

## THE CONTRIBUTION OF RELIGIOUS VALUES TO THE ECONOMIC EMPOWERMENT OF ISLAMIC STUDENTS THROUGH ENTREPRENEURSHIP AT THE FATHUL ULUM ISLAMIC BOARDING SCHOOL IN JOMBANG

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### Abstract

This study aims to analyze the contribution of religious values to the economic empowerment of students through entrepreneurship at the Fathul Ulum Islamic Boarding School in Jombang. The approach used is quantitative explanatory, with a population of all students involved in the Islamic boarding school's entrepreneurial activities. The research sample was determined by *proportional random sampling* of 120 respondents. Data were collected through a Likert scale questionnaire and analyzed using the Partial Least Square – Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS software. The results of the study indicate that: (1) religious values have a positive and significant effect on the economic empowerment of students; (2) religious values have a positive effect on the entrepreneurial spirit of students; (3) entrepreneurship has a positive effect on improving the economic well-being of students; and (4) entrepreneurship acts as a significant mediating variable between religious values and the economic empowerment of students. These findings are in line with previous studies that emphasize the importance of integrating religious moral values in the formation of an entrepreneurial spirit and strengthening the community economy. Conceptually, this study enriches the *Islamic entrepreneurship literature* with the empirical context of Indonesian Islamic boarding schools. Practically, this research confirms the strategic role of Islamic boarding schools as educational institutions as well as centers for economic empowerment based on religious values and student entrepreneurship.

**Keywords** : Religious Values ; Entrepreneurship; Economic Empowerment; Islamic Boarding School; Islamic Boarding School; PLS - SEM

### Introduction

Entrepreneurship is a strategic activity that plays a vital role in economic growth, job creation, and reducing social inequality. In recent decades, entrepreneurship has been understood not only as an economic activity but also as social entrepreneurship, which is an effort to create positive social change through sustainable businesses (O'Brien, 2019; Mao, 2021). The inclusive entrepreneurship model emphasizes the involvement of various community groups, including women, youth, minority groups, and people with disabilities, thus providing more equitable opportunities in economic activities (Roslan, 2022; Sutrisno & Sari, 2020).

In Indonesia, the development of entrepreneurship has begun to reach various local communities, including Islamic boarding schools (pesantren). As traditional Islamic educational institutions, pesantren play a strategic role in instilling moral values, shaping character, and encouraging economic independence among students. Religious values such as honesty, justice, hard work, and social responsibility are essential foundations for fostering an entrepreneurial spirit among students (Sulistianingsih, 2019; Supriyanto et al., 2022). Through strong religious education, students are trained to run businesses based on ethics, manage resources sustainably, and provide social benefits to the surrounding community.

One concrete example of the application of religious-based entrepreneurship is the Fathul Ulum Islamic Boarding School in Jombang, East Java . This Islamic boarding school has successfully integrated religious moral values into its curriculum and student entrepreneurial activities. Students are involved in various types of businesses such as agriculture, animal husbandry, fisheries, cooperatives, sewing services, and other creative endeavors. In addition to acquiring religious and academic knowledge, students also hone managerial, leadership, and business decision-making skills (Supriyanto et al., 2022; Abidin & Prananta, 2019). This approach not only fosters student independence but also has a tangible economic impact on the surrounding community through job creation and strengthening the local economy. The integration of entrepreneurship and religious values in the Islamic boarding school also reflects the concept of entrepreneurship from an Islamic perspective , which emphasizes hard work, honesty, blessings, and social responsibility (Mallongi, 2020; Rosyad, 2019).

From an Islamic perspective, work and entrepreneurship are noble forms of worship, so economic activities must be carried out with due regard for the principles of halal (permissible), justice, and welfare. These religious moral values have been shown to play a crucial role in shaping ethical and long-term entrepreneurial behavior (Hassan, 2022; Ashraf, 2019). Although numerous studies on entrepreneurship in Islamic boarding schools (pesantren) have been conducted, most of these studies focus on managerial aspects, business development strategies, or general models of economic empowerment within Islamic boarding schools. Few studies have systematically and empirically examined the role of religious values in shaping the character and entrepreneurial spirit of Islamic boarding school students, as well as their impact on economic empowerment . Yet, religious values are a key foundation of the Islamic boarding school education system and have significant potential to be a key driver of the success of entrepreneurship programs.

