

Resilience of Islamic Boarding Schools: Analyzing the Role of Islamic Social Finance in Mitigating Economic Shocks

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ABSTRACT

This study provides a comprehensive analysis of the role of Islamic social finance in enhancing the economic resilience of Islamic boarding schools during the post-pandemic era. Employing a qualitative multiple-case study design, data were meticulously collected through in-depth interviews, participant observations, and extensive documentary analysis from three preeminent Islamic boarding schools. The findings reveal that Islamic social finance instruments encompassing Zakat, Infaq, Sadaqah, and Waqf (ZISWAF), alongside Islamic boarding schools-led business initiatives, were strategically deployed to mitigate the profound economic shocks precipitated by the COVID-19 pandemic. Three primary mechanisms were identified: financial cushioning during acute operational disruptions, entrepreneurial adaptation through innovative business model restructuring, and community empowerment via targeted socio-economic programs. The synergistic integration of Islamic social finance with Islamic boarding schools' business enterprises was found to be a critical determinant of institutional sustainability, enabling the preservation of educational continuity and the enhancement of community welfare. This study contributes a novel conceptual model of Islamic social finance-mediated resilience, which demonstrates how religiously-grounded financial mechanisms empower traditional institutions to navigate contemporary crises through a strategic fusion of spiritual capital, social networks, and entrepreneurial acumen.

Keywords: Community Empowerment, Economic Shocks, Islamic Boarding Schools Resilience, Islamic Social Finance, ZISWAF.

ABSTRAK

Studi ini memberikan analisis komprehensif mengenai peran keuangan sosial Islam dalam meningkatkan ketahanan ekonomi pesantren, pada era pasca-pandemi. Menggunakan desain studi kasus kualitatif multipel, data dikumpulkan secara teliti melalui wawancara mendalam, pengamatan partisipatif, dan analisis dokumen yang komprehensif dari tiga Pesantren terkemuka. Temuan menunjukkan bahwa instrumen keuangan sosial Islam meliputi zakat, infaq, sadaqah, dan waqf (ZISWAF), serta inisiatif bisnis yang dipimpin pesantren digunakan secara strategis untuk meredam guncangan ekonomi yang parah akibat pandemi COVID-19. Tiga mekanisme utama diidentifikasi: bantalan keuangan selama gangguan operasional akut, adaptasi kewirausahaan melalui restrukturisasi model bisnis inovatif, dan pemberdayaan komunitas melalui program socio-ekonomi yang ditargetkan. Integrasi sinergis keuangan sosial Islam dengan usaha bisnis pesantren ditemukan sebagai faktor penentu kritis keberlanjutan institusional, memungkinkan pemeliharaan kelangsungan pendidikan dan peningkatan kesejahteraan komunitas. Studi ini menyajikan model konseptual baru tentang ketahanan yang dimediasi oleh keuangan sosial Islam, yang menunjukkan bagaimana mekanisme keuangan berbasis agama

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memberdayakan institusi tradisional untuk menghadapi krisis kontemporer melalui fusi strategis antara modal spiritual, jaringan sosial, dan kecakapan kewirausahaan.

Kata kunci: Pemberdayaan Masyarakat, Guncangan Ekonomi, Ketahanan Pesantren, Keuangan Sosial Islam, ZISWAF.

INTRODUCTION

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The COVID-19 pandemic precipitated severe global disruptions across the education sector, forcing institutions at all levels to confront profound operational, financial, and social challenges. Worldwide, nearly 147 million students lost more than half of their in-person learning time between 2020 and 2022, with vulnerable groups facing the highest risk of permanent dropout (World Economic Forum, 2022). The economic crisis triggered by widespread job losses also significantly reduced household income, weakening the ability of families to finance education and contributing to enrollment declines and tuition payment difficulties (Indrawati, 2020). Religious-based educational institutions around the world were disproportionately affected, struggling with heightened financial strain and intensified community welfare needs (Solihin, 2022). These conditions underscored the inadequacy of conventional crisis management approaches and exposed the fragility of education financing systems during prolonged disruptions.

Within the Indonesian context, Islamic boarding schools encountered particularly complex pressures due to their unique position as socio-economic ecosystems that integrate religious education, character building, and community development (Zaki et al., 2020; Anggadwita et al., 2021). Unlike public schools that rely predominantly on government allocations, Islamic boarding schools depend heavily on student contributions and revenue from extensive business enterprises to sustain their operations. The pandemic sharply reduced parental contributions, disrupted Islamic boarding schools business activities, and simultaneously increased demands for social assistance from economically affected surrounding communities (Mailizar et al., 2020; Thoyib & Baharun, 2023). As a result, Islamic boarding schools were required to maintain educational continuity and support community welfare while facing acute instability and limited external policy support. This combination of factors highlights an urgent need to examine how Islamic boarding schools navigated this crisis and what mechanisms enabled them to preserve institutional resilience amid systemic shocks.

