

Research Paper

Halal Value Chain in the Holding Business: The Experience of Islamic-based School (Pesantren) in Indonesia

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ABSTRACT

This study constitutes a novel concept that provides a complete analysis of the holding business at an Islamic-based school (Pesantren) and the halal value chain. The halal value chain provides a standard for sharia-compliant production, distribution, or consumption activities. This case study was based in Pesantren Al-Rifa'ie, addressed in Malang East Java Indonesia. This study collected data through interviews, contract data, SOP, financial statements, BMT reports, and observation. The data were analyzed using the heuristic case study. The results showed that the holding business at Pesantren Al-Rifa'ie was in the form of a cooperative since it combines business units. The cooperative has funding, financing, and BMT activities. BMT is profit-oriented through establishing business units. Business units supporting the halal value chain were husbandry, bus rentals, and One Pesantren One Product (OPOP) starting from the input, process, and output. This research strengthens the New Institutional Theory and provides insight into the need for technical requirements to establish the company holding in Pesantren.

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Introduction

Indonesian Muslims make up a significant portion of the world's Muslim population, accounting for 12.7% of all Muslims. Hence they become the largest

consumers of international halal products (Ahla et al., 2020). The concept of halal comes from sharia law in the Qur'an referring to food and drink (Amir & Tjibtosubroto, 2019). Halal becomes a general concept as a good assessment of something consumed and enjoyed. Although most customers are familiar with halal food and cosmetics, it is important to note that the concept of halal also covers everything from finance to travel and even fashion, even to all aspects of life (Hashom et al., 2020). The word halal in Arabic means something that is allowed (Amir & Tjibtosubroto, 2019). According to Mustaffa (2019), in Fiqh, the word halal is a choice allowed by sharia law (Amir & Tjibtosubroto, 2019). The opposite is haram which means not allowed or forbidden. According to Baharuddin et al. (2015), in Ushul Fiqh, halal is the opposite of haram. According to Islamic law, Haram is defined as something that should be avoided (Amir & Tjibtosubroto, 2019).

Indonesia is ranked fourth in 2019 for halal food, sharia finance, sharia travel, fashion, pharmacy, medicine, cosmetics, and sharia tourism in terms of public consumption in the halal industry (Dinar Standard, 2020; Dzikrulloh & Koib, 2020). This reflects the importance of the halal value chain. The development of the halal value chain in Indonesia is crucial (Zulfakar et al., 2014). The halal value chain can be defined as a series of activities that generate added value in any process that includes the production, distribution, and marketing of goods or services into the hands of consumers, which meet aspects of compliance with the basic values and principles of Sharia (Dzikrulloh & Koib, 2020). Value chains consist of primary and supporting activities (Mooleng et al., 2021). It is a sequence of activities from suppliers to customers or from production to consumers. Each activity in the value chain will add more value to the product and get more benefits (Mooleng et al., 2021). The main activities are from raw material suppliers to customers to products and services that meet customer needs (Mooleng et al., 2021). The halal value chain covers four industrial sectors, the halal tourism industry, halal cosmetics and medicines, the halal food industry, and the halal finance industry from upstream to downstream (Dzikrulloh & Koib, 2020; Tieman et al., 2012).

The process of producing goods or services from various sectors that are important for enhancing the halal value chain, with the expectation of quality standards, product, and service services, and halal quality becoming a reality, all of which are integrated into one and include input, production, distribution, marketing, and consumption (Baharuddin et al., 2015; Dzikrulloh & Koib, 2020). For instance, to produce halal food items, raw material inputs from production onward must be taken into account. Nutrients must be provided, fertilizers and chemicals must be employed, and processing technologies used in terms of packaging must be halal. Moreover, the packaging reflects cleanliness (Baharuddin et al., 2015). Product marketing must reflect sharia values (Dzikrulloh & Koib, 2020).

In Indonesia, an alternative to improve the halal value chain ecosystem is to create a halal industrial zone through Pesantren (Annisa, 2019). The prominent roles and functions of Pesantren are religious education institutions, social institutions to foster the moral and spiritual values of *santri* (students of pesantren), and practitioners in community empowerment (Suhendrip et al., 2018). Pesantren is not just a place for learning; it also has a lot of untapped potential, one of which is the market potential that results from Pesantren's relationships with the community (Rimbawan, 2012). This potential does not

develop optimally because of the traditional view that regards Pesantren only as a transmitter of knowledge and teachings of Islam (Dzikrulloh & Koib, 2020).