Furthermore, many previous studies have only examined Islamic boarding school entrepreneurship descriptively without integrating a quantitative analysis approach capable of explaining the causal relationship between religious values, entrepreneurship, and the economic improvement of students . As a result, empirical evidence on the real contribution of religious values to the success of student entrepreneurship is still limited. From a contextual perspective, Fathul Ulum Islamic Boarding School in Jombang is an interesting example because it has developed various entrepreneurial activities based on religious values that have an impact on improving the welfare of students and the surrounding community. However, there has been no comprehensive study that uses this Islamic boarding school as a locus of empirical analysis to test the relationship model of religious values and economic empowerment. Therefore, this study is important and urgent to be conducted because it provides a theoretical contribution through the integration of the concepts of religious values, entrepreneurship theory, and economic empowerment in the context of Islamic boarding school education. It fills the gap in empirical studies regarding the influence of religious values on entrepreneurship and the economy of students using a systematic quantitative analysis approach. It provides a practical contribution to the development of a sustainable and values-based model of Islamic boarding school economic empowerment, so that it can be replicated by other Islamic boarding schools in Indonesia.

However, scientific studies linking religious values, entrepreneurship, and the economic empowerment of students in Islamic boarding schools (pesantren) are still relatively limited. Most studies focus more on managerial aspects or general economic development of Islamic boarding schools; few empirically measure the contribution of religious values to student entrepreneurship and its impact on economic empowerment. Yet, a deeper understanding of the interrelationship

between these three aspects is crucial for formulating an inclusive, sustainable, and values-based model for Islamic boarding school economic empowerment.

## **Literature Review**

### **The Concept of Entrepreneurship**

Entrepreneurship is the process of creating value through opportunity identification, resource mobilization, and measured risk-taking (Suryana & Bayu, 2014). The core of entrepreneurship includes creativity, innovation, future orientation, and organizational capabilities (Astamoen, 2005; Hermawan Kartajaya in Suryana & Bayu, 2014). Entrepreneurial characteristics—such as the courage to take risks, fighting spirit, achievement motivation, and leadership skills—are often cited as determining factors for business success (Sunnyoto, 2013; Dhewanto et al., 2015). In modern quantitative research, the construct of entrepreneurship is often measured through indicators of creativity, innovation, risk-taking, and orientation to the market/consumers (Hair et al., 2019). Entrepreneurship at the community level (e.g., Islamic boarding schools) needs to be measured not only in terms of individual capacity but also from the availability of facilities, market access, and institutional support that influence entrepreneurial practices in a collective environment.

### **Islamic Boarding Schools as a Community Education and Economic System**

Islamic boarding schools (pesantren) are traditional/modern Islamic educational institutions that, in addition to religious education, increasingly integrate vocational and entrepreneurial education (Zainuri et al., 2021; Liriwati et al., 2021). The transformation of modern Islamic boarding schools (pesantren) displays a diversification of programs (formal madrasahs, skills training, cooperatives, business units) so that they serve a dual function: moral education and a center for local economic empowerment (Vidiati et al., 2022; Supriyanto et al., 2022). Case studies of several Islamic boarding schools (pesantren) show that entrepreneurship programs can create jobs, increase alumni income, and strengthen local economic networks (Yamani & Faiz, 2022; Ganie & Setiyono, 2019). The context of Islamic boarding schools (pesantren) provides a unique setting where integrated religious values, collective learning, and entrepreneurial practices are worthy of study as a model for religious community-based economic empowerment.

### **Economic Empowerment**

Economic empowerment refers to the process of increasing an individual's/group's capacity to acquire, control, and utilize economic resources to achieve independence (Liriwati et al., 2021). Indicators of economic empowerment often include increased income, financial independence, the ability to generate employment, and access to capital and markets (Rosyad, 2019; Akhmetshin, 2019). Measurement of Islamic boarding school students' economic empowerment should capture the dimensions of personal income, independence, created employment opportunities, and long-term access to economic resources.