Recent research has begun to examine the adaptive responses of Islamic boarding schools to the pandemic, although with a limited focus on the specific mechanisms of economic resilience. Existing research has highlighted educational adaptations, such as the integration of digital technology in *salaf* (traditional) Islamic boarding schools through programs like “*live ngaos kitab kuning*” (live streaming of classical Islamic texts), and the formidable leadership challenges encountered during the crisis (Baidowi et al., 2021; Hanafi et al., 2021). Other studies have explored the pivotal role of Islamic boarding schools in community economic empowerment during normative periods and their utilization of social finance instruments like Zakat, Infaq, Sadaqah, and Waqf (ZISWAF) (Rahmatika & Fanani, 2020; Razak & Abduh, 2022). However, a significant lacuna persists in the literature regarding the strategic deployment of Islamic Social Finance (ISF) to mitigate economic shocks during the pandemic’s acute phase and the subsequent recovery period (Sudrajat, 2023).

This study addresses this critical gap by investigating how three major East Javanese Islamic boarding schools leveraged ISF instruments to maintain operational continuity, support their surrounding communities, and adapt their economic models. The purpose of this research is threefold. First, it aims to examine how Islamic boarding schools perceived and experienced the economic impacts of the COVID-19 pandemic. Second, it seeks to identify the specific Islamic Social Finance (ISF) mechanisms that were mobilized to mitigate these economic pressures. Third, it investigates how the integration

of ISF instruments with Islamic boarding schools' business enterprises contributed to strengthening institutional resilience and supporting sustainable post-pandemic recovery.

The novelty of this research lies in its systematic examination of the resilience capacity generated at the nexus of religious social finance, Islamic education, and community-based entrepreneurship during a period of extended crisis. By focusing on the post-pandemic era, this study provides critical insights into sustainable recovery models that are deeply grounded in local wisdom and religious financial ethics, offering a valuable framework for other institutions facing similar systemic disruptions.

LITERATURE REVIEW

Institutional Resilience and Islamic Social Finance

Institutional resilience is defined as the capacity of an organization to anticipate, prepare for, respond to, and adapt to both incremental changes and sudden disruptions in order to survive and prosper (Koronis & Ponis, 2018; Nakrošis et al., 2022). The COVID-19 pandemic starkly revealed the limitations of conventional, bureaucratic crisis management approaches, underscoring the imperative for more adaptive, flexible, and context-sensitive strategies (Cedergren & Hassel, 2024). As noted by crisis management scholars, navigating such systemic shocks requires democratic structures, not bureaucratic ones, and movement away from conventional wisdom to flexible approaches (Gherghina et al., 2022). This perspective aligns with the concept of adaptive capacity, which emphasizes the ability of institutions to transform their operational structures and strategies in response to external pressures (Berman et al., 2012; Scharte & Thoma, 2024).

Islamic Social Finance (ISF) provides a unique theoretical lens through which to analyze this adaptive capacity. ISF encompasses a suite of Sharia-compliant financial instruments and institutions designed to achieve socio-economic development through wealth redistribution, poverty alleviation, and community empowerment (Cattelan, 2019; Jouti, 2019). Core ISF instruments include zakat (obligatory alms), infaq and sadaqah (voluntary charity), and waqf (perpetual endowments) (Hussin & Razak, 2024). Contemporary implementations have expanded to include Islamic microfinance, social enterprises, and cooperative models that integrate religious philanthropy with sustainable business principles (Kuanova et al., 2021; Widiastuti et al., 2022; Izzetillah et al., 2024). The theoretical underpinnings of ISF, rooted in principles of mutual cooperation (*takaful*), public interest (*maslahah*), and holistic well-being (*falah*), offer a powerful alternative to purely market-driven financial models, particularly in times of crisis (Abdullah, 2018).

Islamic Boarding Schools as Socio-Economic Ecosystems

Islamic boarding schools represent unique and deeply embedded socio-economic ecosystems within Indonesian society. Historically, they have functioned not merely as educational centers but as hubs for community development, addressing both the spiritual and material needs of their constituents (Herliana et al., 2017). To achieve financial self-sufficiency (*kemandirian ekonomi*), Islamic boarding schools typically operate a diverse array of business enterprises. These ventures not only generate operational income but also provide vocational training for students (*santri*) and create economic opportunities for the surrounding community (Zaki et al., 2020).

Prior to the pandemic, the economic prowess of these institutions was already gaining recognition. Formalized business entities such as Islamic boarding schools, business holding, one Islamic boarding school's one product, and Islamic boarding schools' *sarekat* business cooperative were emerging, particularly in East Java (Thoyib & Baharun, 2023). For instance, research on Islamic Boarding School Sunan Drajat documented extensive economic empowerment programs evaluated through the CIPP (Context, Input, Process, Product) model, demonstrating tangible improvements in community welfare (Rahmatika & Fanani, 2020). Similarly, studies of Islamic Boarding School in Sidogiri revealed a sophisticated model of social entrepreneurship executed through a network of

business units, including cooperatives, financial institutions, and publishing enterprises (Syaputra, 2024).

Pandemic Impacts and Conceptual Gaps

The communal living arrangements, close physical interactions, and integrated economic activities that define Islamic boarding schools made them exceptionally vulnerable to the disruptions of the COVID-19 pandemic (Buchori & Setyawan, 2024). While government schools shifted to online learning, Islamic boarding schools were often overlooked in initial policy formulations, forcing them to devise their own adaptive strategies (Hanafi et al., 2021). This period also catalyzed significant technological adaptation, with even traditionally conservative Islamic boarding schools implementing digital solutions to maintain educational continuity.