The Pesantren development occurs for two main reasons: the strong devotion of *santri*, which has an impact on economic activity, and the consistent Islamic studies, which can help *santri* develop an entrepreneurial spirit and a firm sense of faith (Fathoni & Rohim, 2019). Several empirical studies show that many Pesantren have engaged in economic activity to promote their independence through financial institutions, BMTs, or financial institutions (Dewi & Widiastuti, 2016; Fathoni & Rohim, 2019; Marlina, 2014; Ryandono, 2018). The cooperative run by Pesantren is one of the business units with promising effects for Pesantren and the surrounding community (Nafik et al., 2018). The development of Pesantren cooperatives is under changes in the halal lifestyle, which begins to be in demand by the community (Annisa, 2019). The cooperatives can contribute 30% to the economic empowerment of their members, provide employment for alumni and the local community, and serve as a source of income for Pesantren (Dewi & Widiastuti, 2016).

Annisa (2019) suggests the family culture in Pesantren might encourage the concept of a halal value chain as a standard for sharia-compliant production, distribution, or consumption activities. The Government Regulation of Indonesia Number 31, 2019, and Law Number 33, 2014, as well as the list of halal and positive materials by LPPOM MUI, are the guideline from the input process, tools, and materials used to the distribution of the resulting product by Pesantren business unit (Dzikrulloh & Koib, 2020). Holding business of Pesantren is one of the three Pesantren independence development strategies (Habibussalam, 2020).

...between one Pesantren and another Pesantren, it is necessary to build a network or develop a holding business of Pesantren and formulate standardization of financial statements with sharia principles making it effectively and efficiently accountable (Habibussalam, 2020)

Pesantren could not economically develop without good management (Saleh et al., 2019). One of the pesantren with good management is Pesantren Al-Rifa'ie. This pesantren has good financial management (Hartutik et al., 2019) and harmonization of learning (Azzuhro et al., 2022) that integrates education, religion, and the environment (Pujiyanto et al., 2021). The pesantren was founded in 1992 and inaugurated in 1999. The founder of Al-Rifa'ie is KH. Achmad Zamachsyari, and it was further developed by KH. Basuni Azam with modern and traditional hybrid management (*salafiyah*).

Pesantren Al-Rifaie's organizational structure divides management into four parts: education, development, infrastructure, and socio-religious division. The education department supervises early childhood education, elementary School, junior high school, vocational high school, Madrasah Diniyyah, Madrasah Murrottilil Qur'an, and Ma'had Aly. A development road map is created under the development part for Pesantren. The infrastructure section ensures smooth learning, cleanliness, security, availability of water and electricity, and other supporting infrastructure. The socio-religious division deals with the symbols and economic development in Pesantren Al-Rifa'ie. *Syiar* activities are practiced in *istigoshah*, night prayers, as well as Hajj and Umrah.

Good management of Pesantren Al-Rifa'ie follows the New Institutional Theory (NIT). This theory can be used to describe antecedents, reasons, processes and outcomes, cause and effect relationships, tendencies, and predictions derived from separation and isomorphism (Aksom et al., 2020). The adjustment of Pesantren to the environment is known for isomorphism (Astutiningrum et al., 2014). Coercive, which refers to formal coercion, mimetic, which involves mimicking other entities' successes, and normative isomorphism, which can be viewed as the professionalism of entities that demand change, are three ways that management practices can be changed or imitated (DiMaggio and Powell: 1991). This theory can analyze the practice of holding companies and its support in optimizing the halal value chain in the Pesantren Al-Rifa'ie Pesantren.

Holding business of Pesantren is a program proposed by Bank Indonesia to support pesantren's independence in economic activities, especially Islamic economics (Gihani et al., 2021). In making a holding business model, it is necessary to identify and map it since Pesantren generally engages in both philanthropic and commercial activities. The efforts to organize the pesantren economic ecosystem are by developing the pesantren economy (Habibussalam, 2020) and making regulations and policies that lead pesantren businesses involved in the global market. Consequently, pesantren can play a significant role in the growth of the people's economy at the local, national, and international levels.

The government, through BI, pioneered three programs to develop the economic independence of pesantren. The first one is the need for pesantren to have many business units, which can be achieved by employing cooperation between pesantren, rather than just one business unit. Second, the economic development of pesantren needs to adjust to the progress of information technology. For example, pesantren can provide a virtual market for their products. They can also provide business matching. Third, to ensure effective and efficient accountability among pesantren, a network or holding business of pesantren needs to be developed. Financial statements also need to be standardized under sharia standards (Habibussalam, 2020). The holding business of Pesantren is directed to integrate all pesantren business units to grow rapidly and reach a wider target group by paying attention that management and institutions are managed professionally, and pesantren remains focused on developing the education system.

