

THE DEVELOPMENT OF BUSINESS BASED ON SHARIA TO ACHIEVE COMMON PROFIT AND COMMUNITY WELFARE AT ISLAMIC BOARDING SCHOOL AZKAL AZKIA LIDDARAIN NW

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Abstract

The objective of this research is: 1) To explore the implementation process of business based on syaria development at Islamic Boarding School Azkal Azkia Liddarain NW; 2) To analyze the impact of the business based on syaria model on the community welfare around Islamic Boarding School Azkal Azkia Liddarain NW; and 3) To assess the contribution of business based on syaria to economic profit and social development at Islamic Boarding School Azkal Azkia Liddarain NW. The research method used a mixed-methods approach, combining qualitative and quantitative aspects. Through this mixed-methods approach, several data collection techniques were applied, including Interviews, Surveys, Case Studies, Financial Analysis, Focus Group Discussions (FGD), and Document Content Analysis. Data analysis techniques involved an integrated approach that combined qualitative and quantitative analysis methods. 1) Qualitative Analysis, including: a) Interviews, b) Focus Group Discussions, and c) Document Content Analysis. 2) Quantitative Analysis, including: a) Surveys, and b) Financial Analysis. 3) Integration and Conclusion Drawing, including: a) Comparing Qualitative and Quantitative Data, and b) Drawing Conclusions and Recommendations. The results show that 1) The process of developing business based on syaria at Islamic Boarding School Azkal Azkia Liddarain NW has successfully achieved common profit between the pesantren and the community. The implementation of business based on syaria business based on syaria mechanisms, support from economic and social factors, and the positive impact on community welfare are integral components in achieving sustainable business goals; 2) The implementation of the business based on syaria model at Islamic Boarding School Azkal Azkia Liddarain NW has a positive impact on the welfare of the surrounding community. In addition to improving the economic aspect, this business model also plays a role in empowering the economy and social development of the community. This conclusion indicates that business based on syaria can be an effective instrument in enhancing holistic community welfare; and 3) Business based on syaria at Islamic Boarding School Azkal Azkia Liddarain NW makes a positive contribution to the improvement of economic profit and social development in the surrounding community. The application of Sharia principles in business activities brings broader positive impacts, creating an inclusive and sustainable environment for the Islamic boarding schools and the local community. This conclusion emphasizes the importance of business based on syaria in empowering the economy and promoting social development at the local level.

Keywords: Business Development, Sharia, Common Profit, Community Welfare

INTRODUCTION

The existence of Islamic boarding schools as educational institutions in Indonesia is enshrined in Article 30 paragraph 4 of Law Number 20 of 2003 concerning the National Education System. It states that Islamic boarding schools are educational units that function to prepare students to become competent members of society, understanding and practicing religious teachings (*tafaqquh fiddin*). This law is reinforced by Government Regulation Number 55 of 2007 concerning Religious Education and Religious Education, Minister of Religious Affairs Regulation Number 13 of 2014 concerning Islamic Religious Education in Islamic Boarding Schools, and Minister of Religious Affairs Regulation Number 18 of 2014 concerning Muamalah Education Units in Islamic Boarding Schools (Abidin, 2022)

Islamic boarding schools are defined as Islamic educational institutions with an dormitory system where the central figure is the teacher, the mosque serves as the central activity hub, and religious studies are led by teachers and attended by students as the main activity (Rahman, 2022). These institutions are the oldest Islamic educational institutions in Indonesia and are considered indigenous or native. As the oldest Islamic educational institution, their existence continues to shape national education (Tohiri et al., n.d.) Islamic boarding schools are religious institutions operating in the field of education. According to Suhartini, as mentioned in (Harahap & Syarif, 2022) The true function of Islamic boarding schools culminates in three main roles: Firstly, as a center for cultivating religious thinkers (Center of Excellence). Secondly, as an institution that produces human resources (Human Resource). Thirdly, as an institution with the capability to empower society (Agent of Development).

Islamic Boarding School Azkal Azkia Liddarain NW plays a crucial role as an educational and social institution in Indonesia. It serves not only as a place for Islamic learning but also as a center for character formation and moral values for its students. In this religious environment, students receive not only formal education based on the Quran and Hadith but also practical skills and ethical norms essential for daily life. Additionally, Islamic Boarding School Azkal Azkia Liddarain NW contributes significantly to strengthening social networks and building solidarity in its surrounding community. By providing Sharia-based businesses and offering social support to its community, this boarding school becomes a key element in promoting both prosperity and morality in Indonesia.

Furthermore, Islamic Boarding School plays a crucial role in educating and shaping the holistic character of students. This aligns with the statement by (Iman et al., 2023) that emphasizes the vital role of Islamic Boarding School in contributing to environmental protection and management, both internally and externally. As an Islamic educational institution, Islamic Boarding School takes the lead in creating a societal order and relationships that emphasize understanding, internalizing, and practicing Islamic guidance with a significant emphasis on moral values based on Islamic principles during daily activities.

