

CHAPTER I INTRODUCTION

1.1 Research Background

Business units play an important role in driving economic growth and organizational sustainability, both in the business sector and non-profit institutions. In general, business units are designed to be a source of income that supports the sustainability of the institution's operations, creates jobs, and improves community welfare. In the context of the national economy, business units also contribute through their productive activities.¹ The importance of business units can be seen from their strategic role in optimizing existing resources. A well-managed business unit can be a driving force for innovation, product diversification, and operational efficiency.

However, challenges in managing business units cannot be ignored. Some of the challenges that are often faced include limited capital, less professional management, and lack of access to technology and broader markets. In educational institutions, especially those based on Pesantren or religious institutions, business units have a more complex dimension. It is not only profit-oriented, but also aims to support the social and educational missions of the institution. Business units in educational institutions often function as a learning medium for students or “*santri*” to hone their entrepreneurial skills. Therefore, the management of business units requires a model that is able to integrate business aspects and the values promoted by the institution.

Various studies have shown that the success of business units is highly dependent on the application of strategies that are in accordance with the characteristics of the management institution and the market environment. As an illustration, the results of research reviewed by Nasrullah et al with the title “Model of developing Pesantren economic management in business units in modern salaf Pesantren thohir Yasin” show that the factors of management financial models, and interest play a crucial role in determining the sustainability of business units. In

¹ Haryanto, T. (2019). "The Role of Business Units in Supporting the Sustainability of Educational Institutions," *Journal of Economics and Education*, 5(3), 123-134.

addition, support from various parties such as the government, business partners, and the community can also strengthen the capacity of business units to compete sustainably.²

In this context, further studies are needed to understand how business units can be managed optimally, especially in Pesantren-based institutions. This is important to answer challenges while identifying opportunities that can be utilized to increase the contribution of business units to the overall sustainability of the institution. University business units are one of the important strategies undertaken by universities to increase financial independence. The existence of this business unit is driven by several factors, including: Diversification of Revenue Sources Universities cannot fully rely on funds from the government or student tuition fees.

Therefore, a business unit is needed to create alternative sources of income, such as: Property management, publishing, or waqf asset management. Implementation of the Tridharma of Higher Education University business units often play a role in supporting the implementation of the tridharma of higher education, especially in the development of research and community service. For example, through research-based business units that produce innovations or services. More Efficient Asset Management Universities often have large assets, such as land, buildings, or laboratory facilities. Through business units, these assets can be productively utilized to support the sustainability of the institution. Social and Economic

Roles University business units can also have an economic and social impact on the surrounding environment, such as creating jobs, supporting local MSMEs, and providing education or health services. Special Model for Pesantren-Based Universities, Pesantren-based university in Indonesia such as University of Darussalam Gontor, often use waqf-based business units to manage endowment funds (productive waqf). This model ensures the sustainability of the Islamic values-based educational mission as well as being a source of self-financing.

² Nugroho, R. (2021). *Increasing the Capacity of MSMEs Through Technology and Market Support*. Yogyakarta: Gadjah Mada University Press.

Pesantren business units with the development of the times, Islamic boarding schools are progressing. Currently, Pesantren are not only focused on educational institutions, but also build businesses that can help the Pesantren economy. In fact, a Pesantren business union has been formed in East Java. Several Islamic boarding schools have joined it. There are Zainul Hasan Gongging Islamic Boarding School, Tambak Beras Islamic Boarding School in Jombang, Nurul Jadid Islamic Boarding School in Paiton, Probolinggo, and many more.³

Islamic boarding schools establish business units for their own purposes, the basic purpose is usually to train students to be independent and prosper the students and managers of the business units themselves. If the Pesantren residents live in prosperity, then the Pesantren can be said to be advanced.⁴ The principles in building business units in Pesantren include: (1) business units do not belong to individuals but to the institution, the leadership has no right to make sectoral policies related to financial management; (2) good administration is very important to maintain trust, there must be regular reports and deliberations by the leadership regarding the development of business units; (3) recruiting workers who are experts in their fields and come from within the institution so that communication can run smoothly; (4) paying attention to the legality of business entities to maximize existing opportunities; (5) forming a team of experts, at least senior personnel to monitor the development of business units.⁵

Waqf-based business units are certainly carried out by Pesantren-based university such as University of Darussalam Gontor, because it has an active and strategic role in developing waqf-based business units, which are not only oriented towards asset sustainability, but also encourage economic independence. The obstacles and challenges in business units faced by Pesantren and university include. According to Samsudin in research published in the journal Conference on

³ Rahman, A, "The role of *Pesantren business unions in supporting the economy of Islamic boarding schools in East Java*". 2019

⁴ Muslimin, M. "Establishment of business units in Islamic boarding schools: Training independence and improving prosperity" 2019

⁵ Alvan Fatony et al., "Developing the Potential of Nurul Jadid Islamic Boarding School Business Units Through Ecoroteksi" 2021

Islamic studies (CoIS) in 2019, the challenge for Pesantren during disruption is how to prepare students who are able to survive and develop in a more innovative and creative era. The demands of the community are adaptive attitudes, mastery of science, technology and a high work ethic. There are three institutional problems that can hinder the pace of Pesantren-based economic development, including: human resources, institutions, innovation and networks⁶

1.2 Research Question

Based on the background that has been described by the researcher, the fundamental problem that will be explained through this research will focus on how the management of the Financial Waqf Business Unit financial sustainability at University of Darussalam Gontor, Indonesia and its contribution to the Pesantren-Based University. The questions of this research are:

1. What are the characteristics of waqf business unit in Pesantren based university?
2. What are the challenges of waqf business units in Pesantren-based university?
3. What are the strategies to face the challenges of waqf business unit toward financial sustainability in a Pesantren-based university?
4. What is an ideal waqf business units' model toward financial sustainability at University of Darussalam Gontor?

1.3 Research Objectives

This research was carried out based on several objectives to be obtained, including the following:

1. To identify the characteristics of waqf business units in Pesantren-based university
2. To identify the challenges of waqf business units in Pesantren-based university

⁶ Suhartini, "Institutional Problems of Pesantren Economic Development" in A. Halim, et al (Eds), *Pesantren Management*, Cet. II (Yogyakarta: Pustaka Pesantren, 2009), pp. 233-242

3. To identify the strategies to face the challenges of waqf business unit toward financial sustainability in a Pesantren-based university
4. To identify the an ideal waqf business units' model toward financial sustainability at University of Darussalam Gontor

1.4 Research Benefits

The research to be carried out by researchers is expected to provide direct and indirect benefits for various parties, including the following:

1. Benefits in the Scientific Field

The results of this study can be used as a reference as well as an additional reference for those who will conduct in-depth research related to the financial waqf business unit model in Pesantren-based universities, especially in terms of management and administration.

2. Benefits in the Practical Field

Researchers hope that with this research, it can add by providing understanding and assistance on how the financial waqf business unit can be applied in Pesantren-based universities in general and specifically in Indonesia