The establishment of a holding business in Pesantren Al-Rifa'ie to support the development of a halal value chain and the foundation for the subsequent development of the Holding business of pesantren's potential to support economic independence are both discussed in this paper. As a result, the Pesantren will not only be known as a religious and educational institution but also have significant economic potential. This study draws on pertinent information on pesantren's economic potential. This study is the first to provide a thorough examination of the holding business of pesantren and the halal value chain in each of its business units. As a result, it makes both theoretical and practical contributions. Theoretically, this research is expected to support New Institutional Theory in implementing the Holding business of Pesantren and become the basis for the next research to explore the holding business and halal value chains in Pesantren. Practically, by creating the Holding business of pesantrens, Bank Indonesia is intended to use research as the practical foundation for technological preparations for Islamic economic development strategies.

Method

This research employs a heuristic case study to find out the strategies used by Pesantren to optimize the halal value chain through the holding business of Pesantren. Pesantren Al-Rifa'ie is deemed to be an ideal subject because it is economically independent with a good business unit.

The data sources involved in this study are primary and secondary data. The primary data source is the information obtained directly from the informants through interviews and observation. The secondary data are collected through a literature review from books, journals, and other supporting sources, such as notes on strategy development, Pesantren financial reports, and *musyarakah* agreements. The data become the basis for the author in reviewing the Pesantren strategy in developing the halal value chain through the holding business of Pesantren.

Besides, the researchers also performed a direct observation of the pesantren business unit to learn the operation of the Pesantren business unit and its connection with the Pesantren independence program to support the halal value chain. The results of the observation were made a basis for an interview. The interview was conducted with five informants to learn more about the Holding business of Pesantren in Al-Rifa'ie and the implementation of the halal value chain.

Table 1. The list of informants involved in the current research

Informant	Position
TW	Cooperative Supervisor and Treasury
AR	Cooperative Secretary
WH	BMT Manager
YT	Ndalem (Financial Assistant)
NK	<i>Santri</i>

The researchers assessed the credibility and validity of the data through triangulation in the data collection. The interview results were compared to the secondary data. This activity includes interviewing supervisors, administrators, and managers of Pesantren cooperative and comparing them with secondary data in the form of financial reports of each business unit. Next, observations were compared with the results of the interviews. Direct observations of the activities of the Pesantren business unit are carried out to ensure that business management is consistent with the goal of pesantren's independence.

The data in this study is analyzed using a heuristic case study to identify meaning in the informant's life experience. The main units of analysis in heuristic research are the three business units in Pesantren Al-Rifa'ie (husbandry unit, bus rental, and one Pesantren product). The results of the business unit analysis are adjusted to the holding concept to assist the halal value chain in Pesantren to have strong management and under Islamic values, bringing much greater benefits to Pesantren, society, and Islamic economics.

Context of Study

The savings and loan units, as well as BMT, are overseen by the holding business at Pesantren Al-Rifa'ei. The term holding is applicable to Kopotren since it meets Bank

Indonesia's definition of Kopotren, which is a combination of business units in the form of cooperatives and other business units from several Pesantren in neighboring areas (Bank Indonesia, 2021). The Kopotren consists of *santri* and employees of Pesantren Al-Rifa'ei 2, Pesantren Al-Rifa'ie 1, and Pesantren Al-Rifa'ie 3, located in the same Pesantren area. The savings and loan unit are intermediary activities in the form of funding and financing. Funding activities come from *santri* savings and other member savings. The financing activity is in the form of lending to members and prospective members. BMT has two orientations, called by profit and Falaḥ oriented or *Baitul Maal* and *Baitul Tamwil*. *Baitul Maal* is in the form of zakat, infaq, shadaqoh, and waqf management, both conventional and productive. *Baitul Tamwil* is in the form of business unit management to support Pesantren's financial independence. The business unit of BMT consists of sheep breeding, bus rental units, and OPOP. The three business units are run in a halal manner to support the halal chain. The halal chain of business units starts from the origin of the business unit's input, the management process, and the distribution of the results or outputs. The halal chain in the BMT business unit is critical because the Pesantren is a real-life model of Islamic sharia in business management.