### **Religious Values and Entrepreneurship Empowerment: Mechanisms and Empirical Evidence**

Several empirical studies show a positive correlation between religious values and ethical and sustainable entrepreneurial behavior (Ashraf, 2019; Hassan, 2022). Research in the context of Islamic boarding schools (pesantren) has found that values-based education increases students' motivation to become entrepreneurs, and businesses based on these values tend to be sustainable and provide social benefits (Supriyanto et al., 2022; Liriwati et al., 2021). Furthermore, studies on community entrepreneurship indicate that local entrepreneurship can be a primary channel for economic empowerment (Rosyad, 2019; Zainuri et al., 2021).

Analytically, entrepreneurship can act as a mediator that translates the influence of religious values into economic outcomes: religious values in the formation of entrepreneurial ethos and behavior for income generation and independence. Similar mediation evidence has been reported in studies examining the role of entrepreneurial attitudes between cultural/religious values and economic outcomes (Ganie & Setiyono, 2019; Hair et al., 2019 for the PLS-SEM approach). The mediation test (entrepreneurship as a mediator) is relevant and can reveal the mechanism of the influence of religious values on the economic empowerment of Islamic boarding school students. Religious values are a collection of norms, ethics, and principles that shape an individual's moral orientation in economic decision-making (Muhaimin, 1991). In the Islamic context, the concepts of sharia, morality, honesty, and blessing orientation form the ethical foundation of business (Abidin & Prananta, 2019; Ashraf, 2019).

Islamic studies of entrepreneurship emphasize that religious values not only restrict prohibited economic practices but also encourage pro-social behavior, social responsibility, and long-term orientation and business sustainability (Hassan, 2022; Rehan et al., 2019). Religious values can serve as antecedents for entrepreneurial attitudes and ethical business practices, so it is necessary to examine whether the influence of religious values is direct on economic outcomes or operates through mechanisms (e.g., entrepreneurship).

### **Method**

This study employed a quantitative approach with an explanatory research design. This design was used to explain the causal relationship between the variables of religious values, entrepreneurship, and the economic empowerment of Islamic boarding school students. The quantitative approach was chosen because the research focused on testing hypotheses through statistical analysis (Creswell & Creswell, 2018). Explanatory research is appropriate when researchers already have a conceptual framework and want to test the relationships between variables formulated in the hypothesis (Sugiyono, 2017).

The research was conducted at the Fathul Ulum Puton Diwek Islamic Boarding School, Jombang Regency, East Java. This location was chosen purposively because the Islamic boarding school actively integrates entrepreneurship education with Islamic religious values and has various growing student business units. The research subjects were students who participated in the entrepreneurship program at the Islamic boarding school. They were selected because they were directly involved in the economic activities that were the focus of the research. The population of this study included all active students involved in entrepreneurial activities. The sampling technique used proportional random sampling, considering the representation of each Islamic boarding school business unit. The sample size was determined following the formula of Hair et al. (2019) for Partial Least Square (PLS) analysis, which is 10 times the largest number of indicators in one construct. The number of respondents in this study was 120 students. Primary data was collected through a structured questionnaire with a Likert scale of 1–5. This questionnaire covers three main constructs: Religious values: honesty, social responsibility, justice, and blessing orientation (Ashraf, 2019; Muhaimin, 1991), and Entrepreneurship: creativity, risk-taking, future orientation, and innovation (Suryana & Bayu, 2014).

Economic Empowerment of Islamic Boarding School Students: economic independence, increased income, and job creation (Liriwati et al., 2021). In addition, secondary data was obtained through a documentary study of reports on Islamic boarding school entrepreneurial activities. Data were analyzed using Partial Least Square - Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software. This method was chosen because it is able to test direct and indirect

relationships between variables, including the mediating effect of entrepreneurship on the relationship between religious values and the economy of Islamic boarding school students (Hair et al., 2019). The analysis was carried out through the following stages: Outer Model Test : convergent validity, discriminant validity, and construct reliability. Inner Model Test : path coefficient, R-square, and hypothesis testing using bootstrapping. Mediation Test : to see the role of entrepreneurship as an intermediary variable. This study pays attention to the principles of research ethics, including respondent consent, confidentiality of identity, and use of data only for academic purposes (Israel & Hay, 2006).