Despite this growing body of research, significant conceptual gaps remain. First, there is a lack of systematic analysis on the strategic integration of ISF with business enterprises as a resilience mechanism during prolonged crises. Second, few studies have comparatively analyzed the adaptive strategies across different Islamic boarding school models (i.e., traditional, modern, and integrated). Finally, the post-pandemic recovery phase remains understudied, particularly concerning the development of sustainable economic models that incorporate the lessons learned from the crisis. This research addresses these gaps by developing a comprehensive framework to analyze how ISF instruments were strategically deployed to mitigate economic shocks and build recovery capacity.

RESEARCH METHODS

This study employed a qualitative multiple-case study design to conduct an in-depth exploration and comparison of the resilience strategies of three prominent Islamic boarding schools in East Java, Indonesia. The research was conducted between January and June 2024, focusing on the post-pandemic adaptation and recovery period. Three Islamic boarding schools were purposively chosen as representative case studies, each reflecting a distinct operational model with substantial economic activities. Darussalam Gontor Modern Islamic Boarding School represents the modern (*khalaf*) Islamic boarding schools model, characterized by an integrated religious-general education curriculum, extensive commercial enterprises, and a broad national network of alumni and branches (Firmansyah, 2024; Setiawan & Armina, 2024). Sidogiri Islamic Boarding School exemplifies a hybrid system that combines traditional (*salaf*) religious instruction with an advanced and diversified ecosystem of business units and social entrepreneurship initiatives. Meanwhile, Sunan Drajat Islamic Boarding School illustrates a strongly community-oriented approach, recognized for its documented achievements in community economic empowerment programs that have significantly improved local living conditions.

A multi-method data collection approach was employed to ensure triangulation and deepen contextual insights. The study conducted 24 semi-structured in-depth interviews, eight at each Islamic boarding school, with diverse stakeholders, including Islamic clerics, principals, business unit managers, ISF administrators, teachers, and students (*santri*). Additionally, 15 participant observation visits were carried out to directly observe business operations, ISF distribution practices, educational processes, and community engagement. Complementing these primary sources, extensive document analysis was performed, reviewing financial statements, business unit records, ISF implementation guidelines, strategic development plans, and institutional annual reports covering the period from 2019 to 2024.

Data analysis followed a thematic analysis approach, utilizing both deductive coding derived from theoretical frameworks (e.g., Institutional Resilience Theory, CIPP model) and inductive coding to identify emergent themes directly from the data. This iterative process allowed for the development of a nuanced and empirically grounded understanding of the phenomena under investigation. Research approval was secured

from all relevant institutional review boards, and informed consent was obtained from all participants prior to data collection. To protect institutional and individual privacy, anonymity and confidentiality were strictly maintained through the use of pseudonyms and the omission of specific identifying details in the final report.

RESULTS

Economic Impacts of the Pandemic on Islamic Boarding Schools' Operations

All three Islamic boarding schools experienced significant economic disruptions, although the specific manifestations varied. Darussalam Gontor Modern Islamic Boarding School faced substantial declines in student payment capacity, a direct consequence of the economic contraction affecting families. Sidogiri Islamic Boarding School reported major disruptions to its extensive business network, including decreased sales in its cooperative outlets and the temporary closure of several enterprises. Sunan Drajat Islamic boarding school experienced a surge in demand for social support from surrounding communities while simultaneously facing its own resource constraints. A cross-case analysis revealed three common challenge domains.

During the pandemic, Islamic boarding schools encountered notable financial pressures (Solihin, 2022). Reduced parental contributions, combined with declining business revenues, generated significant operational financing strains. At the same time, rising economic hardship among local communities sharply increased the demand for social assistance. Additionally, the implementation of health protocols and rapid digital transformation required substantial unplanned expenditures, further intensifying budgetary challenges.

