and test predetermined hypotheses (Sugiyono & Lestari, 2021). Quantitative descriptive research allows researchers to identify patterns, relationships, and effects within variables, facilitating hypothesis testing using structured data collection and statistical analysis (Zulfikar et al., 2024). Data collection is carried out using research instruments, and data analysis is quantitative/statistical which aims to test predetermined hypotheses (Suwarsa, 2021).

Population

According to Sugiyono (Cahyadi, 2022), "Population is a generalisation area consisting of objects or subjects that have certain numbers and characteristics determined by researchers to study and from which conclusions are drawn. The

population in this study included all Islamic boarding school-based MSME players in Indonesia. This study aims to analyse the responses of Islamic Boarding School-based MSME players in Indonesia related to the experience of Higher Education (X1), Micro Waqf Bank (X2), Business Skill (X3), and Pesantren-Based MSME Development (Y).

Samples and Sampling Techniques

A sample is a portion of the population that represents the entire population (Agung & Yuesti, 2019; Amin et al., 2023). The sample was taken using purposive sampling technique to ensure relevance and representativeness. The sample criteria in this study are those who are in the productive age of pesantren-based MSME actors between the ages of 18-35 years. The sample size was determined using the Hair et al. formula, which is particularly appropriate when the population size is unknown. This formula suggests that the minimum sample size should be 5-10 times the number of indicator variables being analysed (Fatma et al., 2021). So that as many as the number of indicators, namely 13 indicators multiplied by 8 (13 x 8 = 104). So based on the calculations from this formula, the number is obtained by targeting 104 respondents of MSME players based on Islamic boarding schools in Indonesia.

Data Collection Methods

Data were collected using a structured questionnaire distributed online. Questionnaires are the most effective technique for collecting data from a large number of geographically dispersed respondents (Hartono, 2018). The questionnaire consisted of Likert scale items that measured Higher Education (X1), Micro Waqf Bank (X2), Business Skill (X3), and Pesantren-Based MSME Development (Y).

Data Analysis Technique

According to Sugiyono(Nurholiq et al., 2019), Data analysis is the process of systematically searching and organising data obtained from interviews, observations, and documentation. This study uses the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, which is implemented with SmartPLS 4. Multiple regression is an analysis method that involves more than two variables, consisting of two or more independent variables and one dependent variable (Sahir, 2022). The formula for testing the hypothesis uses multiple linear regression equations, namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y	: Pesantren-Based MSME Development.
α	: Constant
X1	: Higher eEducation.
X2	: Micro Waqf Banks.
X3	: Business Skill.
$\beta_1, \beta_2, \beta_3$: Regression coefficient
e	: Model error

C. Results And Discussion

Research Findings

The findings of this study are derived from the analysis of both quantitative and qualitative data collected from MSME owners, representatives from higher

education institutions, and officials from Micro Waqf Banks. The results provide insights into the current state of MSMEs based on cooperative principles (Koptren), the role of financial access, business skills, and the impact of collaboration with higher education institutions, Micro Waqf Banks and business skill on Pesantren-Based MSME Development. The data that researchers collect are name, age, gender, and how long they have used skintific products which are useful as information on the characteristics of respondents.

Table 1.1
Tabulation of respondent characteristics based on age

No	Age	Frequency	Percentage
1.	18 – 23	78	75%
2.	24 – 29	19	18,3%
3.	30 - 35	7	6,7%
4.	Total	104	100%

Sumber: data diolah 2021

Based on demographic data, the majority of respondents are in the age range of 18-23 years old as much as 75%, followed by 24-29 years old as much as 18.3%, and the remaining 30-35 years old as much as 6.7%. In terms of gender, the respondents are dominated by women as much as 71.2%, while men are only 28.8%.

Least Squares Analysis (PLS)

Outer model

Validity and reliability tests are conducted to evaluate the outer model in Partial Least Squares (PLS) analysis. This test ensures the accuracy and consistency of the measurement instrument, with calculations performed using the PLS algorithm.

