



Beyond Spiritual Authority: Revitalising Charismatic Leadership for Economic Independence in Indonesian Pesantrens

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Abstract :

This study aims to analyze the strategy and impact of revitalizing the Kyais' role in achieving sustainable economic Independence in pesantren. In the context of emerging economies, pesantrens possess significant social capital but remain vulnerable due to their financial dependence on external funding. This condition underscores the need to transform traditional spiritual leadership into a more professional, entrepreneurial model to support institutional sustainability. This research employs a qualitative approach with an instrumental case study design at the Islamic Boarding School, using purposive sampling. Data were collected through in-depth interviews, participant observation, and document analysis, and analyzed using an interactive model with triangulation to ensure validity. The findings reveal that the Kyai acts as the central architect of economic governance, integrating moral authority with strategic decision-making. Leadership revitalization is implemented through professional delegation, resource mapping, and vocational integration. This process produces a hybrid governance model combining centralized control and decentralized management. Furthermore, pesantren successfully transitioned into a production-based economic system. This transformation strengthens financial autonomy, student entrepreneurship, and community empowerment. The study contributes theoretically by proposing a charismatic-entrepreneurial leadership model and practically by offering a strategic framework for institutional Independence.

INTRODUCTION

In the landscape of sustainable development in emerging economies, faith-based educational institutions such as Indonesian pesantrens serve as vital agents of social and economic transformation. The primary point is that national economic resilience is deeply tied to the self-sufficiency of grassroots entities with strong communal roots. The reason lies in the fact that pesantrens are not merely centres of religious instruction but complex civilizations with vast social capital, intellectual networks, and mass loyalty. Evidence suggests that these intellectual networks are crucial in maintaining social cohesion and community stability amidst rapid global shifts (Amal et al., 2025; Hajar, 2024). Furthermore, the rural setting of most pesantrens necessitates a development model that aligns with local sustainability to ensure equitable prosperity. Global studies emphasize that sustainable economic development in rural settlements is heavily

influenced by robust local leadership (Sabet & Khaksar, 2024; Tóth & Káposzta, 2021). In conclusion, strengthening the pesantren economy is a foundational requirement for national resilience, demanding institutional Independence and high competitiveness in a dynamic global market.

Despite their immense social potential, a fundamental challenge facing most pesantrens today is a high level of financial dependence on fluctuating external funding sources (Sugandi et al., 2025). This dependency creates systemic institutional vulnerabilities that can hinder long-term educational quality and infrastructure development (Asamoah & Ansong, 2025). The root of this problem lies in a prevailing perception, both within and outside the institution, that limits the Kyais' role solely to the spiritual and educational domains, thereby neglecting professional managerial aspects. Functionally, however, the Kyai holds a highly strategic position in economic decision-making that could profoundly impact the institution's future Independence (Mukarromah et al., 2024; Mumtaz et al., 2024). The historical lack of focus on economic management has left significant internal potential dormant or unprofessionally managed. If this imbalance between spiritual authority and economic functionality remains unaddressed through leadership revitalization, pesantrens will continue to struggle in transitioning into self-reliant entities. This issue demands a reorientation of traditional leadership roles to better align with the requirements of modern professional economic management.

This managerial discrepancy is particularly evident in the utilization of potential assets at the institutional level, where abundant resources often remain underutilized. The lack of integration between the Kyai's leadership vision and the formal management of business units results in internal resources becoming passive rather than productive assets (Supriyanto et al., 2022; Wang et al., 2024). For instance, significant economic potential, such as vast agricultural land, students' technical skills, and extensive *alumni* networks, is often underutilized due to the absence of a structured economic management system (Iwara, 2025; Zou et al., 2024). This condition is exacerbated by the emergence of sporadic business units that depend on short-term initiatives rather than strategic planning. Revitalizing the Kyai's role in directing independent business units, such as cooperatives and integrated farming, is the primary key to accelerating financial Independence without compromising the institution's scientific and religious identity. Without strong leadership intervention to restructure the economic organization, the goal of Independence will remain an elusive ideal amid increasingly complex global challenges.