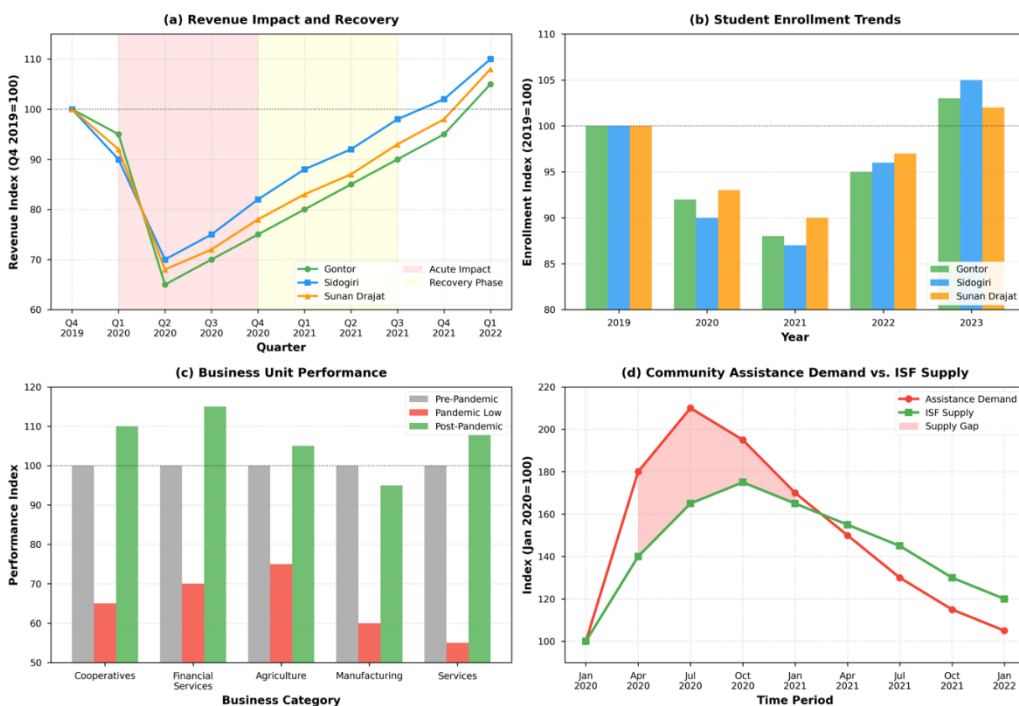


Figure 1. Economic Impact and Recovery Metrics Across Islamic Boarding Schools

Figure 1 illustrates the quantifiable economic impacts on revenue and enrollment, as well as the performance of business units and the gap between community assistance demand and ISF supply during the pandemic. The figure provides a comprehensive visualization of the multifaceted economic impacts experienced by the three Islamic boarding schools throughout the pandemic period. Panel (a) demonstrates the revenue trajectories, revealing that all institutions experienced their nadir in Q2 2020, with revenue indices plummeting to between 65%-70% of pre-pandemic levels. Notably, Sidogiri Islamic Boarding School exhibited the most robust recovery trajectory, surpassing pre-

pandemic revenue levels by Q1 2022, which can be attributed to its diversified business portfolio and sophisticated financial management systems (Raimi et al., 2014; Haneef et al., 2015). Panel (b) illustrates enrollment trends, showing that while all Islamic boarding schools experienced initial declines in 2020, the recovery patterns varied, with Sidogiri Islamic Boarding School achieving the strongest rebound by 2023. Panel (c) reveals differential impacts across business categories, with service-oriented enterprises suffering the most severe contractions (45% decline) while agricultural ventures demonstrated greater resilience (25% decline), highlighting the protective value of diversification into essential sectors. Most critically, panel (d) exposes a persistent supply-demand gap in community assistance, where demand surged to 210% of baseline levels during the acute phase while ISF supply could only reach 175%, creating a 35-point deficit that necessitated strategic prioritization and innovative resource mobilization strategies.

Islamic Social Finance Mobilization Strategies

The Islamic boarding schools strategically mobilized a range of ISF instruments to counter these economic shocks. These strategies are visualized in the timeline below.

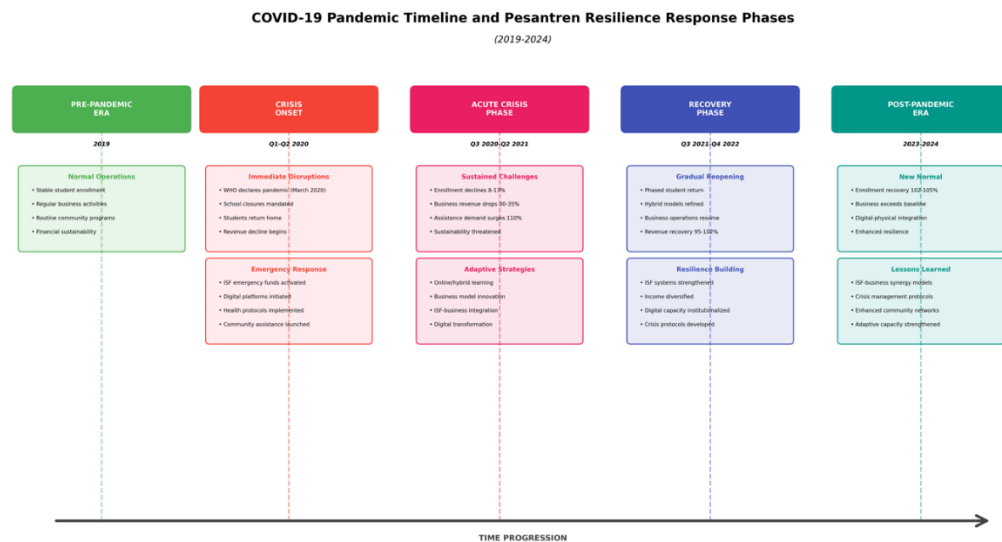


Figure 2. Pandemic Timeline and Islamic Boarding Schools Resilience Response Phases

Figure 2 delineates the temporal evolution of the pandemic’s impact and the corresponding adaptive strategies deployed by Islamic boarding schools across five distinct phases. The pre-pandemic period (2019) established the baseline of normal operations characterized by stable enrollment, regular business activities, and routine community programs. The crisis onset in early 2020 triggered immediate disruptions, including mandatory school closures in March 2020 and the mass return of students to their homes, precipitating acute revenue declines. The Islamic boarding schools’ emergency response was swift, activating ISF emergency funds, initiating digital transformation, and implementing comprehensive health protocols. During the acute phase (Q3 2020-Q2 2021), the institutions confronted sustained operational challenges, including enrolment declines, business disruptions, and surging assistance demands, which they countered through adaptive strategies such as online learning implementation, business model innovation, and the strategic integration of ISF with business operations. The recovery phase (Q3 2021-Q4 2022) witnessed gradual reopening with phased student returns, hybrid learning models, and business recovery, accompanied by deliberate resilience-building efforts, including strengthened ISF systems, diversified income streams, and enhanced digital capacity. Finally, the post-pandemic era (2023-2024) represents a “new normal” characterized by sustained enrollment recovery, improved business performance, and the institutionalization of innovations, with critical lessons

learned regarding ISF-business synergy models, crisis management protocols, and enhanced community networks that position these institutions for greater resilience in future disruptions (Hassanain, 2015).