Results

The holding business of Pesantren supports pesantren through Islamic economic activities (Gihani et al., 2021; Habibussalam, 2020). The financial management of Pesantren Al-Rifa'ie is generally managed by the treasurer, financial assistant, and cooperative supervisor. The treasurer is in charge of managing pesantren's finances that come from *santri* or third-party loans. Financial management was carried out directly by Ibu Nyai (the wife of the Chief of Pesantren) helped by the administrative staff. Ndalem deals with the household of Pesantren and several business units. The holding business of Pesantren Al-Rifa'ie is located at Kopotren (abbreviation of the Cooperative of Pesantren) Al-Rifa'ie. Kopotren Al-Rifa'ie means holding, as stated by Bank Indonesia (2021), a combination of business units in cooperatives and other business units from many Pesantren in surrounding areas. Kopotren Al-Rifa'ie was in the boarding school Al-Rifa'ie 2, but its savings and loans are also obtained from Pesantren Al-Rifa'ie 1 and 3.

The holding business has long been implemented in pesantren before Bank Indonesia suggested it, yet no specific name is given before. Gihani et al. (2021) mention that holding business is the fourth strategy among the six priorities in community empowerment of Bank Indonesia. It involves business model replication, virtual market, central excellence, and the establishment of a holding business to synergize trading activities based on the halal value chain. Astutiningrum et al. (2014) mention that efforts to discuss and compare studies with other entities are a form of mimetic isomorphism. Powell and DiMaggio (1991) describe mimetic isomorphism as an activity that replicates the movements of more successful entities. However, imitation of some adapted activities is a weak kind of mimetic (Astutiningrum et al., 2014) because it may cause the entity to become confused. This was revealed by Informant W.

RQ1: Has the holding business been established in the Pesantren Al-Rifa'ie?

"We learn financial management, business establishment, and management of

boarding schools from many other institutions. We learn from other organizations such as the implementation of productive zakat from Nurul Hayat, the application of Islamic Economics from Tazkiya led by Mr. Shafi'i Antonio, management of business units of Abah Asep in Pesantren Amanatul Ummah and others so that our business is in line with our tagline of Sharia".

Another feature of the holding business in Kopotren Al-Rifa'ie is a financial statement. The financial report is in collaboration with PT. Bank Muamalat Indonesia. The financial reports are needed to record transactions for funding, financing, and BMT activities that oversee the sheep farming, bus rentals, and sales of superior products that are incorporated in the program named One Pesantren One Product (OPOP). Because each business unit is carried out in partnership with third parties, financial reporting is required. Each unit reports, and at the end of the period, financial reporting is consolidated.

RQ2: Does the existence of Kopontren Al-Rifa'ie have a positive impact on the community around Kopontren?

Informant T answered the question with the statement below.

"Some employees and other workers live around here. In addition, the products in its business unit are mainly a reflection of the surrounding community's trust. Not only Kopotren, but the existence of this pesantren is also very beneficial to the surrounding community."

Kopotren provides employment and income for the community (Dewi & Widiastuti, 2016). Nafik et al. (2018) describe that the Kopotren provides a multiplier effect. Kopotren Al-Rifa'ie involves the surrounding community, *santri*, alumni, and parents to strengthen the Pesantren economy with different functions. Kopotren educates society, *santri*, parents, and graduates about the business. As a result, they can provide more knowledge and experience while also increasing income through savings, *syirkah* in business units, and the provision of raw materials for products for alumni and parents of *santri*. Kopotren Al-Rifa'ie managed sharia savings and loan cooperatives as well as BMT. It accommodates financial activities to support the independence of Pesantren, so it does depend on the *santri* donations.

RQ3: What is the business scheme of Kopotren Al-Rifa'ie in its business activities?

Informant AR describes that:

"Our cooperative has funding and financing activities like other financial institutions. The business units and contracts used in cooperatives are described in our website."