The literature on pesantren leadership consistently identifies the Kyai as the central actor holding absolute authority over all institutional dynamics. From a sociological perspective, this authority stems from a collective recognition of the Kyai's religious depth and piety, which grants legitimacy to their strategic decisions. According to Mumtaz, the Kyai plays a central role in every aspect of pesantren life, ranging from curriculum direction to strategic institutional policy (Mumtaz et al., 2024). This charismatic authority is a primary asset that can become a driving force for economic development if managed with a modern, visionary outlook. In line with this, scholarly consensus suggests that pesantrens possess extraordinary economic potential when driven by a Kyai who is both visionary and adaptable to changing times (Faiz & Thoha, 2024; Halil, 2025). Nevertheless, much of this classical literature tends to focus on

traditional authority as a purely spiritual form of leadership, leaving a significant academic gap in operationalizing that authority within the framework of modern business management.

Contemporary studies have begun to shift their focus toward integrating religious values with practical economic empowerment in Islamic educational settings. The Kyai's involvement is now viewed not just as moral approval, but as an active catalyst determining the success of business units in a competitive market. Recent research indicates that the active involvement of the Kyai in economic empowerment programs can significantly increase the level of institutional Independence (Ilfi, 2026). Success in these business units is heavily dependent on the Kyai's ability to orchestrate available human resources and social capital (Supriyanto et al., 2022). Furthermore, while some studies have examined entrepreneurial leadership in enhancing student independence through integrated education (Stavrou & Kafa, 2024) and analyzed institutional development through pesantren economics (Fahmi & Aswirna, 2023), they often lack a systematic model for leadership revitalization. Consequently, a research gap persists concerning how charismatic authority is concretely transformed into professional managerial power within the broader organizational structure of the pesantren.

The novelty of this research lies in its proposition of a revitalization model for charismatic leadership that transcends traditional spiritual boundaries to become a productive economic driver. This study introduces the concept of "charismatic-entrepreneurial leadership," in which spiritual values are directly integrated with modern business practices. Revitalizing the Kyai's Role is not viewed merely as an additional administrative burden, but as a fundamental evolution of leadership necessary to meet contemporary challenges, ensuring the institution remains intellectually, spiritually, and financially autonomous. The importance of resolving this research problem lies in the effort to solidify the pesantren economy as a resilient and competitive ecosystem. Successfully revitalizing this role theoretically bridges the gap between traditional heritage and the demands of modernity, ensuring that economic innovation does not erode religious identity. By focusing on strategic capacity building and the integration of economic values into the institutional culture, this research offers a state-of-the-art perspective in Islamic leadership studies that is adaptive to current global economic dynamics.

The primary research problem addressed in this paper is the strategy and impact of revitalizing the Kyai's Role in achieving sustainable economic Independence. The central argument is that the revitalization of the Kyai's Role significantly influences the success of economic transformation because the Kyai possesses a unique moral and social legitimacy that professional managers lack. This paper aims to identify the extent of the Kyai's contribution in directing, fostering, and mobilizing internal economic potential, while formulating a productive leadership model. It is argued that economic Independence is not merely about financial profit, but about strengthening institutional sovereignty amidst global competition. The hypothesis proposed is that a more active and structured revitalization of the Kyai's Role leads to a higher degree of economic Independence for the pesantren. Academically, this study contributes to the discourse on transformative leadership, while, practically, it provides a strategic roadmap for other institutions to manage business units effectively and autonomously in the modern era.

RESEARCH METHODS

This study employs a qualitative approach within an instrumental case study framework to facilitate a granular and profound exploration of the complex social realities surrounding the revitalization of the Kyai's leadership in fostering institutional economic Independence. The selection of this design is grounded in Mtisi (2022) argument that a case study is particularly effective when researchers seek to provide an in-depth understanding of a "bounded system" through multiple sources of information. Through this framework, the research examines how traditional spiritual authority is functionally operationalized in modern entrepreneurial action within the unique socio-religious ecosystem of Indonesian pesantrens. The research focuses on the internal dynamics of the Nurul Qarnain Islamic Boarding School in Jember, East Java, which was selected as the research site through purposive sampling. As Candra Susanto et al. (2024) emphasizes, this technique is designed to identify "information-rich" cases related to the phenomenon under study. Nurul Qarnain represents a strategic case due to its success in institutionalizing various productive business units, such as integrated agriculture and cooperatives, under the direct strategic guidance of the Kyai. The primary informant in this study is the Kyai, the central authority, supported by other informants, including business managers, senior students, *alumni*, and external strategic partners, to ensure that the data reached theoretical saturation.