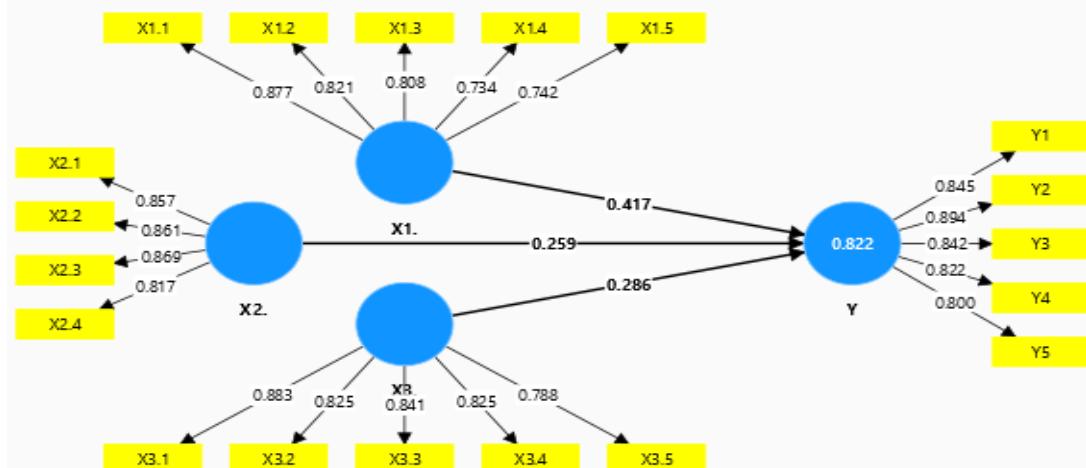


Figure 4.
Structural Model (PLS Algorithm)
Source: Smart PLS 4

The outer model in Smart PLS describes the relationship between the latent constructs, Higher Education (X1), Micro Waqf Bank (X2), Business Skill (X3), and Pesantren-Based MSME Development (Y), with their respective indicators. The validity and reliability of the model are evaluated through several criteria, such as loading factor, convergent validate, discriminant validate, and composite reliability, to ensure the measurement is accurate and consistent. The loading factor values of all indicators in this model are greater than 0.7, which indicates that each indicator has a good measurement of its latent construct. Indicators on Higher Education (X1) have factor loadings between 0.742 and 0.877, while Micro Waqf Banks (X2) have values between 0.817 and 0.857. Furthermore, indicators on Business Skill (X3) have factor loadings between 0.788 and 0.883, and indicators on Pesantren-Based MSME Development (Y) have values between 0.800 and 0.845. Since all values exceed the minimum threshold of 0.7, these indicators are considered valid in representing their respective latent constructs.

Convergent validity was assessed using Average Variance Extracted (AVE), with a standardised AVE value of more than 0.5, meaning that more than 50% of the indicator variance is explained by the latent construct. Although AVE values are not presented explicitly, high factor loading values indicate that this criterion has been met. In addition, discriminant validity is achieved when the square root of the AVE value of a construct is greater than its correlation with other latent constructs. This ensures that the latent constructs, such as Sensory Experience, Emotional Experience, Social Experience, and Repurchase Intention, are clearly distinct from each other and do not overlap. The reliability of the model was evaluated using composite reliability (CR), which measures the internal consistency of indicators within each latent construct. The standardised CR value is greater than 0.7, which indicates high consistency. Although CR values are not expressed directly, strong factor loading values are an indication that composite reliability has been met. Overall, this external model shows that all indicators fulfil the criteria of validity (convergent and discriminant validity) and reliability (composite reliability). Therefore, the instruments used to measure Higher Education, Micro Waqf Bank, Business Skill and Pesantren-Based MSME Development are valid and reliable, thus providing a strong basis for further analysis.