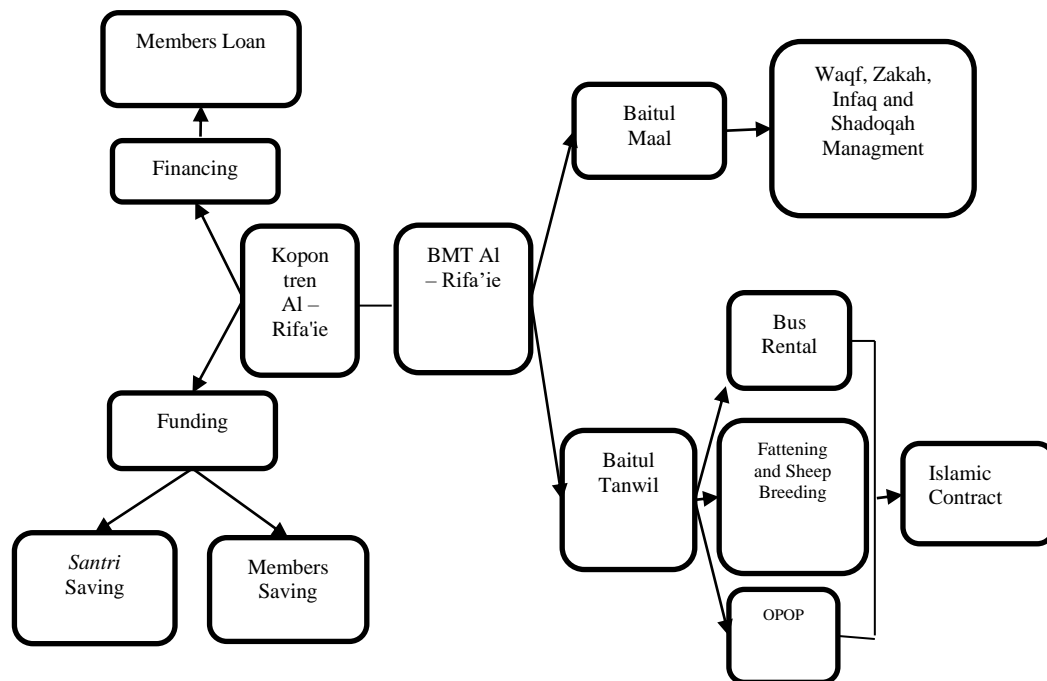


Figure 1. The business scheme of Kopotren Al-Rifa'ei

Kopotren's funding and financing function as an intermediary institution, collecting funds from fellows and channeling them to members in need of funds through Sharia contracts and cooperative principles. Kopontren Ar-Rifa'ie is responsible for managing member deposits, savings deposits, and *santri* donations. The funding system uses a contract of *wadiah yad dhamanah*, the concept of a deposit which provides freedom

(Ali, 2021) to Kopotren to manage the funds. This contract shows that Kopontren obtains permission from the depositor to use the goods or assets deposited. The depositor must completely return the goods or purchases when they are retrieved (Ali, 2021).

RQ4: What are the rules for the Kopontren members?

Participant WH describes that the members under the standard budget of Kopontren should pay the cost of member savings in the form of principal savings of IDR 1,000,000, which could be produced in ten installments. A new member should also fulfill mandatory savings of IDR 50,000 per month, and voluntary savings for investment. Similar to the members, *santri* also has savings books that accept transfers from parents. The savings from *santri* enters not only become a source of capital for Kopotren but also provides financial management lessons for *santri*.

Financial management ability is known as financial literacy. The concept of financial literacy is a cognitive process and attitude in financial management that influences financial behavior and decisions (Qomaro & Septiana, 2017). It is essential for *santri* since it can demonstrate the importance of simplicity as well as feelings of empathy for others (Qomaro & Septiana, 2017; Septiana, 2017). Furthermore, it can help *santri* manage priority scales based on *santri* budget (Qomaro & Septiana, 2017; Septiana, 2017).

RQ5: Who gets financing from Kopontren?

Participant WH answered: "the financing activity of Kopotren is provided for

members and prospective members, employees, and stakeholders. Kopotren also pays for Pesantren operations in terms of salary for teachers, workers, artisans, or suppliers. Kopotren provides financing between IDR500,000-IDR1,000,000 to members based on priority with Mudharabah Mutlaqoh contracts. The installment of payments employs a salary deduction system. Members' payment installment data compliance becomes a record in the supply of further financing, either a decrease or an increase in the funding nominal."

RQ6: What is the flow of BMT activities in the Kopontren Al-Rifa'ie?

Participant AR answered "*Kopotren carries out savings and loan activities, and it has a BMT with two functions, namely Baitul Maal and Baitul Tamwil, or profit and Falah-oriented. Falah-oriented is made by collecting zakat, infaq, alms, and waqf funds through adaptation to the times, for example, cash waqf and productive zakat. Management of zakat, infaq, shadaqah, and waqf funds is channelled in consumptive form and directed at productive activities. The purpose of this distribution is that the beneficiary recipients are generous in the future. This hope is represented in the logo of BMT Al-Rifa'ie, which resembles a woven hand. It is also realized by providing scholarships to santri whose distribution of funds remains in the Kopotren account. The scholarships are not used for consumptive activities, but it is a means of financial learning for santri."*