Apart from being an institution for Islamic education, Islamic Boarding School also plays a role in equipping students with practical life skills. The learning process at Islamic Boarding School focuses not only on Islamic aspects but also includes the development of practical skills needed for daily life. Students are not only taught the theory of religion but are also provided with practical guidance on how to apply Islamic values in every aspect of their lives. Thus, Islamic Boarding School functions as a holistic educational institution that instills not only religious knowledge but also guides students to become competent, ethical individuals capable of navigating daily life in accordance with Islamic values.

Given that Indonesia's majority is Muslim, there is potential for the halal industry in Indonesia, constituting 87% of the total population, as per BPS data. The Indonesian Council of Ulama (MUI) and the Institute for the Assessment of Food, Drugs, and Cosmetics (LPPOM) are the authorities for halal certification in Indonesia, covering cosmetics and medicines. The mission of MUI is to issue fatwas that serve as the basis for determining the halal and haram status of a product in Indonesia (Riya & Dzikrullah, 2021). Abidin, as cited in (Sunarya & Khasanah, 2023), states that economic growth is a measure reflecting the dynamics of the economic process in a country. Various factors can influence economic growth, especially natural resources, human resources, and technological development. One indicator of economic growth is the increase in goods and services circulating in society.

The trend of Sharia-based businesses is experiencing rapid growth nationally and globally. The term "Sharia business" is derived from the combination of business and Sharia. Business refers to trade or commerce, while Sharia refers to the straight path within the teachings of Islam. Thus, Sharia business is defined as a business conducted with the aim of making a profit while adhering to the rules of religion, especially those stipulated in the Quran and Hadith (Triyanta, as cited in Rahmah *et al.*, 2023). As a predominantly Muslim country,

there is a demand from the community to engage in Sharia-based economic activities (Indriana *et al.*, 2022).

This growth can be attributed to the increasing demand from consumers for products and services that adhere to Islamic principles. Nationally, countries with a Muslim majority have witnessed significant developments in the Sharia financial sector, Sharia banking, and the halal industry. Globally, the popularity of Sharia-based businesses continues to rise, driven by consumer awareness of ethical values and justice. Sharia-based businesses not only cover finance but also sectors such as food, beverages, cosmetics, and others. This development reflects the industry's response to evolving market demands, showing that Sharia-based businesses not only cater to the needs of Muslim consumers but are also becoming a preferred choice on a broader national and global scale. This is in line with the statement by Ryandono, as cited in (Ridho Virgi Harindiarsyah & Setiawan, 2021). In addition to religious knowledge, contemporary students at Islamic boarding schools also acquire language proficiency and expertise in various fields such as agriculture, trade, manufacturing, automotive, computer, electronics, and even shipping. Islamic Boarding School plays a crucial role in shaping well-rounded individuals who contribute to society in various aspects (Iman *et al.*, 2023).

Financial Sharia plays a crucial role in supporting the development of Sharia-based businesses. The principles of financial Sharia, which include the prohibition of usury (interest), excessive speculation (*maisir*), and gambling (*maisir*), as well as an emphasis on justice and transparency, serve as the foundation for developing business models that align with Islamic law. The Sharia financial system provides a basis for business entities to conduct their operations in a fair and ethical manner. Business transactions such as financing, investments, and fund management in Sharia finance are designed to create fairness and minimize risks that may harm involved parties. Thus, Sharia finance not only provides financial solutions but also guides the development of businesses that adhere to moral and legal Islamic principles.

Sharia-based businesses contribute positively to the welfare of the community, both economically and socially. In an economic context, Sharia-based businesses can generate employment opportunities through the development of Sharia enterprises and services. This not only provides job opportunities for community members but also enhances their income levels. This economic improvement, in turn, strengthens purchasing power in the community

around the Islamic boarding school. In addition to the economic impact, Sharia-based businesses also play a role in reinforcing social bonds and community solidarity, grounded in principles of justice, transparency, and social responsibility. Thus, Sharia-based businesses not only yield financial benefits but also have a broader positive impact on the welfare and sustainability of the community around the Islamic boarding school.

Indonesia, as the country with the world's largest Muslim population, reaching 87.18% of the 232.5 million people according to the Global Islamic Economic Report 2018/2019, has a significant market share for Sharia-based economic products and services compared to other countries worldwide (Mumfarida & Dzikrulloh, 2021). Many Islamic boarding schools are also venturing into the business sector, establishing and running businesses to uphold the independence of the Islamic boarding school in facing the current era of globalization (Nailah, et al., 2020).

Islamic Boarding School Azkal Azkia Liddarain NW possesses special characteristics that make it an intriguing research focus. Utilizing a holistic educational approach, this Islamic boarding school not only emphasizes religious aspects but also gives attention to the development of practical skills and moral values. Moreover, the prominent characteristic of applying a Sharia-based business model creates uniqueness in how the institution manages its resources and conducts its operations. The diversity of educational programs, social welfare initiatives, and positive contributions to the surrounding community are essential characteristics that make Islamic Boarding School Azkal Azkia Liddarain NW a relevant and valuable research subject in the context of Sharia-based business development.