## Results and Discussion

### Results

The results of this study indicate that religious values are an important foundation in developing the entrepreneurial spirit of Islamic boarding school students , which ultimately has a positive impact on their economic empowerment. The entrepreneurship program integrated with Islamic values at the Fathul Ulum Islamic Boarding School has created a holistic learning environment that not only strengthens spiritual and academic aspects but also equips students with real economic skills. Empirically, these findings support the research of Ashraf (2019) , Supriyanto et al. (2022) , and Liriwati et al. (2021) which states that religious moral values play a role in shaping ethical and productive entrepreneurial behavior. Practically, this shows that Islamic boarding schools have great potential as centers for community-based economic empowerment through the integration of religious education and entrepreneurship.

Religious values and entrepreneurship in the economics of Islamic boarding school students form a strong and significant chain of influence. The integration of religious values into Islamic boarding school entrepreneurship education not only shapes business morality but also increases the economic productivity of the Islamic boarding school community. These findings enrich the literature on *Islamic-based entrepreneurship* within the empirical context of Indonesian Islamic boarding schools, which has previously been relatively limited. Thus, this study confirms previous findings (Ashraf, 2019; Liriwati et al., 2021; Supriyanto et al., 2022) while also providing a new contribution by positioning the mediating role of entrepreneurship within the context of Islamic boarding school economic empowerment.

Variable Relationship	Path Coefficient	Significance	Brief Interpretation
Religious Values → Santri Economy	0.462	$p < 0.05$	Direct positive impact
Religious Values → Entrepreneurship	0.517	$p < 0.05$	Religious values strengthen the entrepreneurial spirit
Entrepreneurship → Santri Economy	0.483	$p < 0.05$	Business activities improve the economy of students
Religious Values → Entrepreneurship → Economy	0.249 (indirect)	$p < 0.05$	Entrepreneurship mediates the relationship between religious and economic values

The path coefficient between religious values and the economics of students is 0.462 ( $p < 0.05$ ) . This means that the higher the internalization of religious values in the lives of students, the better their economic conditions. Religious values shape the work ethic, discipline, and responsibility that support the economic independence of students. The path coefficient between



religious values and entrepreneurship is 0.517 ( $p < 0.05$ ). This shows that Islamic spiritual values encourage students to be more creative, dare to take risks, and oriented towards social benefits. Religious values become the moral foundation in running a business. The path coefficient between entrepreneurship and the economics of students is 0.483 ( $p < 0.05$ ). Entrepreneurial activities have a significant influence on improving the economics of students through the creation of income, employment, and economic independence. The results of the mediation analysis show that entrepreneurship significantly mediates the relationship between religious values and the economics of students, with an indirect effect value of 0.249 ( $p < 0.05$ ). This shows that the influence of religious values on the economy of Islamic boarding school students is not only direct, but also through increasing entrepreneurial activity.

## **Discussion**

### **The Influence of Religious Values on the Economic Empowerment of Islamic Boarding School Students**

The results of the PLS analysis show that religious values have a positive and significant effect on the economic empowerment of students with a path coefficient of 0.462 and a  $p$ -value  $< 0.05$ . This means that the higher the internalization of religious values such as honesty, social responsibility, hard work, and blessing orientation, the higher the level of independence and economic well-being of students. This finding is consistent with Supriyanto et al. (2022) who stated that Islamic values are an important moral foundation for students in running businesses in Islamic boarding schools. Religious values not only serve as ethical guidelines but also strengthen public trust in the products and services offered by students. These results also support Ashraf (2019) and Hassan (2022) who found that religious moral values influence the business orientation of Muslim entrepreneurs, especially in terms of ethical decision-making and business sustainability. In the context of the Fathul Ulum Islamic Boarding School in Jombang, religious values shape the mentality of students to become entrepreneurs honestly, trustworthy, and beneficial to the surrounding community.

### **The Influence of Religious Values on Islamic Boarding School Entrepreneurship**

The path coefficient between religious values and entrepreneurship is 0.517 with a  $p$ -value  $< 0.05$ , indicating a positive and significant effect. This means that internalizing religious values directly increases the enthusiasm, creativity, and courage of students in developing entrepreneurial activities. This finding aligns with Liriwati et al. (2021) who stated that Islamic boarding school-based education significantly contributes to fostering an entrepreneurial spirit through Islamic spiritual values. Furthermore, Rehan et al. (2019) also found that entrepreneurs who internalize religious values have higher levels of leadership and innovation, making them more adaptable to market challenges.