All three institutions leveraged zakat for targeted assistance. Sidogiri Islamic Boarding School, through its financial institutions BMT Maslahah and BPRS UMMU Sidogiri, established a program for student families, distributing staple foods and educational support. Sunan Drajat Islamic Boarding School focused its zakat distribution on surrounding communities, achieving documented improvements in living standards. Waqf assets provided a critical source of stable, independent revenue. Gontor Islamic Boarding School developed a cash waqf program specifically for technology infrastructure, enabling its rapid digital transformation. Sidogiri Islamic Boarding School utilized its existing productive waqf assets (agricultural land and property rentals) to generate revenue that provided a crucial financial cushion when other income sources faltered. Based on the findings, all institutions reported a significant increase in voluntary infaq and sadaqah collections, which they attributed to heightened religious consciousness and community solidarity during the crisis. These funds were channeled into flexible emergency response funds to address urgent needs, including healthcare, sanitation, and micro-capital for affected family businesses (Fedro et al., 2019).

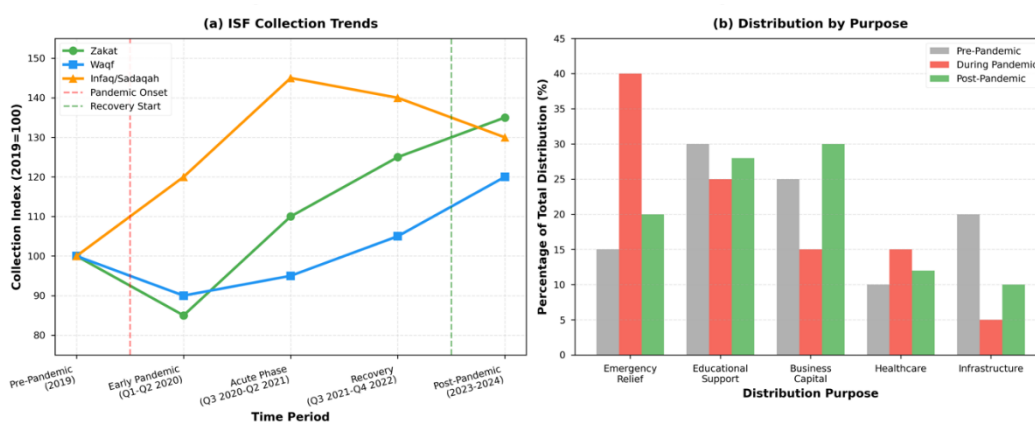


Figure 3. ISF Mobilization and Distribution Patterns During Pandemic

Figure 3 reveals critical insights into the counter-cyclical nature of ISF mobilization during the pandemic. Panel (a) demonstrates that while zakat collections experienced an initial 15% decline during the early pandemic phase due to economic contraction, they subsequently rebounded to 135% of pre-pandemic levels by the post-pandemic era, reflecting both economic recovery and heightened religious consciousness. Waqf collections exhibited remarkable stability, declining only minimally to 90% before recovering to 120%, underscoring the enduring nature of endowment commitments even during economic hardship. Most strikingly, infaq and sadaqah collections surged to 145% during the acute phase, demonstrating the powerful role of voluntary charitable giving as a spontaneous community response to crisis, driven by heightened solidarity and religious motivation. Panel (b) illustrates a dramatic reallocation of ISF resources in response to shifting needs: emergency relief, which constituted only 15% of pre-pandemic distributions, surged to 40% during the pandemic as institutions prioritized immediate survival needs, while business capital allocations declined from 25% to 15% as risk aversion increased. In the post-pandemic period, a strategic rebalancing occurred, with business capital allocations rising to 30% exceeding pre-pandemic levels, reflecting a deliberate emphasis on economic reconstruction and entrepreneurial capacity building as the foundation for long-term resilience rather than continued dependency on emergency assistance (Pinto, 2023).

Integration of ISF with Islamic Boarding Schools Business Enterprises

The most profound resilience mechanism observed was the sophisticated integration of ISF instruments with Islamic boarding schools-owned business operations. This synergy created a virtuous cycle of economic and social value creation. Table 1 summarizes the ISF-Business model.

Table 1. ISF-Business Integration Models in Case Study

Islamic Boarding Schools Model	Key ISF Instrument	Business Integration Strategy	Primary Resilience Outcome
Gontor Modern Islamic Boarding School	<i>Qard Hassan</i> (Benevolent Loans)	Student Venture Capital and Alumni Network	Maintained educational continuity and fostered entrepreneurial spirit.
Sidogiri Islamic Boarding School	Zakat, Waqf	Cooperative Network and Financial Institutions	Diversified revenue streams and provided emergency liquidity to the network.
Sunan Drajat Islamic Boarding School	Infaq, Sadaqah	Community-Based Enterprises & Microfinance	Sustained community welfare and facilitated local business adaptation.