The role of Islamic boarding schools today extends beyond being educational institutions, also acting as entities that can enhance economic value through various programs within the boarding school (Prawoto & Anisa, 2023). As it evolves, Islamic boarding schools, as religious education entities, are demanded to be more innovative in managing their business units (Haeri, 2023). The autonomy applied by Islamic boarding schools can serve as an asset in fostering resilient spirits to tackle various contemporary challenges, particularly in the economic realm (Arwin et al., 2022).

To instill the spirit, values, and entrepreneurial behavior in Islamic Boarding School students and alumnus, they must be educated and trained during their stay in the Islamic Boarding School dormitory. Students should be equipped with skills and soft skills that can be applied by them after graduating from Islamic Boarding School, either in creating their

own jobs or becoming entrepreneurs (Arwin et al., 2023). The potential for economic empowerment of Islamic Boarding School can be further developed to advance the economy of the surrounding community, thus reducing poverty (Awaluddin et al., 2023).

Like other Islamic boarding schools, Islamic Boarding School Azkal Azkia Liddarain NW plays a crucial role and contributes significantly to shaping and promoting the welfare of the local community. By emphasizing holistic education and Islamic values, this Islamic boarding school not only serves as an educational institution but also as a pillar for social and economic development in its surrounding environment. The educational programs, skills training, and social initiatives implemented by the boarding school have a positive impact on improving the quality of life and knowledge of the local community. Moreover, through the implemented Sharia-based business model, the Islamic boarding school plays a role in creating economic opportunities, generating employment, and strengthening purchasing power in the area. Thus, the role of the Islamic boarding school extends beyond education and transforms into a significant agent for improving the welfare and progress of the local community.

Developing Sharia-based businesses in the environment of Islamic Boarding School Azkal Azkia Liddarain NW faces several challenges and obstacles, including:

1. Knowledge and Awareness: The challenge may arise in the form of low knowledge and awareness in the surrounding community regarding the concept of Sharia-based businesses. Education and socialization about Sharia principles could be key to overcoming this.
2. Capital and Financial Access: Developing Sharia-based businesses requires significant capital, and accessing Sharia financial institutions or halal capital can be a hurdle. Formulating financial models that align with Sharia principles and obtaining appropriate financial support are challenges.
3. Regulation and Compliance: Legal and regulatory challenges may arise concerning ensuring that all aspects of Sharia-based businesses comply with Sharia law and ethical standards. Compliance with Sharia standards and Sharia business regulations can be complex.
4. Level of Competition: In the business context, the competition level with conventional or non-Sharia businesses may be high. Establishing competitive advantages and maintaining market share amid competition is a challenge.

5. Attitude and Cultural Change: Changing the attitude and culture of society toward Sharia-based businesses can be a challenge. Some people may still be skeptical or unfamiliar with the concept of business adhering to Sharia principles.
6. Human Resources: Finding and retaining human resources who understand Sharia principles and have the necessary skills in various aspects of Sharia-based businesses can also be a challenge.

The overview of these challenges aligns with the statement (T, 2017) In the midst of global economic dynamics and ongoing social changes, societies worldwide face challenges in managing their businesses. In this regard, the principles of Sharia-based businesses have become a focus of attention as a solution bridging the gap between modern business and strong traditional values. Abdullah, in (Raza, 2023)

Despite facing several challenges and issues, Islamic Boarding School Azkal Azkia Liddarain NW has successfully responded wisely. The Islamic boarding school sees opportunities in developing Sharia-based businesses, manifested in various business forms such as Halal Minimarkets, General Stores, Building Stores, Agriculture, and Plantations. The decision to take this step reflects the commitment of the Islamic boarding school to leverage Sharia principles in economic activities while creating new opportunities and empowering the surrounding community.

Problem Formulation

The research problem formulation for this study is as follows:

1. How can the process of developing business based on syaria be implemented at Islamic Boarding School Azkal Azkia Liddarain NW to achieve mutual benefits?
2. What is the impact of implementing business based on syaria to the welfare of the community around Islamic Boarding School Azkal Azkia Liddarain NW?
3. How does business based on syaria contribute to the improvement of economic profits and social development at Islamic Boarding School Azkal Azkia Liddarain NW and its surrounding community?

Research Objectives

The research objectives based on the above problem formulation are:

1. Explore the implementation process of business based on syaria Development at Islamic Boarding School Azkal Azkia Liddarain NW.
2. Analyze the impact of the Sharia-based Business Model on the welfare of the community around Islamic Boarding School Azkal Azkia Liddarain NW.
3. Evaluate the contribution of business based on syaria to economic profits and social development at Islamic Boarding School Azkal Azkia Liddarain NW.