To ensure a robust empirical foundation, data were gathered through methodological triangulation involving three integrated techniques. First, semi-structured in-depth interviews were conducted to elicit nuanced insights into the Kyai's strategic vision and the structural challenges of economic transformation. Second, participant observation allowed the researchers to directly engage with the daily operations of the pesantren's business units and observe the interactional dynamics between the leader and subordinates. Third, documentary analysis was utilized to examine institutional archives, financial reports, and organizational charters. (Lemon & Hayes, 2020) notes that triangulation is essential for ensuring that findings are not merely the result of a single method's bias but are grounded in multiple layers of corroborating evidence. The collected data were then analyzed using the proposed interactive model, which comprises three concurrent flows of activity: data condensation, data display, and conclusion drawing/verification (Li & Zhang, 2022; Riazi et al., 2023). During the condensation phase, field notes and interview transcripts were systematically coded to isolate themes relevant to leadership revitalization and economic management, which were then organized into analytical narratives and thematic matrices to identify emerging patterns.

To establish the rigour and credibility of the findings, this study adhered to the criteria of trustworthiness as defined, encompassing credibility, transferability, dependability, and confirmability. The primary strategy employed was source and method triangulation, cross-verifying testimonial data from the Kyai with observational notes and documentary evidence (Meydan & Akkaş, 2024; Morgan, 2024). Furthermore, member checking was performed periodically to ensure that the researchers' interpretations accurately reflected the informants' perspectives. This rigorous validation process minimizes researcher bias and ensures that the final analysis provides an

objective and credible representation of the institutional reality at Nurul Qarnain. By synthesizing systematic methodological procedures with a strong theoretical foundation, this research seeks to provide a significant contribution to the literature on Islamic leadership and community-based economic management.

RESULTS AND DISCUSSION

Results

The Kyai as the Central Architect of Economic Policy and External Synergy

The Kyai is the central architect of economic policy within the institution, encompassing both strategic and relational dimensions. In practical terms, the Kyai functions not only as a spiritual leader but also as the primary decision-maker in designing, initiating, and legitimizing economic ventures. This role includes formulating business concepts, appointing managerial personnel primarily from trusted *alumni* networks, and orchestrating external collaborations. The Kyai's authority is thus manifested through a dual capacity: internally, as a strategic planner and controller of institutional resources; and externally, as a symbolic and relational agent who mobilizes trust-based partnerships with governmental bodies and private sector actors.

An informant holding a managerial position in one of the pesantren's business units stated: "The Kyai must approve every business initiative. Even before we conduct feasibility studies, the Kyai already provides direction regarding which sectors are aligned with the pesantren's values and long-term vision."

This statement indicates that economic decision-making is highly centralized and value-driven. The researcher interprets this as evidence that the Kyai operates as a normative filter, ensuring that economic activities are not purely profit-oriented but are embedded within the institution's religious and ethical framework. This reinforces the idea that economic rationality is subordinated to moral legitimacy, which becomes a distinctive feature of the institution's development model.

Another informant, an alumnus involved in external partnership development, explained: "When we approach government offices or business partners, mentioning the Kyai's name immediately builds trust. Many collaborations are possible because of his reputation and longstanding relationships."

This highlights the Kyai's Role as a "diplomatic bridge" in external engagements. The researcher interprets this as a form of symbolic capital, in which the Kyai's religious authority and social credibility are translated into economic advantages. Such capital facilitates access to funding, streamlines bureaucratic processes, and strengthens the institution's bargaining position in partnerships, underscoring the strategic value of personal reputation in institutional economics.

Observational data indicate that the Kyai is actively involved in key institutional meetings on economic planning, often providing final approval and strategic direction. Additionally, it was observed that external stakeholders, including local government officials and business representatives, frequently visit the pesantren to seek the Kyai's direct endorsement before formalizing agreements. The researcher interprets these patterns as evidence of a centralized yet relational governance model, where authority is both hierarchical and network-oriented. This suggests that institutional sustainability is maintained through a combination of internal control and external trust-building mechanisms.

In essence, the findings demonstrate that the Kyai's Role transcends traditional religious leadership, positioning him as the pivotal figure in aligning economic initiatives with institutional values while simultaneously leveraging social authority to secure external collaboration. The Kyai ensures that all economic activities are strategically coherent, ethically grounded, and socially legitimized, thereby creating a holistic model of institutional economic governance.