Islamic Boarding School Sidogiri’s approach exemplifies this integration. Its network of business entities, including Kopontren Sidogiri, Pustaka Sidogiri, BMT Maslahah, BMT UGT Sidogiri, and BPRS UMMU Sidogiri, coordinated to redirect resources toward critical needs (BAZNAS, 2021; Pinto, 2023). BMT Maslahah, for example, provided emergency liquidity support to struggling small businesses within the Islamic boarding schools’ economic network, preventing widespread enterprise failure.

Beyond institutional survival, the Islamic boarding schools leveraged ISF to support broader community economic resilience. Sunan Drajat Islamic Boarding School expanded its empowerment program to include digital marketing training for local artisans, coupled with microfinancing through ISF channels to facilitate business model adaptation in the new digital marketplace (Sokal & Trudel, 2023).

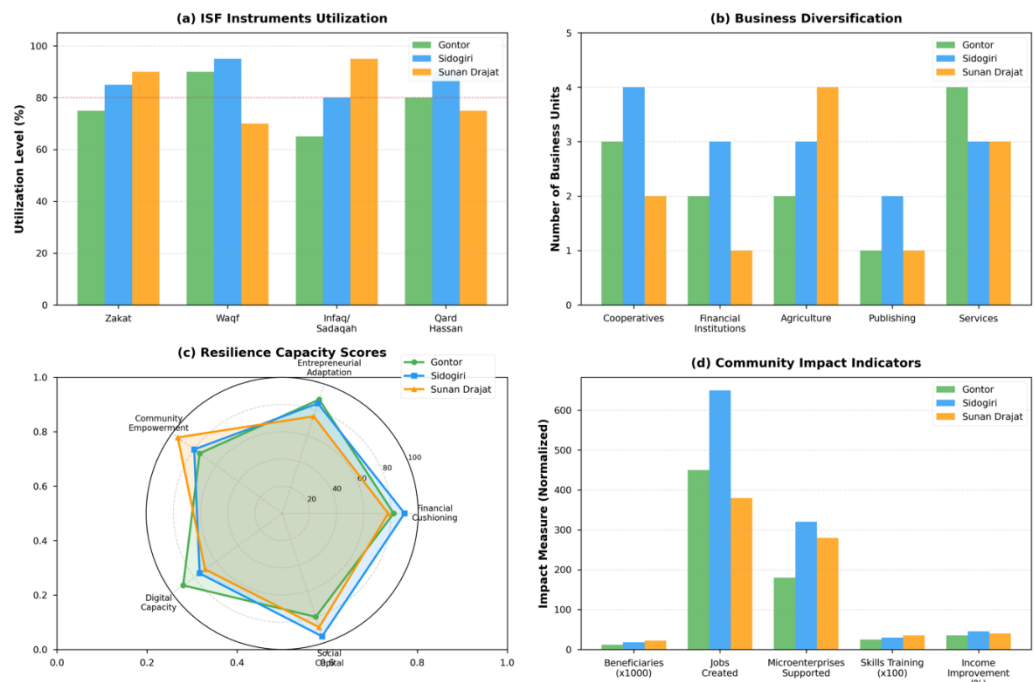


Figure 4. Comparative Analysis of Three Islamic Boarding Schools Models

Figure 4 provides a comprehensive comparative analysis that illuminates the distinctive resilience strategies of the three Islamic boarding school models. Panel (a)

reveals differentiated patterns in ISF instrument utilization: Sunan Drajat demonstrates the highest zakat utilization (90%) and infaq/sadaqah mobilization (95%), reflecting its strong community-oriented mission and deep embeddedness in local social networks, while Sidogiri leads in waqf utilization (95%) and *qard hassan* deployment (90%), indicative of its sophisticated institutional financial architecture and long-term sustainability orientation. Panel (b) illustrates business diversification strategies, with Sidogiri Islamic Boarding School maintaining the most diversified portfolio across all categories, particularly excelling in financial institutions (3 units) and cooperatives (4 units), which provided critical cross-subsidization capacity during the crisis. Panel (c) employs a radar chart to visualize resilience capacity scores across five dimensions, revealing that each Islamic boarding schools exhibits distinctive strengths: Gontor Modern Islamic Boarding School achieves the highest digital capacity (90) due to its modern educational philosophy and early technology adoption, Sidogiri Islamic Boarding School demonstrates superior social capital (95) cultivated through decades of community economic engagement, and Sunan Drajat Islamic Boarding School excels in community empowerment (95) through its intensive grassroots programs. Panel (d) quantifies community impact indicators, showing that while Sunan Drajat Islamic Boarding School reaches the largest number of direct beneficiaries (22,000) and provides the most extensive skills training (3,500 participants), Sidogiri Islamic Boarding School generates the most employment (650 jobs) and achieves the highest income improvement rates (45%) through its integrated business ecosystem, demonstrating that different institutional models can achieve significant but qualitatively distinct forms of community impact based on their operational philosophies and resource configurations (Babbar & Gupta, 2022).

The study further reveals how the spiritual and ethical dimensions of ISF instruments created distinctive resilience advantages. The religious obligation of zakat and the philanthropic spirit driving sadaqah generated more predictable and counter-cyclical resource flows during the crisis, contrasting sharply with the pro-cyclical nature of conventional financial markets (Mahsusi et al., 2024). The ethical restrictions on ISF utilization ensured that funds were targeted toward genuine needs rather than speculative activities, reinforcing social trust and institutional legitimacy.