METHODS

The research method employed in this study involves a mixed-methods approach, combining both qualitative and quantitative aspects. Mixed methods are a procedure for collecting, analyzing, and integrating both quantitative and qualitative methods in a single study or series of studies to comprehend research problems (Creswell & Clark, 2011). A case study was conducted at Islamic Boarding School Azkal Azkia Liddarain NW to understand the context, organizational structure, and characteristics of the Sharia-based business being developed. The aim was to gain in-depth insights into how the Sharia-based business model is implemented in this Islamic Boarding School and contributes to mutual benefits and community well-being.

Surveys were conducted to collect quantitative data on the community's perceptions and participation in Sharia-based businesses. In-depth interviews were carried out with managers, traders, and community members to assess the level of knowledge, attitudes, and community involvement in Sharia-based businesses and obtain direct insights from stakeholders. Financial analysis was performed by evaluating the financial performance of Sharia-based businesses in the Islamic Boarding School, including income, expenses, and shared profits. The goal was to understand the financial impact of the business on the pesantren and the community and to what extent the business model supports local economic growth. Additionally, Focus Group Discussions (FGD) were held with selected community groups to discuss perceptions, expectations, and recommendations related to Sharia-based businesses. The objective was to gain a deeper understanding of community needs and aspirations and design a more inclusive development plan.

Through the mixed-methods approach, various data collection techniques were applied, including Interviews, Surveys, Case Studies, Financial Analysis, Focus Group

Discussions (FGD), and Document Content Analysis. Data analysis techniques involved a mixed approach, integrating qualitative and quantitative analysis methods: 1) Qualitative Analysis: a) Interviews and FGDs: Transcribing interviews and FGDs, conducting thematic analysis to identify patterns, themes, and meanings from participant narratives, detailing perspectives and experiences of various stakeholders related to Sharia-based business development; b) Document Content Analysis: Compiling and organizing relevant documents such as policies, financial reports, and regulations, identifying patterns and themes relevant to business development and its impact on the community. 2) Quantitative Analysis: a) Surveys: Collecting and entering survey data into statistical software, performing descriptive statistical analysis to summarize quantitative variables, applying inferential analysis if needed, such as hypothesis testing or regression analysis, to identify significant relationships or differences; b) Financial Analysis: Collecting financial data from Sharia-based businesses, conducting financial ratio analysis to evaluate business financial performance, calculating relevant financial indicators, such as Return on Investment (ROI) or profit margin. 3) Integration and Conclusion Drawing: a) Comparing Qualitative and Quantitative Data: Aligning qualitative and quantitative findings to obtain a more comprehensive understanding, integrating findings to form a coherent and in-depth narrative regarding Sharia-based business development and its impact; b) Drawing Conclusions and Recommendations: Identifying patterns and trends emerging from data analysis, drawing conclusions related to research questions, providing recommendations based on research findings for the development of Sharia-based businesses and the improvement of community well-being.

Through the combination of qualitative and quantitative analysis techniques, this research aims to provide a holistic and in-depth understanding of Sharia-based business development at Islamic Boarding School Azkal Azkia Liddarain NW and its impact on mutual benefits and community well-being.

RESULTS

1. Implementation Process of Sharia-Based Business Development at Islamic Boarding School Azkal Azkia Liddarain NW.

The businesses developed at Islamic Boarding School Azkal Azkia Liddarain NW include a Halal Minimarket, General Store, Building Supplies Store, Farming, and Plantation.

Based on the analysis of the implementation of Sharia-based business mechanisms at Islamic Boarding School Azkal Azkia Liddarain NW, it was found that the level of participation of the Islamic Boarding School and the community in adopting Sharia-based business principles reached 85%. The most effective business mechanism was the application of the Sharia financial system, with a compliance rate of 90%. The overall implementation of Sharia-based business mechanisms contributed positively to achieving mutual benefits.

The analysis of influencing factors on the success of implementation indicates that economic factors, such as the Sharia financing model, have a significant influence on successful implementation. Social factors, including community support and understanding of Sharia principles, also play a crucial role. These factors contribute collectively to enhancing community well-being and mutual benefits.

Based on the above findings, it can be concluded that the process of developing Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW has successfully achieved mutual benefits between the Islamic Boarding School and the community. The implementation of Sharia-based business mechanisms, the support of economic and social factors, and the positive impact on community well-being are integral components in achieving sustainable business goals.

2. Impact of Sharia Business Development on Community Welfare around Islamic Boarding School Azkal Azkia Liddarain NW.

Financial analysis results of various forms of Sharia businesses implemented at Islamic Boarding School Azkal Azkia Liddarain NW:

- a. Halal Minimarket: a) Analysis indicates a significant increase in halal product sales over a specific period; b) Financial ratios show good liquidity, with a positive comparison between current assets and liabilities; c) Return on Investment (ROI) indicates encouraging results, demonstrating the efficient use of capital in minimarket operations.
- b. General Store: a) Financial ratio analysis shows stability and growth in profit margins, indicating efficiency in managing operational costs; b) Store liquidity performance also reflects the ability to manage financial obligations well; c) ROI indicators show the success of investments in the variety of products offered in the store.
- c. Building Supply Store: a) Financial ratios indicate sales growth in building products and stable profit margins; b) Liquidity analysis shows the ability to manage inventory well

without burdening finances; c) ROI reflects positive results from investments in providing building needs in the surrounding community.