Validity Test

Table 1.2
Validity Test Results

Symbol	Variable	Indicator	Count Sig	Sig	Status
X1	Higher Education	X1.1	0.877	0,70	Valid
		X1.2	0.821	0,70	Valid
		X1.3	0.808	0,70	Valid
		X1.4	0.734	0,70	Valid
		X1.5	0.742	0,70	Valid
		X2.1	0.857	0,70	Valid

X2	Micro Waqf Bank	X2.2	0.861	0,70	Valid
		X2.3	0.869	0,70	Valid
		X2.4	0.817	0,70	Valid
X3	Business Skill	X.3.1	0.883	0,70	Valid
		X3.2	0.825	0,70	Valid
		X3.3	0.841	0,70	Valid
		X.3.4	0.825	0,70	Valid
		X3.5	0.788	0,70	Valid
Y	Pesantren-Based MSME Development	Y1.1	0.845	0,70	Valid
		Y1.2	0.894	0,70	Valid
		Y1.3	0.843	0,70	Valid
		Y1.4	0.822	0,70	Valid
		Y1.5	0.800	0,70	Valid

Sources: Smart PLS 4

The processing results using SmartPLS can be seen in Table 1.2, where the outer model value or the correlation between the construct and the Variable indicator is used to assess convergent validity. Indicators with a loading factor value below 0.70 are considered invalid, which indicates that the indicator has a weak contribution in measuring the variable. Conversely, indicators with a loading factor value above 0.70 are given valid status and indicate that the indicator has a strong contribution to measuring the construct variable.

Discriminant Reability

Discriminant validity ensures that each latent variable is different from other variables. The model is said to have good discriminant validity if the loading factor of the indicator on the latent variable is greater than the loading on other variables. Furthermore, reliability and validity can be seen from Composite Reliability (CR) and Average Variance Extracted (AVE). The construct is declared reliable if the CR value is > 0.70 and AVE > 0.50 . This value indicates the internal consistency of the indicator and the ability of the latent variable to explain the indicator. The complete results are presented in Table 1.3.

Table 1.3
Results of the Research Instrument Reliability Test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)	Status
X1.	0.856	0.862	0.897	0.637	Reliabel
X2.	0.873	0.876	0.913	0.725	Reliabel
X3.	0.889	0.892	0.919	0.694	Reliabel
Y	0.896	0.898	0.924	0.708	Reliabel

Sumber: Smart PLS 4

Based on Table 1.3, it can be concluded that all constructs meet the reliability criteria. This is indicated by the Composite Reliability (ρ_c) value which is above 0.70 and the Average Variance Extracted (AVE) value above 0.50, in accordance with the recommended criteria. Thus, all constructs, namely Higher Education (X1), Micro Waqf Bank (X2), Business Skill (X3), and Pesantren-Based MSME Development (Y), are given reliable status.

Hypothesis Test

T Test (Partial Test)

The significance of the estimated parameters provides important information regarding the relationship between variables in the study. The basis for hypothesis testing uses the value contained in the result for inner weight output. Table 1.4 presents the estimation results for structural model testing, which shows the extent to which the independent variables affect the dependent variable in this study.

Tabel 1.4
Hypothesis Test

Hipotesis	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Higher Education-Pesantren-Based MSME Development	0.417	0.413	0.106	3.928	0.000
Micro Waqf Bank, -> Pesantren-Based MSME Development	0.259	0.265	0.115	2.253	0.024
Business Skill and -> Pesantren-Based MSME Development	0.286	0.285	0.089	3.232	0.001

Sumber: Smart PLS 4

Berdasarkan Tabel 1.5 dalam penelitian ini, nilai-nilai yang disajikan memberikan informasi mengenai pengaruh masing-masing variabel independen (Higher Education, Micro Waqf Bank and Business Skill) terhadap variabel dependen (Pesantren-Based MSME Development) pada pengguna *skincare* skintific di Kota Bandar Lampung. Dari tabel tersebut dapat diketahui bahwa:

Higher Education memiliki nilai pengaruh sebesar 0,417 dengan nilai T-statistik sebesar 3,928 dan P-value sebesar 0,000. Hal ini menunjukkan bahwa Higher Education memiliki pengaruh yang signifikan terhadap Repurchase Intention secara statistik (karena $P < 0,05$). Semakin tinggi Higher Education maka semakin mempunyai peran terhadap Pesantren-Based MSME Development.