Discussion

Halal Value Chain in the Husbandry Unit

The halal chain ensures halal guarantee from the production process, distribution, to consumption. The husbandry such as catfish and sheep farming of Al-Rifa'ie does not only function for commercial purposes but it also supports the food demand of *santri* (Rohaeni & Sutawijaya, 2020). The high cost of feed, the low selling price, and the manager's understanding are all constraints in catfish management. Because of this obstacle, cultivation can only last six months. The first obstacle is a common catfish farming obstacle. This confirms a previous study (Rohaeni & Sutawijaya, 2020) that the obstacle in the management of catfish is an artificial feed which is increasingly expensive, so the total cost for fish feed is quite significant. Kopotren Al-Rifa'ie overcomes it by creating feed independently. The cultivation of catfish must concern the halalness of the catfish cultivation process, from feeding to producing healthy catfish (Warto & Arif, 2020). Using leftovers is an example of avoiding wasteful behavior, as mentioned in Surah Al Isra 26-27: "... And do not spend wastefully. Indeed, the wasteful are brothers of the devils ..." (Al-Israa', 26-27)

The management lacks experience in the catfish community, which has an impact on market catfish sales. Access to the catfish business community is critical because it can assist Pesantren with share management, marketing management, and market share decisions. Nonetheless, Pesantren Al-Rifa'ie continues to learn from experience, changing its cultivation to tilapia since it has human resources who understand both aquaculture management and community access. Access to communities and building partnerships is essential to avoid failure in fish farming (Lopa & Arfandi, 2020).

Unlike catfish, sheep farming still runs well, and it has enormous expansion

potential due to a specific market share, particularly parents for *Qurban*. The sheep is sold by Idul Adha so that the selling price of sheep is higher and the profits are greater (Rohmatullah & Mustajib, 2021). In 2020, new farms will produce 20 sheep ready for *Qurban* even though the market demand is 35 *Qurban*. The halal management process of sheep farming is essential to support the halal value chain in the holding business in pesantren. Therefore, every stage in the input, process, and output is also made equitably.

Sheep Farming

Kopotren has people resources competent in managing sheep fattening and breeding, thus it establishes a business unit for livestock breeding and emerging sheep breeding. The initial step for farming sheep is the preparation of good lamb. The lambs were obtained from residents around the boarding school and the sheep farming community who have been familiar with the halal process. Superior lambs for breeding were selected and bred to meet market demand for sheep. Halal is also secured during the lamb purchasing procedure through livestock company funds obtained through *syirkah* with parents. The *syirkah* of the sheep farming capital is freely provided on the official website of Al-Rifa'ie, and is available directly to parents of *santri* and alumni.

The selection of sheep breeds and the provision of quality sheep feed is an indication of the halal inputs. Kopotren processes their animal feed from Calliandra and Indigofera grass which is grown by their manager. Halal is also used to treat sheep manure, which is not traded and is only used to fertilize Pesantren plants. Furthermore, livestock excrement produced by Pesantren sheep is exchanged following the law. Pesantren uses compost for the plants (Risnaeni & Maisyarofah, 2017). It does not pollute the surrounding environment. The waste is used as manure to avoid contamination and odors in the surrounding environment and society (Yusuf et al., 2019).

The output of Sheep Breeding

Santri, parents, and alumni have market shares in livestock and sheep breeding. The student guardians buy lambs for *Qurban*. The sheep are sold close to the feast of *Qurban* to increase the selling price and profit (Rohmatullah & Mustajib, 2021). There are two categories of sheep traded by Pesantren, regular and premium. One sheep of a regular breed costs IDR 3,000,000, while a premium breed costs IDR 3,500,000. Each share generates around IDR 350,000 in profit at the time of dividend distribution. The parents do not always take advantage of this, and many use it to increase their children's savings or to pay tuition.

Halal Value Chain in Bus Rental Units

Halal chain in bus rental units is presented in the initial input of capital, the bus operation, and the distribution output.

Bus Rental Business Input

Wahid, the manager of the BMT Ar Rifa'ie cooperative, initially offered the bus rental business idea because he had experience in the travel agency. Other administrators have also suggested the idea because there are beach tourist destinations in Malang where

accommodation has not been handled by other travel services, as well as the difficulty of people renting transportation in visiting religious places for parents who live out of town. The contract used in the rental business unit can be a productive cash waqf.