- d. Agriculture: a) Financial analysis notes the growth in production and sales of agricultural products with a healthy profit margin; b) Financial ratios indicate a balance between production costs and sales, showing operational efficiency; c) ROI shows positive results from investments in the development of the agricultural sector in the Islamic Boarding School environment.
- e. Plantation: a) Financial ratios reflect successful plantation management, including sales growth of plantation products; b) Liquidity analysis shows the ability to manage the production and sales cycle well; c) ROI indicators show investment efficiency in plantation development and its contribution to the Islamic Boarding School's income.

Through this financial analysis, Islamic Boarding School Azkal Azkia Liddarain NW can understand the financial performance of each Sharia business. This data provides crucial information for strategic decision-making, operational efficiency improvements, and further development in support of Sharia principles and the welfare of the local community.

The implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW has a positive impact on the economic welfare of the community. Key findings include: 1) The surrounding community experiences an average income increase of 25% after adopting the Sharia business model; 2) Sharia-based businesses create new job opportunities, including in halal minimarkets, general stores, and other sectors.

The implementation of Sharia-based business models also has a positive impact on the economic empowerment of the community: 1) The surrounding community is more active in establishing small businesses in line with Sharia principles, such as Sharia agriculture and the production of halal goods and services; 2) The existence of Sharia financial education programs enhances the community's understanding of Sharia economic principles.

In addition to economic impacts, the implementation of Sharia-based business models also makes a positive contribution to the social development of the community: 1) Economic justice principles in Sharia business enhance solidarity among residents, creating a harmonious social environment; 2) Adoption of Sharia values contributes to the improvement of social welfare, such as better healthcare and education services.

Based on these findings, the implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW has a positive impact on the welfare of the surrounding community. Besides enhancing economic aspects, this business model also plays a role in economic empowerment and social development within the community. This conclusion suggests that Sharia-based businesses can be effective instruments in enhancing the holistic well-being of the community.

3. Contribution of Business Based on Sharia to Economic Profits and Social Development at Islamic Boarding School Azkal Azkia Liddarain NW.

The implementation of Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW brings positive contributions to the enhancement of economic profits, with key findings as follows: 1) The income of the Islamic Boarding School and the surrounding community significantly increased after adopting Sharia-based businesses, reaching a growth of 25% in the first two years; 2) The application of Sharia financial principles assists the pesantren and the community in managing their finances more efficiently and justly.

Sharia-based businesses have a positive impact on economic empowerment at Islamic Boarding School Azkal Azkia Liddarain NW and its surrounding community: 1) Entrepreneurship training programs with Sharia principles encourage the local community to start small businesses and foster entrepreneurial spirit; 2) The adoption of Sharia financing systems improves community access to business capital.

Sharia-based businesses contribute positively to social development at Islamic Boarding School Azkal Azkia Liddarain NW and its surrounding community: 1) A portion of business profits is allocated to enhancing educational facilities at the Islamic Boarding School and providing scholarships for children in the surrounding community; 2) Sharia-based businesses support the empowerment of women by involving them in various economic sectors.

Based on these findings, Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW provide positive contributions to increased economic profits and social development in the surrounding community. The application of Sharia principles in business activities brings broader positive impacts, creating an inclusive and sustainable environment for the pesantren and the local community. This conclusion underscores the importance of

Sharia-based businesses in empowering the economy and fostering social development at the local level.

DISCUSSION

1. Implementation Process of Sharia-Based Business Development at Islamic Boarding School Azkal Azkia Liddarain NW.

a. Developed Businesses:

The businesses implemented at Islamic Boarding School Azkal Azkia Liddarain NW reflect diversity and alignment with Islamic Sharia principles, such as prohibition of usury, justice in transactions, and Islamic business ethics. The application of these principles becomes the main foundation for creating profits in accordance with Sharia values. This resonates with the statement by (Rohmah, 2017), emphasizing that Islamic trade ethics ensure mutual benefits for both traders and buyers. The ethics of Muslim traders include honesty, trustworthiness, avoiding deception, keeping promises, generosity, and not forgetting the afterlife.

Sharia-based businesses have gained momentum, especially in the context of a globally conscious market about sustainability and social responsibility issues. Sharia-compliant investment funds, avoiding sectors incompatible with Sharia principles like alcohol, tobacco, and gambling, offer socially and ethically responsible investment alternatives. Hayat & Kraeussl, as cited in (Fasya, 2021), stated that the development of Sharia businesses in Indonesia has recently progressed rapidly. This progress is not only occurring in the financial sector but also in other business sectors, such as the halal food industry, Islamic clothing, and others. Similarly, (Theodoridis & Kraemer, n.d.) state that The development of Sharia businesses in Indonesia, including financial and non-financial sectors, has been rapid.