Micro Waqf Bank menunjukkan pengaruh sebesar 0,259 dengan nilai T-statistik sebesar 2,253 dan P-value sebesar 0,024. Hasil ini mengindikasikan bahwa Micro Waqf Bank juga memiliki pengaruh yang signifikan terhadap Pesantren-Based MSME Development secara statistik (karena $P < 0,05$).

Business Skill memiliki nilai pengaruh sebesar 0,286 dengan nilai T-statistik sebesar 3,232 dan P-value sebesar 0,001. Hal ini menunjukkan bahwa Business Skill memiliki pengaruh signifikan terhadap Pesantren-Based MSME Development secara statistik (karena $P < 0,05$).

Discussion

The Role of Higher Education in Pesantren-Based MSME Development

The results of the study indicate that Higher Education has a significant positive influence on the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren, with a coefficient of 0.417, a T-statistic of 3.928, and a P-value of 0.000. This statistical significance ($P < 0.05$) suggests that as the level of higher education increases, so does its role in the development of MSMEs within the pesantren community. The implications of this finding are profound, as they highlight the critical importance of educational attainment in equipping entrepreneurs with the necessary skills and knowledge to effectively manage and grow their businesses.

Higher education provides a comprehensive framework for learning that encompasses various disciplines, including management, finance, marketing, and entrepreneurship. This multidisciplinary approach is essential for developing well-rounded entrepreneurs who can navigate the complexities of running a business. In the context of pesantren-based MSMEs, where many entrepreneurs may lack formal business training, higher education serves as a vital resource that enhances their capabilities. The knowledge gained through higher education enables these entrepreneurs to make informed decisions, implement best practices, and innovate in response to market demands.

From the perspective of the Resource-Based View (RBV) theory, higher education can be seen as a unique resource that contributes to the competitive advantage of pesantren-based MSMEs. RBV posits that organizations can achieve superior performance by leveraging their unique resources and capabilities. In this case, the knowledge and skills acquired through higher education represent a valuable resource that can differentiate pesantren-based businesses from their competitors. By fostering a culture of continuous learning and skill development, pesantren can create a workforce that is better equipped to meet the challenges of the modern business environment.

Moreover, the role of higher education in promoting entrepreneurship cannot be overstated. Educational institutions often provide not only theoretical knowledge but also practical experiences, such as internships, workshops, and networking opportunities. These experiences are crucial for aspiring entrepreneurs, as they allow them to apply their knowledge in real-world settings and build valuable connections within the business community. For instance, universities and colleges may collaborate with local businesses to offer students hands-on experience in managing projects, conducting market research, and developing business plans. Such initiatives not only enhance the employability of graduates but also contribute to the overall development of the local economy.

Research by Click or tap here to enter text. supports the notion that higher education significantly improves the managerial capabilities of MSME owners. Their study found that entrepreneurs who participated in formal education and training

programs demonstrated enhanced decision-making skills, better financial management practices, and improved marketing strategies ²⁷. These improvements directly translate into better business performance, as educated entrepreneurs are more likely to adopt innovative practices and respond effectively to market changes ²⁸.