The productive cash waqf refers to waqf carried out by a person, group of people, and institutions or legal entities in the form of cash or securities, such as shares, checks, and others (Lubis, 2020; Meylianingrum et al., 2020). Success in bus management gives BMT management the confidence to purchase another fleet, Elf, which is also required and preferred by the community. However, BMT has capital constraints in procuring additional fleets. The matter is resolved by an offer by the *santri* guardian under the *syirkah muhasamah* principle, with the owner bearing the repair and maintenance costs of the vehicle. BMT focuses on marketing rental services. The *syirkah muhasamah* contract is also used to procure elf as an addition to the fleet.

Bus Rental Business Process

The legal regulation in bus waqf was an issue they encountered when developing this business unit. It was resolved through *fuqaha* discussion initiated by BTN Syariah by inviting the managers of mosques (*takmir*) around Malang Regency. In response to the reduction in the value of waqf, the manager takes the initiative by charging bus depreciation. The pros and cons are mainly related to waqf law which does not reduce the value and form of waqf. Therefore, the manager depreciates the bus by using the straight-line method, namely;

$$\text{Depreciation} = (\text{Asset Value} - \text{Residual Value}) / \text{Useful Life} \quad (1)$$

The formula yields a monthly depreciation of IDR 3,750.00 based on a residual value of IDR 200,000,000, a bus value of IDR 800,000,000 for 10-year use. This depreciation allocates the value of the waqf bus so that when the value approaches the Break Event Point (BEP), the bus can be serviced, and when the financing is paid off, BMT will own the bus. In addition to the cash waqf scheme it also uses *syirkah musamamah* system. *Syirkah musamamah* is useful in business development. The concept is that the *syirkah* capital will not change if the old shareholder sells the shares purchased by the new shareholder (Basrowi & Utami, 2021). It has advantages compared to the *syirkah* in general, creating social welfare. The *Syirkah musamamah* scheme requires BMT or the share issuer to sell each share for one million rupiahs. Investors are free to purchase shares based on their available funds and expected profit. Profits are dispersed at the annual members meeting every month, depending on the terms of the agreement.

The Output of Bus Rental Business

The output of this business unit is the rental of a bus to the southern district of Malang or those who want to visit religious places out of town. The rental of the bus is provided by BMT Al-Rifa'ie to the community with *ijarah* contracts. *Ijarah* is a lease contract between the owner of the object and the tenant to receive wages for the object being leased (Kurniawan, 2018). The *Ujrah* or wage, also known as profits from bus rentals derived from *syirkah musamamah* funding, will be shared with the investors following the profit-sharing amount specified in the contract. Waqf bus income will be allocated to *santri* who cannot afford sports clothing and books, as well as to the *santri* activity.

Halal Value Chain on One Pesantren One Product Program

The East Java provincial government issued at East Java Governor Regulation Number 62 of 2020 concerning One Pesantren One Product (OPOP). The regulation describes the eight objectives of OPOP, which are: 1) forming an entrepreneurial spirit and fostering an Islamic entrepreneurial spirit to the *santri* and alumni of Pesantren; 2) encouraging Pesantren and alumni to build a business start-up in the Sharia economic sector; 3) producing superior, competitive, and innovative Pesantren products; 4) expanding the marketing of Pesantren products in local, national, and international markets; 5) making Pesantren and empowerment institution and a mutually beneficial business partner for the community; 6) fostering professional human resources in pesantren; 7) optimizing the development of information technology in the economic empowerment of Pesantren; 8) building synergies between Pesantren in a healthy business ecosystem.

The regulation also describes three main programs in achieving OPOP goals, called Pesantrenpreneur, *santripreneur*, and sociopreneur. The explanation of Pesantrenpreneur is mentioned in article 7 as a Pesantren economic empowerment program for Kopontren, which aims to produce superior halal products accepted by local, national, and international markets. Article 8 explains *Santripreneur* as a *Santri* empowerment program that aims to foster the understanding and skills of *Santri* in producing unique and superior products according to sharia oriented to benefit and profit. Article 9 describes Sociopreneurs as an empowerment program for Pesantren Alumni synergized with the community through various social innovations based on digital technology and inclusive creativity.