A clear pattern emerges from the data: integrating spiritual authority with economic strategy produces a hybrid governance model characterized by centralized decision-making, *alumni*-based managerial trust, and relational networking with external stakeholders. This pattern indicates that the effectiveness of the institution's economic development is not solely dependent on technical or financial factors but is significantly shaped by the Kyai's ability to mobilize moral authority as a strategic asset.

Table 1. The Ideal Influence of the Kyai in Economic Policy and External Synergy

Informant Position	Interview Excerpt	Indicator
Business Unit Manager	"The Kyai must approve every business initiative..."	Centralized decision-making authority
Alumni Partnership Staff	"Mentioning the Kyai's name immediately builds trust..."	Symbolic capital and external trust-building
Senior Administrator	"Managers are selected from <i>alumni</i> who are loyal to the Kyai's vision..."	Alumni-based managerial selection
External Partner	"We feel more confident collaborating when the Kyai is directly involved..."	Institutional legitimacy and partnership trust

Table 1 illustrates that the Kyai's influence operates across multiple institutional layers, integrating internal governance with external relational dynamics. The consistency of responses across different informant positions suggests that the Kyai's authority is not merely symbolic but structurally embedded in decision-making processes. The prominence of indicators such as centralized authority and *alumni*-based selection reflects a governance system grounded in trust, loyalty, and shared values rather than purely formal or bureaucratic mechanisms.

Furthermore, the data indicate that the Kyai's influence extends beyond internal management into the realm of external legitimacy. The repeated emphasis on trust-building and confidence from external partners demonstrates that the Kyai's personal reputation functions as a strategic institutional asset. This aligns with the concept of relational governance, in which economic transactions are facilitated through social ties and moral credibility, thereby enhancing institutional resilience and sustainability.

Implementation of Professional-Entrepreneurial Leadership Revitalization

This sub-finding operationally defines professional-entrepreneurial leadership revitalization as a structured transformation of the Kyai's Role from predominantly spiritual supervision to a hybrid leadership model integrating religious authority with modern managerial and entrepreneurial practices. In the field, this revitalization manifests in the establishment of specialized operational teams composed of administrators and professionally trained alumni, who serve as executors of the Kyai's strategic vision. The process involves systematic resource mapping encompassing physical assets such as land and infrastructure, as well as human capital, particularly students, followed by the integration of these resources into productive economic units aligned with a vocational-based curriculum. This operationalization reflects a shift toward

institutional professionalism without detaching from Sharia-based ethical foundations.

A senior administrator noted: “The Kyai no longer handles operational matters directly; instead, he appoints specialized teams to design and execute business plans, while he ensures that everything remains aligned with the pesantren’s values.”

This statement indicates a deliberate delegation of technical responsibilities to competent actors while maintaining centralized ideological control. The researcher interprets this as a form of strategic decentralization, in which managerial authority is distributed to enhance efficiency, while normative authority remains concentrated in the Kyai. Such an arrangement reflects a hybrid governance structure that balances professionalism with value-based oversight.

An alumnus involved in a vocational program explained: “We were trained not only in theory but also directly involved in managing agricultural and retail units owned by the pesantren. This is part of the Kyai’s vision to make students economically independent.”

This highlights the integration of economic activities into the educational process. The researcher interprets this as the institutionalization of experiential learning, in which entrepreneurship is embedded in the curriculum. This approach not only enhances students’ practical competencies but also reinforces the sustainability of the pesantren’s economic ecosystem through continuous human resource regeneration.



Figure 1. Professional-Entrepreneurial Leadership Revitalization Timeline

The process flow in figure 1 reflects a coherent and adaptive leadership system in which the Kyai’s strategic vision serves as the foundational driver of all institutional economic activities. The sequential movement from vision formulation to team formation, resource mapping, program integration, and continuous monitoring illustrates a highly structured yet flexible governance model. This flow indicates that leadership is not confined to symbolic authority but is translated into actionable mechanisms through professional intermediaries. The integration of vocational programs into business operations further demonstrates a cyclical relationship between education and economic production, ensuring both sustainability and capacity-building. Importantly, the Kyai’s Role at the final stage of supervision reinforces ethical alignment, suggesting that control is exercised not through direct intervention but through value-based oversight. Overall, the process embodies a hybrid leadership paradigm that successfully synchronizes strategic intent, professional management, and moral accountability into a unified institutional practice.