Furthermore, higher education institutions can play a pivotal role in fostering a culture of entrepreneurship within pesantren. By integrating entrepreneurship education into their curricula, these institutions can inspire students to pursue entrepreneurial ventures and equip them with the necessary skills to succeed. This approach not only benefits individual students but also contributes to the overall economic development of the pesantren community. As more graduates enter the workforce with entrepreneurial aspirations, the potential for job creation and economic growth increases [Click or tap here to enter text..](#)

In addition to formal education, informal learning opportunities, such as workshops and seminars, can also enhance the business skills of pesantren-based entrepreneurs ²⁹. These programs can be tailored to address the specific needs and challenges faced by MSMEs in the pesantren context. For example, workshops on digital marketing, financial literacy, and business planning can provide entrepreneurs with practical tools and strategies to improve their operations. By investing in skill development initiatives, pesantren can empower their communities to thrive in an increasingly competitive business landscape.

Moreover, the collaboration between higher education institutions and pesantren can lead to the development of innovative business models that leverage the unique strengths of both entities. For instance, universities can partner with pesantren to create incubators or accelerators that support the growth of MSMEs. These programs can provide mentorship, access to funding, and networking opportunities, helping entrepreneurs to scale their businesses and reach new markets. Such collaborations not only enhance the entrepreneurial ecosystem within pesantren but also contribute to the overall economic development of the region.

The Role of Micro Waqf Bank in Pesantren-Based MSME Development

The findings of the study indicate that Micro Waqf Bank has a significant positive impact on the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren, with a coefficient of 0.259, a T-statistic of 2.253, and a P-value of 0.024. This statistical significance ($P < 0.05$) underscores the critical role that Micro Waqf Banks play in providing financial resources and support to entrepreneurs within the pesantren community. The implications of this finding are profound, as they highlight the importance of accessible financing in empowering entrepreneurs to establish and expand their businesses.

²⁷ Saputra, Setyawan, and Kurnia, “Analysis of the Effectiveness of the One Pesantren One Product (OPOP) Program in Supporting the Economic Empowerment of Islamic Boarding Schools in Belitung Regency”; Rizki, Sari, and Widjayanti, “Optimization of Micro Waqf Bank’s Ability to Support Micro and Small Businesses.”

²⁸ Irfan, Roesminingsih, and Mudjito, “Crafting an Entrepreneurship Strategic Planning Model for Islamic Boarding Schools Through a Comprehensive Literature Review.”

²⁹ Marella Vanni, “Micro Waqf Bank and Its Impact on Micro-Enterprise Productivity in Indonesia.”

Micro Waqf Banks operate on the principles of Islamic finance, which emphasizes ethical and interest-free lending. This model is particularly relevant in the context of pesantren, where many entrepreneurs may face challenges in accessing traditional banking services due to stringent requirements, lack of collateral, or concerns about interest-based financing. By offering interest-free loans and financial assistance, Micro Waqf Banks provide a viable alternative for entrepreneurs seeking to fund their ventures. This financial support is crucial for MSMEs, as access to capital is often a significant barrier to growth and sustainability.

From the perspective of the Resource-Based View (RBV) theory, Micro Waqf Banks represent a unique resource that enhances the financial capabilities of pesantren-based entrepreneurs. RBV posits that organizations can achieve superior performance by leveraging their unique resources and capabilities. In this case, the financial resources provided by Micro Waqf Banks enable entrepreneurs to invest in essential assets, such as equipment, inventory, and marketing, which are critical for business growth. This financial empowerment allows entrepreneurs to innovate, improve operational efficiency, and respond effectively to market demands.

The significance of Micro Waqf Banks in supporting MSME development is further illustrated by their ability to foster entrepreneurship within the pesantren community. By providing financial resources, these banks enable entrepreneurs to take calculated risks and explore new business opportunities. This is particularly important in a rapidly changing economic landscape, where adaptability and innovation are key to success. The support from Micro Waqf Banks can lead to the establishment of new businesses, the expansion of existing ones, and ultimately, the creation of jobs within the community.