OPOP can improve the economy of Pesantren (Mahfud, 2021; Setiawan, 2020). Mahfud (2021) describes the impact of OPOP as 1) accommodating the local wisdom of Pesantren, 2) eradicating moneylenders/usury mafia, 3) providing internal-external institutional innovation, and 4) increasing income for the surrounding community. They produced organic products, coffee, and Zainab's herbal medicine. Organic products consist of brown rice, fragrant pandan, and black rice. The coffee products are Robusta and Arabica coffee called Sari Kawi. The product of Herbal Jamu is made of red ginger, ginger, turmeric, and Curcuma. The products are the result of collaboration with the parents of *santri* and the alumni. They are cooperating in providing land and raw materials. And, the sales and marketing processes are managed by Pesantren. This cooperation creates a symbiotic mutualism between the parents who have the resources and the Pesantren who have a market share.

The halal chain in OPOP can be seen in product input, process, and product output. The halal chain guarantees that the product procurement process, cooperation, production process, and distribution until the product reaches the buyer's hands follow Sharia guidelines.

The Input of One Pesantren One Product

The familial relationship established at Pesantren Al-Rifa'ie has resulted in effective communication between the parents and the Pesantren and Kopotren management. This communication allowed the parents to be more open to Kopotren regarding the possibility of collaboration. The selection of products used as superior products for Pesantren and

included in OPOP is also the result of intense communication with the parents of *santri*. The cooperation offer is delivered by the manager of Kopotren during the visit, or by WhatsApp group.

The parents respond to this information by offering their products. Those who own coffee plants in Mount Kawi, for example, sell Arabica and Robusta coffee labeled and packaged by Kopotren under the Sari Kawi brand. The same thing also happens to herbal drinks, like red ginger, ginger, turmeric, and Curcuma. The four products also come from the business of *santri*'s parent, whose labeling packaging is managed by Pesantren through the Zainab brand. The rice product has a unique backstory that stems from the parent's desire to supply organic rice supplies to KH. A. Muflih Azam for his well-being. Kopotren intends to use the intention as an opportunity to collaborate in land management so that organic rice can become one of Kopotren's superior goods. The parents are enthusiastic about the proposal and have offered 12 hectares of land to produce organic rice.

Because of their work as agricultural specialists in Java, the parents are experts in organic rice growing. Under the Divagro brand, one-third of the 12-hectare field is allocated for organic pandan aromatic rice, brown rice, and black rice. This cooperation is carried out with sincerity and the goal of improving the Pesantren economy to support the Pesantren's independence.

The Process of One Pesantren One Product

Kopotren is not involved in the management of all products. The parents bear all costs and other requirements, such as coffee plantations, herbal mills, and organic rice cultivation. The Kopotren management is only aware that the agricultural land is separated into three sections to accommodate the three types of rice. Kopotren is in charge of ensuring the legality of the license and product halal certification. [Astogini et al. \(2011\)](#) mention halal products with the following characteristics: 1) they contain no pork and also ingredients from pigs; 2) they contain no haram ingredients; 3) the ingredients from halal animals are slaughtered according to Islamic law; 4) the place of processing, storage, sale, and transportation are not used for pork or non-halal goods; and 5) they do not contain khamr (alcohol). Kopotren also carries out these characteristics to ensure halalness in the OPOP process.

Superior items are chosen in a systematic and market-oriented approach. Before deciding on a certain product, Kopotren management consults with all Kopotren employees to assess its practicality. Employee feedback forms the basis for broader market trials. One example of a market trial is Kopotren's participation in an exhibition hosted by OPOP East Java in partnership with related entities. This exhibition is the second exhibition that Kopotren has participated in. The previous exhibition is used to select the products used as superior products. The market response at the first exhibition becomes the basis for selecting coffee, rice, and herbal products as OPOP's superior products.

One Pesantren One Product Output

OPOP has three superior products, coffee, rice, and herbal medicine. Product sales are made to the *santri* parents, communities, and parties who are very concerned about the halalness of the product. The presence of Pesantren labels on OPOP products provides the public with assurance that the product is halal. Marketing is also done through online

platforms, either on social media or in marketplaces. This is a form of awareness by Kopotren managers about industrial digitization.

According to this study, Islamic boarding schools can help Indonesia grow its halal economy and industry. Every year, the number of *santri* included in one Islamic boarding school might reach hundreds or even thousands, which is supported by meeting logistics and *santri* demands. It can be a halal value chain in holding a pesantren business. The halal process comes from upstream to downstream. Therefore, Islamic boarding schools can be a force in the halal industry.

Conclusion

This study provides the practice of imitation of activities that provides benefit for the community. The study result strengthens the use of NIT in mimetic isomorphism in implementing the holding business of Pesantren by providing empirical evidence of changes in business activities based on imitation. Furthermore, the results demonstrated that Pesantren, which has a business unit, may use Bank Indonesia's holding model.

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Authors' Declaration

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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