Observational findings reveal that business units operate under clearly defined organizational structures, with designated roles, performance targets, and reporting mechanisms. It was also observed that students actively participate in productive activities, such as agriculture and small-scale enterprises, as part of their daily learning routines. The Kyai's presence is particularly evident during evaluation sessions, where he provides strategic input and ethical guidance. The researcher interprets these observations as an indication of embedded professionalism, where managerial practices are institutionalized without undermining the pesantren's spiritual identity. The "leadership-by-example" approach reinforces accountability and motivates stakeholders to maintain both performance and integrity.

A recurring pattern emerges in which the interplay between delegation and control, innovation and tradition, and education and production drives leadership transformation. The Kyai's Role evolves into that of a strategic orchestrator, ensuring that all institutional components operate cohesively. This pattern suggests that sustainable institutional development is achieved by aligning professional management systems with deeply rooted moral and spiritual principles.

Table 2. Ideal Influence in Professional–Entrepreneurial Leadership Revitalization

Informant Position	Interview Excerpt	Indicator
Senior Administrator	"The Kyai appoints specialized teams to handle operational business activities..."	Delegation and professional team formation
Alumni Practitioner	"Students are directly involved in managing business units..."	Experiential learning and vocational integration
Business Unit Manager	"Each unit has clear targets and structured management systems..."	Organizational professionalism
Student Participant	"We learn entrepreneurship through direct practice in the pesantren..."	Skill development and economic empowerment

Table 2 demonstrates that the revitalization process is supported by a multi-layered distribution of roles, in which each actor contributes to the institutionalization of professional–entrepreneurial practices. The presence of indicators such as delegation, structured management, and experiential learning suggests that the pesantren has transitioned toward a more system-oriented organizational model. This transformation is not merely procedural but also cultural, reshaping how leadership, learning, and economic activities are interconnected.

Moreover, the data reveal that the Kyai's influence remains central despite the apparent decentralization of operational functions. The alignment of all indicators with the Kyai's vision underscores the persistence of value-based leadership as the core integrative force. This indicates that professionalization does not diminish traditional authority; rather, it enhances its effectiveness by embedding it within modern organizational frameworks.

Socio-Economic Impact and the Paradigm Shift Toward Independence

The socio-economic impact as a measurable transformation in both the financial structure and institutional culture of the pesantren, characterized by a shift from dependency on external donations toward internally generated, production-based revenue systems. In the field, this paradigm shift is reflected in the establishment of sustainable economic units such as integrated agriculture and student cooperatives that

contribute directly to operational financing. Simultaneously, the impact extends beyond economic indicators to encompass the development of students' entrepreneurial resilience, the strengthening of institutional legitimacy, and the expansion of community-based economic engagement. Thus, Independence is conceptualized not merely as financial autonomy but as a holistic ecosystem integrating education, production, and social empowerment.

Table 3. Table of Interview Data

Interview Excerpt	Indicator	Informant
"Previously, we relied heavily on donations, but now most operational costs are covered by our business units."	Financial independence and revenue diversification	Senior Administrator
"Students are trained to manage cooperatives, and many of them continue entrepreneurial activities after graduation."	Entrepreneurial resilience and skill continuity	<i>Alumni</i> Entrepreneur
"Our agricultural projects not only sustain the pesantren but also employ local residents."	Community economic empowerment	Business Unit Manager
"The pesantren is now seen as economically strong and independent by the community."	Institutional image and social legitimacy	Community Leader

Table 3 demonstrates a multidimensional transformation in which financial Independence is closely intertwined with human capital development and social legitimacy. The shift from donation-based funding to internally generated income reflects a structural reorientation of the pesantren's economic model. Importantly, this transformation is not limited to economic self-sufficiency but extends to the cultivation of entrepreneurial competencies among students, suggesting that economic practices are embedded within the institution's pedagogical framework. This indicates a systemic integration of education and economic production, in which sustainability is achieved through continuous capacity-building.

Furthermore, the data reveal that the socio-economic impact operates across both internal and external domains. Internally, the pesantren strengthens its financial resilience and educational relevance, while externally, it enhances its role as a catalyst for community development. The involvement of residents in economic activities signifies the expansion of the pesantren's function from an educational institution to a socio-economic hub. Critically, this transformation is underpinned by the Kyai's legitimization of economic activities as a form of social empowerment, thereby reframing entrepreneurship as an extension of religious and communal responsibility rather than a purely market-driven endeavor.