Research by ³⁰ supports the notion that access to Micro Waqf financing significantly improves the business performance of MSMEs in pesantren. Their study found that entrepreneurs who received funding from Micro Waqf Banks reported increased revenue, improved operational efficiency, and enhanced market competitiveness [Click or tap here to enter text..](#) This aligns with the findings of the current study, which highlight the positive impact of Micro Waqf Banks on MSME development ³¹. By providing the necessary financial resources, these banks empower entrepreneurs to overcome challenges and seize opportunities for growth.

Moreover, Micro Waqf Banks can play a crucial role in promoting financial literacy and business skills among entrepreneurs in pesantren. Many entrepreneurs may lack the knowledge and skills necessary to manage their finances effectively or to develop sound business strategies. By offering training programs and workshops, Micro Waqf Banks can help entrepreneurs build their financial management skills, understand the principles of budgeting, and develop effective marketing strategies. This holistic approach to support not only enhances the financial capabilities of

³⁰ Heriyanti, Asmuni, and Sumitra, "Differences in Efficiency and Effectiveness of Micro Waqf Banks In Indonesia Before and During The Covid-19 Pandemic."

³¹ Saifurrahman and Kassim, "Collateral Imposition and Financial Inclusion: A Case Study among Islamic Banks and MSMEs in Indonesia."

entrepreneurs but also contributes to the overall sustainability of their businesses³².

The collaboration between Micro Waqf Banks and educational institutions can further enhance the impact of financial support on MSME development. For instance, partnerships with universities and vocational training centers can facilitate the delivery of training programs that focus on entrepreneurship, financial management, and business development. By combining financial resources with educational support, Micro Waqf Banks can create a comprehensive ecosystem that fosters entrepreneurship and drives economic growth within the pesantren community³³.

Additionally, the role of Micro Waqf Banks extends beyond providing financial resources; they also contribute to building a supportive entrepreneurial ecosystem. By fostering networks among entrepreneurs, Micro Waqf Banks can facilitate knowledge sharing, collaboration, and mentorship. This is particularly important in the context of pesantren, where community ties and relationships play a significant role in business success. By creating platforms for entrepreneurs to connect, share experiences, and learn from one another, Micro Waqf Banks can enhance the overall entrepreneurial culture within the pesantren community.

Furthermore, the impact of Micro Waqf Banks on MSME development can be seen in their ability to promote social entrepreneurship. Many entrepreneurs in pesantren are motivated not only by profit but also by a desire to contribute to their communities. Micro Waqf Banks can support social enterprises that address local challenges, such as unemployment, poverty, and access to education. By providing funding and resources to these social enterprises, Micro Waqf Banks can help create sustainable solutions that benefit the entire community.

The positive influence of Micro Waqf Banks on MSME development is also reflected in their potential to enhance the resilience of the pesantren community. In times of economic uncertainty or crisis, access to financial resources can be a lifeline for entrepreneurs. Micro Waqf Banks can provide emergency funding or support to help.

The Role of Business Skills in Pesantren-Based MSME Development

The findings of the study indicate that Business Skills have a significant positive effect on the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren, with a coefficient of 0.286, a T-statistic of 3.232, and a P-value of 0.001. This statistical significance ($P < 0.05$) underscores the critical importance of acquiring practical business skills for entrepreneurs operating within the pesantren community. The implications of this finding are profound, as they highlight the necessity of equipping entrepreneurs with the skills needed to effectively manage and grow their businesses in an increasingly competitive environment.

Business skills encompass a wide range of competencies, including financial management, marketing, strategic planning, and operational efficiency. These skills

³² Wilayah and Yogyakarta, “Mukaddimah: Jurnal Studi Islam EMPOWERMENT OF MSMEs BASED ON CASH WAQF IN THE ERA OF THE COVID-19 PANDEMIC.”

³³ Nurul Fadhilah and Azmi, “The Urgency of Optimizing Productive Waqf in Pesantren to Foster the Halal Industry Development.”

are essential for entrepreneurs to navigate the complexities of running a business and to make informed decisions that drive growth. In the context of pesantren-based MSMEs, where many entrepreneurs may lack formal business training, the acquisition of these skills becomes crucial. By developing strong business acumen, entrepreneurs can optimize their operations, enhance their product offerings, and respond effectively to market demands.