The cases demonstrate viable models for leveraging ISF in sustainable recovery strategies. Sidogiri Islamic Boarding School network of socially-oriented businesses provides a powerful template for creating resilient economic ecosystems that combine market efficiency with social protection. The documented success of these enterprises in maintaining operations and fulfilling their social missions during the crisis offers important lessons for community economic development in uncertain environments. Similarly, Sunan Drajat Islamic Boarding School empowerment approach demonstrates how educational institutions can function as hubs for local economic resilience through skills development, entrepreneurial incubation, and strategic resource redistribution (Fauzi et al., 2022; Mahsusi et al., 2024). Their experience suggests that the integration of moral education with economic empowerment creates a powerful formula for sustainable community development.

Based on these findings, this research proposes a conceptual model of ISF-Mediated Resilience, depicted in Figure 5. This framework posits that the strategic integration of ISF instruments with Islamic boarding schools' business enterprises, amplified by contextual factors like spiritual capital and social trust, creates a robust system for navigating economic shocks and fostering sustainable recovery.

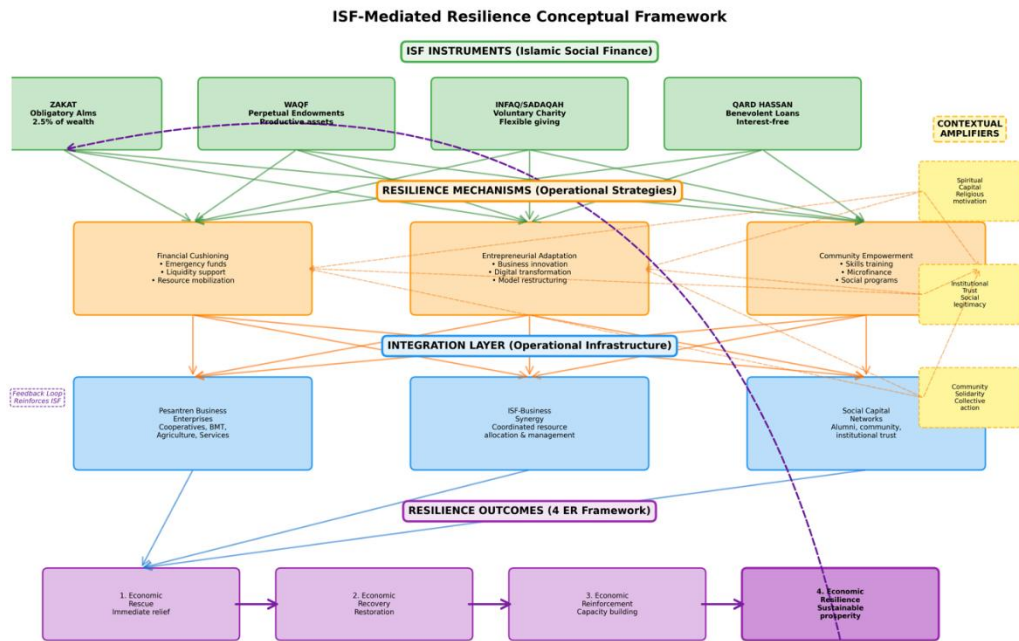


Figure 5. ISF-Mediated Resilience Conceptual Framework

Figure 5 presents the ISF-Mediated Resilience conceptual framework, which synthesizes the empirical findings into a comprehensive theoretical model explaining how Islamic boarding schools navigated the pandemic crisis. The framework begins with four core ISF instruments zakat (obligatory alms), waqf (endowments), infaq/sadaqah (voluntary charity), and *qard hassan* (benevolent loans) which flow into three critical resilience mechanisms: financial cushioning provides immediate resource mobilization during economic contraction, entrepreneurial adaptation enables business model innovation and operational flexibility, and community empowerment builds long-term capacity through skills development and social capital strengthening (Anggadwita et al., 2021; Ritonga, 2025). These mechanisms are channeled through an integration layer comprising Islamic boarding schools, business enterprises, ISF-business synergy, and social capital networks, which serve as the operational infrastructure translating financial resources into tangible resilience outcomes.

The framework posits a hierarchical progression of resilience outcomes following the 4 ER model: economic rescue addresses immediate survival needs, economic recovery restores pre-crisis operational capacity, economic reinforcement strengthens institutional capabilities beyond baseline levels, and economic resilience establishes sustainable prosperity with enhanced adaptive capacity for future shocks. Critically, the entire system operates within and is amplified by contextual factors unique to Islamic boarding schools: spiritual capital (religious motivation and ethical frameworks), institutional trust (accumulated social legitimacy), and community solidarity (collective action capacity) (Fedro et al., 2019). The feedback loop from economic resilience back to ISF instruments represents the virtuous cycle whereby successful resilience outcomes generate increased community confidence and willingness to contribute to ISF systems, thereby strengthening the resource base for future crisis response and creating a self-reinforcing system of community-based economic security.