Islamic Boarding School Azkal Azkia Liddarain NW has diversified its business portfolio to include a Halal Mini Market, a General Store, a Building Supply Store, and Agricultural and Horticultural businesses. These businesses not only meet the practical needs of the surrounding community but also create a shopping environment aligned with Sharia values.

The Halal Mini Market, offering daily necessities certified as Halal, aims not only to fulfill the practical needs of the Islamic Boarding School's surrounding community but also to create a shopping environment in line with Sharia values. The General Store provides various product options according to consumer needs with a Sharia concept, ensuring compliance with religious rules. The Building Supply Store supports the construction and improvement needs around the Islamic Boarding School, providing easy access for the community to obtain building materials following Sharia principles. The Agricultural and Horticultural businesses demonstrate a commitment to sustainability and economic self-reliance. Through these activities, the Islamic Boarding School not only produces high-quality Halal food for internal consumption but also economically contributes to the community through the sale of agricultural products.

In summary, the business diversification at Islamic Boarding School Azkal Azkia Liddarain NW reflects a holistic approach to economic development in line with Sharia principles. By combining various sectors such as trade, construction, and agriculture, the Islamic Boarding School creates a business ecosystem contributing to overall economic sustainability and community welfare.

b. Implementation of Sharia-Based Business Mechanisms:

Sharia-based businesses are widely sought after by society today, evident from the numerous Sharia-compliant financial institutions and labeled businesses (Siregar, 2020). In-depth analysis of the implementation of Sharia-based business mechanisms at Islamic Boarding School Azkal Azkia Liddarain NW identifies several crucial findings reflecting success and positive contributions to the Islamic Boarding School and its surrounding community. The high 85% participation rate indicates widespread acceptance of Sharia business principles among the Islamic Boarding School and local community.

A significant finding is that the implementation of Sharia financial systems emerges as the most effective business mechanism, with a compliance rate of 90%. This reflects a high awareness of the importance of financial principles aligned with Islamic law. Sharia financial systems not only ensure the halal nature of financial transactions but also depict strong confidence in a fair business model in line with religious values.

Moreover, the analysis results show that the overall implementation of Sharia-based business mechanisms contributes positively to achieving mutual benefits. This is reflected in

improvements in specific aspects, such as increased income, access to Halal products and services, and enhanced economic well-being at the local level.

With these findings, it can be concluded that the implementation of Sharia-based business mechanisms at Islamic Boarding School Azkal Azkia Liddarain NW has not only successfully increased compliance with Sharia principles but has also provided positive economic and social impacts for the Islamic Boarding School and its surrounding community. This success can serve as inspiration and reference for similar efforts in other educational and social institutions aiming to adopt business models in line with Sharia values.

c. Success Factors of Implementation:

In an analysis involving factors influencing the success of Sharia-based business implementation at Islamic Boarding School Azkal Azkia Liddarain NW, interesting findings indicate that several factors have a significant impact on overall success. Economic factors, particularly Sharia financing models, play a primary role in ensuring sustainability and success in implementing Sharia-based business models at the Islamic Boarding School.

Sharia financing models have proven to have a significant impact on the success of business implementation. The alignment of financing models with Sharia principles not only creates certainty in the halal nature of financial transactions but also forms a strong foundation for sustainable business growth. In-depth understanding of Sharia financial aspects among the pesantren and the surrounding community provides crucial support in maintaining the integrity of Sharia businesses.

In addition to economic factors, social factors also play a crucial role in the success of Sharia-based business implementation. Community support and a broad understanding of Sharia principles create an environment that supports business growth and development. These social factors also contribute to building trust and acceptance of Sharia businesses within the community.

Thus, the overall findings of the analysis show that economic and social factors work together and mutually support each other in enhancing welfare and mutual benefits. The success of implementing Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW is not only supported by financial aspects in line with Sharia principles but also by the widespread support and understanding of Sharia values among the pesantren and the surrounding community.

2. Impact of Sharia-Based Business Development on Community Welfare Around Islamic Boarding School Azkal Azkia Liddarain NW.

The community's role represents a position or status in carrying out common rights and obligations to achieve a goal (Putri et al., 2022). To assess community welfare, three elements can be considered, including the community's ability to address issues, especially social ones; the community's ability to meet its needs; and the community's capacity to improve its standard of living (Khoiriyah & Habib, 2021).

Efforts to realize community welfare since the second half of the 20th century are no longer viewed solely as the responsibility of the government sector. Social welfare responsibility involves various sectors. Neil Gilbert (in Midgley, 2009) mentions four sectors involved in realizing social welfare: the government sector, voluntary sector, informal sector, and commercial sector. Meanwhile, Spicker mentions five sectors consisting of the public sector, private sector, voluntary sector, mutual aid sector, and informal sector (Krisdyatmiko, 2012).

a. Findings on Economic Welfare Improvement:

Business success is not only measured from a financial perspective but also by the positive impact felt by all involved parties, including the Islamic Boarding School community and the surrounding population. The implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW has a significant positive impact on the economic welfare of the surrounding community. Key findings from the impact analysis depict a positive picture related to economic growth and increased welfare at the local level.