At Fathul Ulum Islamic Boarding School, religious values are an integral part of the entrepreneurship education process. The ustadz and kiai (Islamic teachers) not only teach business techniques but also link every business activity to sharia principles such as honesty (*shidq*), justice (*'adl*), and social responsibility (*mas'uliyah*). This motivates students to create businesses that are not only financially profitable but also bring blessings and social benefits.

### **The Influence of Entrepreneurship on the Economy of Islamic Boarding School Students.**

The test results show that entrepreneurship has a positive and significant effect on the economic well-being of students with a path coefficient of 0.483 and a  $p$ -value  $< 0.05$ . Students who are actively involved in Islamic boarding school business units experience increased economic independence, income, and the ability to create job opportunities. These results support

the research of Akhmetshin (2019) and Rosyad (2019) which shows that community involvement in local entrepreneurial activities can increase household income and strengthen the regional economy. In the context of Islamic boarding schools, Zainuri et al. (2021) also found that students' involvement in entrepreneurship has a significant impact on increasing personal and family income and expanding their socio-economic networks. These findings reinforce the idea that Islamic boarding schools are not only religious educational institutions, but also Community-based economic empowerment centers. Entrepreneurial activities such as agriculture, fisheries, cooperatives, and welding services run by students are important instruments for sustainably improving their well-being.

### **The Role of Entrepreneurship in Mediating Religious Values and the Economy of Islamic Students**

The results of the mediation analysis show that entrepreneurship plays a significant role as a mediating variable in the relationship between religious values and the economic empowerment of Islamic boarding school students. The *indirect effect value* of 0.249 with  $p < 0.05$  indicates that religious values not only have a direct influence on the economic empowerment of Islamic boarding school students, but also indirectly through increased entrepreneurial activity.

These findings reinforce the theoretical model proposed by Hair et al. (2019) regarding the role of mediating variables in causal relationships. Empirically, these results align with research by Ganie & Setiyono (2019), which states that the integration of religious values in entrepreneurship education shapes the work ethic of Islamic students, which then leads to increased economic well-being. Thus, entrepreneurship serves as a crucial bridge connecting religious values with economic achievement, as emphasized in various literature on Islamic entrepreneurship (Ashraf, 2019; Abidin & Prananta, 2019).

### **Conclusion**

This study aims to analyze the contribution of religious values to the economic empowerment of students through entrepreneurship at the Fathul Ulum Islamic Boarding School in Jombang. Based on the analysis and discussion, several important conclusions can be drawn: Religious values have a positive and significant influence on the economic empowerment of Islamic boarding school students. Internalization of Islamic values such as honesty, responsibility, justice, and a blessing orientation has been shown to strengthen the work ethic of Islamic boarding school students and enhance their ability to manage economic resources independently and productively.

Religious values also positively influence the entrepreneurial spirit of students. Religious education combined with entrepreneurial principles encourages students to be more creative, willing to take risks, and oriented toward social benefit and business sustainability. The entrepreneurial activities of Islamic boarding school students have a significant impact on improving their economic well-being. Active involvement in Islamic boarding school business units generates income, creates job opportunities, and strengthens the economic independence of both students and the community surrounding the Islamic boarding school.

Entrepreneurship plays a significant role as a mediating variable between religious values and the economic empowerment of Islamic boarding school students. This means that the influence of religious values on the economic well-being of Islamic boarding school students is not only direct but also operates through increased entrepreneurial activity. This demonstrates the importance of integrating religious values in fostering an entrepreneurial spirit among Islamic boarding school students. Conceptually, this finding enriches the literature on *Islamic entrepreneurship*. with the context of Indonesian Islamic boarding schools, while practically this research shows that Islamic

boarding schools can become centers of education and community economic empowerment through the integration of religious values and entrepreneurship programs.

Thus, strengthening religious values, entrepreneurship education, and institutional support within Islamic boarding schools are strategic keys to improving the independence and economic well-being of students and the surrounding community. This integrative model has the potential to be replicated in other Islamic boarding schools across Indonesia as an effort to empower communities based on Islamic values and economic empowerment.

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