DISCUSSION

The findings reveal that Islamic boarding schools demonstrated notable institutional resilience by mobilizing Islamic Social Finance (ISF) as a counter-cyclical mechanism to mitigate the economic shocks generated by the COVID-19 pandemic. This aligns with

theoretical perspectives stating that resilient institutions possess the capability to anticipate, respond, and adapt to disruptions through flexible and contextually grounded strategies (Koronis & Ponis, 2018; Nakrošis et al., 2022). While prior studies on institutional resilience have largely focused on public-sector organizations and corporate institutions operating within formal governance structures, this study extends these frameworks to faith-based educational institutions, demonstrating that Islamic boarding schools exhibit comparable adaptive capacities despite operating in resource-constrained and informal settings. Consistent with arguments advocating adaptive rather than bureaucratic approaches to crisis management (Gherghina et al., 2022; Cedergren & Hassel, 2024). The Islamic boarding schools in this study rapidly instituted emergency responses, integrated digital transformation, and reconfigured financial flows to sustain operations. Their adaptive strategies demonstrate the operational significance of institutional transformation as highlighted by Berman et al. (2012) and Scharte and Thoma (2024), who argue that adaptive capacity is central to organizational continuity during extreme disruption.

The empirical findings further reinforce the theoretical proposition that ISF functions as a resilience-enhancing financial ecosystem. ISF's role in wealth redistribution, social protection, and community empowerment proved particularly decisive in addressing urgent needs during the pandemic (Cattelan, 2019; Jouti, 2019). Unlike much of the existing literature that examines Islamic social finance at the macro or institutional-zakat authority level, this study provides micro-level evidence showing how Islamic boarding schools directly internalize ISF mechanisms as operational tools to absorb economic shocks. The substantial rebound in zakat and the surge in infaq/sadaqah collections reflect not only increased religiosity during crisis but also strong social trust, supporting Abdullah's (2018) argument that ISF offers a values-based alternative to market-centric crisis responses. Likewise, the relative stability of waqf revenue supports Hussin and Razak's (2024) contention that endowment-based funding constitutes a long-term financial buffer. The Islamic boarding schools' strategic reallocation of ISF toward emergency relief and later toward entrepreneurial recovery illustrates the dynamic application of ISF to sustain both immediate survival and long-term resilience.

The study also contributes conceptually by demonstrating that Islamic boarding schools operate as socio-economic ecosystems rather than merely educational institutions. Echoing Herliana et al. (2017) and Zaki et al. (2020), Islamic boarding schools leveraged business enterprises not only as revenue sources but also as platforms for community empowerment. The resilience of diversified business networks, particularly at Sidogiri Islamic Boarding School, supports earlier documentation of Islamic boarding schools-based social entrepreneurship models and empowerment programs such as One Islamic boarding schools One Product and CIPP-evaluated initiatives at Sunan Drajat (Rahmatika & Fanani, 2020; Thoyib & Baharun, 2023; Syaputra, 2024). Moreover, the differentiated recovery trajectories highlight variation across traditional, modern, and integrated Islamic boarding school models, underscoring the need for comparative institutional analysis, an area previously identified as understudied (Hanafi et al., 2021; Buchori & Setyawan, 2024).

The Islamic boarding schools' strategic reallocation of ISF toward emergency relief and subsequent entrepreneurial recovery highlights the dynamic application of ISF, illustrating its dual function in ensuring short-term survival and strengthening long-term institutional resilience. Based on these findings, several policy recommendations emerge that the government and financial authorities should formally recognize and support ISF-based resilience models, creating regulatory sandboxes and incentives for the integration of ISF and social entrepreneurship. Islamic boarding schools and other community-based organizations should focus on building diversified, productive waqf portfolios to ensure long-term financial sustainability and reduce reliance on external funding. Development agencies and philanthropies should partner with Islamic boarding schools to scale up community empowerment programs, leveraging the institutions' deep social capital and trusted status.

CONCLUSION

The COVID-19 pandemic served as a profound stress test for institutions globally, and Indonesian Islamic boarding schools were no exception. This study demonstrates that the strategic mobilization and integration of Islamic social finance were pivotal to their economic resilience. By leveraging a unique combination of financial instruments (ZISWAF), entrepreneurial ventures, and deep-seated social and spiritual capital, the case study Islamic boarding schools were able to not only weather the economic storm but also strengthen their capacity for future crises and deepen their commitment to community welfare. The ISF-mediated resilience model that emerges from this research offers a powerful paradigm for how traditional, faith-based institutions can navigate the complexities of the modern world. It underscores that resilience is not merely about financial survival, but about the ability to adapt, innovate, and transform challenges into opportunities for growth and social impact. As the world continues to grapple with uncertainty, the lessons from these East Javanese Islamic boarding schools provide a compelling blueprint for building more inclusive, equitable, and resilient communities.

This study is subject to several limitations that should be acknowledged. First, the qualitative multi-case research design, involving only three Islamic boarding school in East Java, restricts the generalizability of the findings beyond the specific regional and institutional contexts examined. Second, reliance on interview-based and document-based qualitative data introduces the possibility of subjective interpretation and reporting bias, while the absence of quantitative performance indicators limits the precision of measuring economic impact and recovery outcomes. Third, the study focused primarily on the post-pandemic adaptation period, without incorporating longitudinal assessment to evaluate the long-term sustainability of the strategies implemented. Future research should broaden the institutional sample to include Islamic boarding schools from different regions and operational models, incorporate mixed-method or quantitative financial analysis to strengthen empirical validation, and conduct comparative or longitudinal studies to examine resilience trajectories across time and contexts.

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