From the perspective of the Resource-Based View (RBV) theory, business skills can be viewed as a vital resource that enhances the capabilities of entrepreneurs. RBV posits that organizations can achieve superior performance by leveraging their unique resources and capabilities. In this case, the business skills acquired by entrepreneurs represent a valuable resource that can differentiate pesantren-based businesses from their competitors. By fostering a culture of continuous learning and skill development, pesantren can create a workforce that is better equipped to meet the challenges of the modern business environment.

The significance of business skills in promoting entrepreneurship is further illustrated by their impact on business performance. Research by ³⁴ found that integrating business skills training within pesantren curricula encouraged entrepreneurship among students, leading to the establishment of successful enterprises ³⁵. This aligns with the findings of the current study, which highlight the positive impact of business skills on MSME development ³⁶. By investing in skill development initiatives, pesantren can empower their communities to thrive in an increasingly competitive business landscape [Click or tap here to enter text..](#)

Moreover, the role of business skills extends beyond individual entrepreneurs; they also contribute to the overall economic development of the pesantren community. When entrepreneurs possess strong business skills, they are more likely to create jobs, stimulate local economies, and contribute to community development. This is particularly important in the context of pesantren, where economic empowerment can lead to improved living standards and enhanced social welfare ³⁷. By fostering a culture of entrepreneurship and skill development, pesantren can create a positive feedback loop that benefits the entire community ³⁸.

Training programs and workshops focused on business skills can play a crucial role in enhancing the capabilities of pesantren-based entrepreneurs. These programs can be tailored to address the specific needs and challenges faced by MSMEs in the pesantren context. For example, workshops on financial literacy, marketing strategies, and business planning can provide entrepreneurs with practical tools and strategies to improve their operations. By investing in skill

³⁴ Anwar, Ridwan, and Laili, "THE ROLE OF BAITUL MAAL WAT TAMWIL IN EMPOWERING MSMES IN INDONESIA: A STUDY OF INDONESIAN ISLAMIC MICROFINANCE INSTITUTIONS."

³⁵ Kevi et al., "PERAN BANK WAKAF MIKRO (BWM) AL-FALAH JEMBER DALAM PEMBERDAYAAN EKONOMI MASYARAKAT THE ROLE OF AL-FALAH MIKRO WAQF BANK (BWM) JEMBER IN COMMUNITY ECONOMIC EMPOWERMENT."

³⁶ Iskandar et al., "The Role of Waqf on Halal Industry and Islamic Economic Development in Indonesia: A SWOT Analysis."

³⁷ Thathsarani, Jianguo, and Alariqi, "How Do Demand, Supply, and Institutional Factors Influence SME Financial Inclusion: A Developing Country Perspective."

³⁸ Pertiwi, Kholil Nawawi, and Triwoelandari, "MSME ECONOMIC EMPOWERMENT THROUGH COMMUNITY-BASED SHARIA MICROFINANCE PROGRAM IN DT PEDULI BOGOR."

development initiatives, pesantren can empower their communities to thrive in an increasingly competitive business landscape [Click or tap here to enter text..](#)

Additionally, collaboration between pesantren and educational institutions can enhance the effectiveness of business skills training. Partnerships with universities and vocational training centers can facilitate the delivery of training programs that focus on entrepreneurship, financial management, and business development. By combining educational resources with practical training, pesantren can create a comprehensive ecosystem that fosters entrepreneurship and drives economic growth within the community ³⁹.

The integration of business skills training into the pesantren curriculum can also inspire a new generation of entrepreneurs. By exposing students to entrepreneurial concepts and practices, pesantren can cultivate an entrepreneurial mindset that encourages innovation and risk-taking. This is particularly important in a rapidly changing economic landscape, where adaptability and creativity are key to success. By nurturing the entrepreneurial spirit among students, pesantren can contribute to the development of a vibrant entrepreneurial ecosystem that benefits the entire community ⁴⁰.