Observational findings corroborate the interview data, showing active economic operations within the pesantren, including well-managed agricultural fields and student-run cooperatives with clear production and distribution systems. It was also observed that local community members are engaged in these activities, either as workers or partners, creating a mutually beneficial economic relationship. Additionally, students demonstrate practical entrepreneurial skills, such as financial management and marketing. The researcher interprets these observations as evidence of an embedded economic ecosystem in which Independence is sustained by continuous interaction among institutional resources, human capital, and community engagement.

In essence, the findings indicate that the pesantren has successfully transitioned into a production-based economic model that ensures financial sustainability while simultaneously fostering entrepreneurial competencies and community empowerment.

This transformation reflects a redefinition of Independence as a comprehensive system encompassing economic, educational, and social dimensions.

A consistent pattern emerges in which economic Independence is achieved through the integration of internal resource optimization, student involvement, and external community collaboration. This pattern highlights a shift from passive dependency to active productivity, where the pesantren functions as a self-sustaining and socially embedded institution. The alignment between economic activities and institutional values further reinforces the sustainability of this model.

Table 4. Ideal Influence in Socio-Economic Impact and Institutional Independence

Informant Position	Interview Excerpt	Indicator
Senior Administrator	“Our institution no longer depends on external donations for daily operations.”	Financial autonomy
Alumni Entrepreneur	“The training I received enabled me to start my own business after graduation.”	Entrepreneurial capacity building
Business Unit Manager	“Our business units create jobs for both students and the local community.”	Socio-economic impact and employment generation
Community Member	“The pesantren contributes significantly to the local economy.”	Community engagement and local development

Table 4 highlights that the ideal socio-economic impact is achieved through the convergence of financial Independence, human capital development, and community engagement. Each indicator reflects a distinct yet interconnected dimension of institutional transformation. Financial autonomy serves as the foundation, enabling the pesantren to operate sustainably, while entrepreneurial capacity building ensures the continuity of this model through skilled graduates. Simultaneously, creating employment opportunities demonstrates the institution's outward impact, reinforcing its role as a driver of local economic development.

Moreover, the data suggest that Independence is not an isolated institutional achievement but a relational outcome that benefits multiple stakeholders. The alignment between internal capacity and external contribution indicates a balanced development model, where the pesantren's growth directly translates into community welfare. This reinforces the notion that sustainable Independence is inherently collective, rooted in reciprocal relationships between the institution and its surrounding environment.

Discussion

The findings of this study confirm and extend prior scholarship on the centrality of the Kyai in pesantren economic transformation. Consistent with Anjar and Za (2021) and Bastomi and Zusak (2024), the Kyai is not merely a symbolic leader but a strategic actor who orchestrates institutional Independence through value-driven economic initiatives. However, this study advances the literature by demonstrating a more structured, hybrid governance model in which spiritual authority is systematically translated into economic policy and external partnerships. This aligns with Sarwadi (2022) and Supriyanto *et al.* (2022), who emphasize the Kyai's Role in business development, yet differ by highlighting the explicit use of symbolic capital as a “diplomatic bridge” in building trust-based collaborations. Theoretically, this finding reinforces Weberian notions of charismatic authority transitioning into rationalized systems (Adnani &

Mahbub, 2021; Meng, 2022), while, practically, it suggests that pesantren leadership must strategically leverage moral legitimacy to enhance institutional sustainability. The key contribution of this study lies in conceptualizing the Kyai not only as a cultural or religious authority but as a central institutional architect who integrates moral legitimacy with strategic economic governance in a systematic manner.

Furthermore, the implementation of professional–entrepreneurial leadership revitalization reflects a convergence between traditional authority and modern management practices. This aligns with Arifyanto *et al.* (2021) and Faiz and Thoha (2024), who argue that Kyai leadership can foster santri Independence through entrepreneurial strategies. However, the present findings go further by evidencing a systematic delegation mechanism and the formation of specialized operational teams, indicating a higher level of organizational maturity. The integration of vocational learning into economic units also supports the concept of “santripreneurship” highlighted by Khamid, (2024) and Putra *et al.* (2024). Yet, this study uniquely positions it within a sustainable institutional ecosystem rather than as isolated training initiatives. Theoretically, this contributes to leadership studies by proposing a hybrid model that combines strategic decentralization with centralized normative control. At the same time, in practice, it emphasizes the importance of capacity-building systems in ensuring long-term economic resilience. Thus, this study contributes by introducing a professional–entrepreneurial leadership framework in pesantren that bridges traditional religious authority with contemporary organizational management.