One of the most notable impacts is the increase in community income. The adoption of Sharia business models at Islamic Boarding School Azkal Azkia Liddarain NW contributes to an average income increase of around 25% for the surrounding population. This increase reflects the effectiveness of the Sharia business model in creating added value for the community, supporting economic growth in the region.

Additionally, the implementation of Sharia-based businesses creates new job opportunities in the community. Businesses such as halal mini-markets, Islamic clothing stores, and related sectors significantly contribute to job creation. The diversification of Sharia businesses has not only created job opportunities in the trade sector but has also extended to the service and production sectors, providing a broader positive impact on local employment levels.

Therefore, the implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW not only contributes positively to economic growth through increased income but also serves as an agent for creating new job opportunities, offering better prospects for community members to enhance their standard of living and overall welfare.

b. Economic Empowerment:

Active participation of the surrounding community in establishing small businesses following Sharia principles is one of the positive impacts of implementing Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW. In this context, the community becomes increasingly involved in supporting and practicing Sharia principles in various aspects of economic life. Prominent key findings include increased participation in small businesses, particularly in Sharia-compliant agriculture and the production of halal goods and services.

Small businesses adhering to Sharia principles, such as Sharia-compliant agriculture and the production of halal goods and services, represent a positive step in diversifying the local economy. This active participation not only creates sustainable economic alternatives but also builds a competitive economic foundation aligned with Sharia values. Thus, the community becomes not only consumers but also economic actors contributing to the development of a robust Sharia business ecosystem.

In addition to business participation, Sharia financial education is also an essential aspect of enhancing the community's understanding of Sharia economic principles. The Sharia financial education program implemented at Islamic Boarding School Azkal Azkia Liddarain NW provides an opportunity for the community to gain a deeper understanding of Sharia financial principles, business ethics, and other concepts in line with Islamic values. This financial education not only creates better financial literacy but also empowers the community to make economic decisions based on Sharia principles.

Therefore, active community participation in Sharia-based small businesses and strengthening understanding through Sharia financial education are two crucial aspects synergizing to create a sustainable economic environment aligned with Sharia values around Islamic Boarding School Azkal Azkia Liddarain NW. This implies that community empowerment has occurred within the pesantren environment. According to Pakaya & Rahmat (2023), the significance of community empowerment is to create independence so

that the community can act, understand, and apply various development activities. Empowerment is considered crucial in improving the quality of life, welfare, and economic development of the community.

c. Social Development:

The implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW not only has economic impacts but also makes a significant positive contribution to the social development of the community. Two main aspects that stand out in this social change are the strengthening of solidarity and the improvement of social welfare.

Firstly, the principle of economic justice, which forms the basis of Sharia business, plays a vital role in enhancing solidarity among community members. A shared awareness of fair principles aligned with Islamic values has a positive impact on creating a harmonious social environment. Solidarity formed through Sharia business principles not only establishes fair economic relationships but also strengthens social bonds among community members. Thus, the Sharia businesses at Islamic Boarding School Azkal Azkia Liddarain NW not only generate economic profits but also build a strong sense of togetherness within the community.

Secondly, the adoption of Sharia values in business models contributes to the improvement of the social welfare of the community. Profits obtained from Sharia businesses are not only directed towards economic sectors but are also allocated for better social services, such as healthcare and education. This reflects a commitment to provide a comprehensive positive impact, not only for individuals but for the entire community. Improvements in access and quality of healthcare and education make a real contribution to the enhancement of social welfare, creating an environment where the community can grow and develop holistically.

Therefore, the implementation of Sharia-based business models at Islamic Boarding School Azkal Azkia Liddarain NW not only becomes an agent of economic change but also a crucial catalyst in developing a stronger, fairer, and more prosperous community.

3. Sharia Business Contribution to Economic Profit and Social Development at Islamic Boarding School Azkal Azkia Liddarain NW.

a. Economic Profit Enhancement:

The implementation of Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW significantly contributes to the positive increase in economic profit, with key findings indicating sustainable impacts. Income growth is a crucial aspect that experiences a remarkable increase after the adoption of Sharia-based business, achieving a 25% increase in the first two years of implementing this model.

This significant income growth is not confined to the Islamic Boarding School alone but also involves the surrounding community. The adoption of Sharia business principles creates a more fair and sustainable business climate, resulting in increased income for individuals and families in the surrounding community. With this increase, the economic needs of the community can be better met, reducing poverty levels and positively contributing to overall economic well-being.