Furthermore, the role of business skills in promoting social entrepreneurship cannot be overlooked. Many entrepreneurs in pesantren are motivated not only by profit but also by a desire to contribute to their communities. Business skills can empower these entrepreneurs to develop sustainable business models that address local challenges, such as unemployment, poverty, and access to education. By equipping entrepreneurs with the skills needed to create social enterprises, pesantren can help foster a culture of social responsibility and community engagement ⁴¹.

The positive influence of business skills on MSME development is also reflected in their potential to enhance the resilience of the pesantren community. In times of economic uncertainty or crisis, entrepreneurs with strong business skills are better equipped to adapt and respond to changing circumstances. They can implement effective strategies to manage costs, diversify their product offerings, and explore new markets. This adaptability is crucial for ensuring the long-term sustainability of MSMEs in the face of challenges.

Moreover, the development of business skills can lead to increased collaboration and networking among entrepreneurs within the pesantren community. When entrepreneurs possess strong business acumen, they are more likely to engage in knowledge sharing, collaboration, and mentorship. This collaborative spirit can foster a supportive.

³⁹ Lin et al., “Development Strategy and the MSMEs Finance Gap Development Strategy and the MSMEs Finance Gap.”

⁴⁰ Muhammad Mohsin Hakeem, “Innovative Solutions to Tap ‘Micro, Small and Medium Enterprises’ (MSME) Market,” *Islamic Economic Studies* 27, no. 1 (August 29, 2019): 38–52, <https://doi.org/10.1108/ies-05-2019-0002>.

⁴¹ Mustafa Disli, Ahmet F. Aysan, and Omneya Abdelsalam, “Favoring the Small and the Plenty: Islamic Banking for MSMEs,” *Economic Systems* 47, no. 1 (March 1, 2023), <https://doi.org/10.1016/j.ecosys.2022.101051>.

D. Conclusion

In conclusion, the findings of this study underscore the critical roles that Higher Education, Micro Waqf Banks, and Business Skills play in the development of Micro, Small, and Medium Enterprises (MSMEs) based in pesantren. Higher Education emerges as a significant factor, equipping entrepreneurs with essential knowledge and skills that enhance their managerial capabilities and foster innovation. This educational foundation not only empowers individuals but also contributes to the overall economic growth of the pesantren community. The Resource-Based View (RBV) theory supports this notion, highlighting how unique resources, such as education, can provide a competitive advantage in the marketplace.

Similarly, Micro Waqf Banks are shown to be instrumental in providing accessible financial resources that enable entrepreneurs to overcome barriers to growth. By offering interest-free loans and financial assistance, these banks empower pesantren-based entrepreneurs to invest in their businesses, innovate, and respond effectively to market demands. The positive impact of Micro Waqf Banks on MSME development is further reinforced by their ability to promote financial literacy and foster a supportive entrepreneurial ecosystem, which is essential for sustainable economic development.

Lastly, the significance of Business Skills cannot be overstated, as they are vital for the effective management and growth of MSMEs. The acquisition of practical business skills enhances the capabilities of entrepreneurs, enabling them to navigate challenges, optimize operations, and create jobs within the community. The integration of business skills training into the pesantren curriculum fosters a culture of entrepreneurship and social responsibility, ultimately contributing to the resilience and sustainability of the pesantren community.

Together, these findings highlight the interconnectedness of education, financial support, and skill development in fostering a thriving entrepreneurial ecosystem within pesantren. By leveraging these resources, pesantren can empower their communities to achieve economic resilience, drive sustainable growth, and create a positive impact on the broader economy. The study emphasizes the need for continued investment in education, financial services, and skill development initiatives to unlock the full potential of MSMEs in pesantren, ensuring that they can thrive in an increasingly competitive landscape.

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