The socio-economic impact identified in this study strongly corroborates previous research on pesantren-based economic empowerment. For instance, Muhyiddin *et al.* (2022) and Bastomi and Zusak (2024) demonstrate how pesantren can drive community development through production-based initiatives, which aligns with the observed shift from charity dependency to productive Independence. Similarly, Izza & Mi’raj (2023) and Mi’raj *et al.* (2023) highlight the Role of Kyai in promoting social entrepreneurship to achieve sustainable development goals. However, this study offers a more integrated perspective by showing how financial Independence, student entrepreneurship, and community engagement operate as a unified system. Theoretically, this expands the concept of Islamic economic institutions by framing Independence as a multidimensional construct. At the same time, in practice, it suggests that pesantrens can function as local economic hubs that simultaneously address education, employment, and social welfare. Accordingly, the study contributes by formulating a holistic model of pesantren Independence that integrates economic productivity, educational transformation, and social empowerment into a single ecosystem.

In addition, the findings resonate with broader discussions on sustainable economic development and resource optimization. The systematic mapping of internal resources and their integration into productive units aligns with the principles highlighted by Abubakar *et al.* (2025) and Rahman (2025), particularly the importance of efficient resource utilization and structured financial management for achieving sustainability. Nevertheless, this study distinguishes itself by embedding these practices within a religious and ethical framework, thereby adding a moral dimension often absent in conventional economic models. The implication is that sustainable development in pesantren contexts cannot be separated from value-based leadership, which acts as both a guiding principle and a control mechanism. Practically, this suggests that policymakers and educational leaders should integrate ethical considerations into economic planning

to ensure both legitimacy and long-term viability. This provides a novel contribution by integrating sustainability theory with Islamic value-based leadership, offering an alternative paradigm for ethical economic development.

Finally, the overall pattern of transformation identified in this study supports the argument that pesantren are evolving into adaptive and resilient institutions within contemporary socio-economic landscapes. This aligns with Yasmeeen et al. (2024), who note the increasing autonomy and strategic role of pesantren in modern society, and with Ibrahim et al. (2025), who emphasize the importance of institutional credibility in building public trust. However, this study offers a novel insight by demonstrating that this transformation is not merely reactive but is proactively driven by the Kyai's leadership and vision. Theoretically, this underscores the importance of integrating leadership, entrepreneurship, and institutional theory to understand pesantren development. Practically, it highlights that achieving sustainable Independence requires a holistic approach that combines strategic leadership, professional management, and community engagement, ultimately positioning the pesantren as a model for value-based socio-economic transformation. Therefore, the overarching contribution of this study lies in proposing an integrative framework of pesantren transformation that connects leadership revitalization, economic Independence, and socio-economic impact within a unified analytical model.

CONCLUSION

The most significant finding of this study is that the revitalization of the Kyai's role serves as a transformative catalyst, shifting pesantren from a dependency-based institution to a sustainable, production-oriented economic system. The key insight is that, when systematically integrated with professional and entrepreneurial management, moral authority becomes a powerful strategic asset that can drive institutional Independence. The Kyai is not only a spiritual figure but also a central architect who harmonizes ethical values, economic rationality, and social legitimacy into a cohesive governance model. This study's primary strength lies in its theoretical contribution to Islamic leadership and institutional economics by proposing a charismatic-entrepreneurial leadership framework, which bridges traditional authority with modern management systems. It also offers a novel integrative model that connects leadership revitalization, economic productivity, and socio-economic impact within a unified analytical framework, thereby enriching contemporary discourse on sustainable, value-based organizational transformation.

However, this study is not without limitations. Empirically, it is based on a single instrumental case study within a specific pesantren context, which may limit the generalizability of findings across diverse institutional settings. Contextual factors such as local culture, leadership style, and resource availability may influence the applicability of the proposed model in other pesantren or faith-based institutions. Additionally, the qualitative approach, while providing depth, may benefit from complementary quantitative validation to more systematically assess the extent of the economic impact. Therefore, future research is recommended to conduct comparative multi-site studies and employ mixed-method approaches to test the robustness of the charismatic-entrepreneurial leadership model across different contexts. Further studies could also explore the role of digital transformation and broader market integration in strengthening pesantren economic ecosystems, thereby advancing both theoretical refinement and practical scalability.

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