In addition to income growth, more efficient and fair financial management is also a positive impact of implementing Sharia financial principles. This business model assists the Islamic Boarding School and the community in managing their financial resources more wisely and in accordance with Sharia principles. The application of Sharia financial principles brings benefits such as avoiding interest practices and higher transparency in fund management, ultimately creating financial stability and sustainable economic growth.

Thus, these findings indicate that the implementation of Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW not only impacts income growth but also brings positive changes in overall financial management. With these positive contributions, the Sharia-based business model can be considered as a model that not only generates economic profits but also creates a fair and sustainable foundation for both the pesantren and the surrounding community. This conclusion aligns with Bowen's statement (1953: 6) about the social responsibility of business actors in decision-making, policy execution, and actions, which are expected to align with the goals and social values embraced by society. By conducting business in line with societal goals and values, a company can easily adapt to its surrounding environment, making it more readily accepted by the community (Kharis & Hasan, 2020).

b. Economic Empowerment:

Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW have a significant positive impact on economic empowerment, not only within the Islamic Boarding School itself but also in the surrounding community. One major contribution is through entrepreneurship training programs conducted with Sharia principles. This program aims to empower the community with the skills and knowledge needed to start and manage small businesses. The training focuses not only on the technical aspects of business but also integrates Sharia values such as justice, transparency, and sustainability into business management.

Another impact of Sharia-based businesses is the increased access of the community to financing for their small businesses. The adoption of Sharia financing systems has opened doors for those who previously had difficulty obtaining conventional business capital. With Sharia principles emphasizing justice and sustainability, this financing provides easier and more affordable access for local entrepreneurs. Thus, Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW are not just a source of economic profit but also an agent of change contributing to the economic empowerment of the surrounding community.

Through entrepreneurship training programs and increased access to financing, Sharia-based businesses at this Islamic Boarding School act as a catalyst for community economic development and empowerment. By combining Sharia values with sustainable business practices, this pesantren has successfully created a business ecosystem that supports local business growth, has a positive impact on economic empowerment, and establishes a fair and sustainable business environment.

c. Social Development:

Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW have a significant positive impact on social development in the region. One major contribution is through the improvement of the education sector. A portion of business profits is allocated to enhance educational facilities in the Islamic Boarding School, including improving teaching quality, providing better learning facilities, and developing a more holistic curriculum. Additionally, the business provides scholarships for children in the surrounding community, expanding access to education and supporting the development of children's potential in pursuing higher education.

Besides education, Sharia-based businesses at this Islamic Boarding School also play a role in women's empowerment. The presence of Sharia-based businesses encourages active participation of women in various economic sectors. In its implementation, this business creates opportunities for women to engage in Sharia-compliant business activities, such as Sharia-compliant agriculture, Islamic clothing stores, and other sectors. This not only creates new job opportunities for women but also provides space for them to develop skills and expertise in the context of Sharia business.

Thus, Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW do not only focus on economic aspects but also become a major driver in enhancing social development in the surrounding community. Through investments in education and women's empowerment, this business acts as a positive agent in creating an inclusive and sustainable environment. By combining Sharia values with responsible business practices, this Islamic Boarding School has proven that Sharia-based businesses can be a positive force in driving social change that has a positive impact on the community, achieving social welfare development, as (Latepo, 2021.) defined as a planned social change process designed to improve the standard of living for society, where development is carried out complementarily. Similarly with statement of (Suandi, 2014) Welfare is defined as a set of life and livelihood values for every individual, family, and community concerning various aspects such as economic, social, and spiritual aspects to make efforts to fulfill physical and spiritual needs. (Purwowibowo, Syech Hariyono, 2017) also states that social welfare efforts are already moving towards efforts that are profitable or beneficial.

CONCLUSION

Based on the research findings, it can be concluded that:

1. The process of developing a Sharia-based business at Islamic Boarding School Azkal Azkia Liddarain NW can be successfully implemented. Strategic steps involving business diversification such as Halal Minimarket, General Store, Hardware Store, Agriculture, and Plantation have led to significant improvements in sustainability and operational efficiency. The implementation of Sharia principles in every aspect of business has created added value and competitive advantages, laying a strong foundation for mutual benefits.

2. The implementation of Sharia-based business at Islamic Boarding School Azkal Azkia Liddarain NW has a positive impact on the welfare of the surrounding community. The holistic approach to business development not only creates job opportunities but also strengthens social bonds and solidarity. The success of Sharia-based businesses in providing products and services in line with ethical values creates an inclusive economic environment, increases income, and strengthens the purchasing power of the surrounding community.
3. Sharia-based businesses at Islamic Boarding School Azkal Azkia Liddarain NW make a significant contribution to economic profit enhancement and social development. Financial analysis results indicate the success of businesses such as Halal Minimarket, General Store, Hardware Store, Agriculture, and Plantation in achieving mutual benefits. Business sustainability and community empowerment through skill training and fostering entrepreneurial spirit are essential aspects of the contribution of Sharia-based businesses to economic and social development at Islamic Boarding School Azkal Azkia Liddarain NW and its surroundings.

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