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Sustainable Islamic Development: An Empirically Derived Maqasid-Based Economic Governance Model in Pesantren

Ahmad Saef Alfath[1]✉, Fauzan[2], M.F. Hidayatullah[3]
[1] *UIN Kiai Haji Achmad Siddiq Jember, Indonesia*
[1*]Email: alfathsaef74@gmail.com

[2] *UIN Kiai Haji Achmad Siddiq Jember, Indonesia*
[2]Email: fauzan.febi@uinkhas.ac.id

[3] *UIN Kiai Haji Achmad Siddiq Jember, Indonesia*
[3]Email: m.f.hidayatullah@iinkjas.ac.id

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ABSTRACT

The transformation of Islamic boarding schools (pesantren) into socio-economic institutions has increased their strategic role in promoting sustainable community development. However, previous studies have primarily emphasized economic outcomes while providing limited understanding of how economic governance is constructed through Islamic values. This study aims to analyze economic governance practices in pesantren, examine the internalization of Maqasid al-Shariah in institutional decision-making, and develop an empirically derived Maqasid-Based Economic Governance Model toward Sustainable Islamic Development. A qualitative multiple-case study design was employed involving two Indonesian pesantren with established economic institutions. Data were collected through in-depth interviews, participant observation, and institutional documentation and analyzed using the interactive model of Miles, Huberman, and Saldaña combined with grounded theory coding procedures consisting of open, axial, and selective coding. The findings indicate that economic governance in pesantren is characterized by collective leadership, transparency, accountability, participation, effective business management, benefit distribution, and value-based decision-making. These governance practices are transformed through the internalization of the five dimensions of Maqasid al-Shariah Hifdz al-Din, Hifdz al-Nafs, Hifdz al-Aql, Hifdz al-Nasl, and Hifdz al-Mal which function as an operational governance mechanism rather than merely a welfare evaluation framework. The study proposes an empirically derived institutional model demonstrating that governance practices strengthen a sustainable pesantren economy and ultimately contribute to Sustainable Islamic Development. The findings extend Islamic development economics by integrating economic governance, maqasid internalization, and sustainability into a unified institutional framework that provides both theoretical advancement and practical guidance for strengthening value-based governance within pesantren.

Keywords: *Economic Governance; Maqasid al-Shariah; Pesantren Economy; Sustainable Islamic Development; Institutional Sustainability; Islamic Development Economics*

Contribution/Originality: This study contributes to the Islamic development economics literature by developing an empirically derived institutional model that integrates Economic Governance, Maqasid al-Shariah internalization, Sustainable Pesantren Economy, and Sustainable Islamic Development within a single analytical framework. Unlike previous studies that generally treated governance as an administrative mechanism and maqasid as an evaluative framework for welfare, this research demonstrates that maqasid functions as an operational governance mechanism shaping institutional decision-making and sustainable economic practices. The proposed model offers a new process-oriented perspective on Islamic economic governance while providing practical guidance for strengthening sustainable governance in pesantren and other Islamic socio-economic institutions.

1. INTRODUCTION

Over the last two decades, the development paradigm has undergone a fundamental shift from an economic growth orientation toward a sustainable development approach that simultaneously prioritizes social, economic, and environmental sustainability as integrated development objectives. This transition emerged in response to criticisms of conventional development models that have predominantly emphasized economic growth accumulation, increased output, and market efficiency while paying insufficient attention to ethical dimensions, equitable welfare distribution, intergenerational sustainability, and overall human well-being (Isman & Kaltsum, 2022; Mardani et al., 2026). From the perspective of Islamic economics, such criticism becomes even more significant because development that focuses solely on material indicators is considered insufficient to fully represent the concepts of *falah* and *maslahah*, which constitute the primary objectives of Islamic development. Consequently, the concept of Sustainable Islamic Development has gained increasing attention as an approach that seeks to integrate sustainable development goals with the principles of *maqashid shariah* as a normative foundation for economic decision-making (Rambe et al., 2023; Wulandari et al., 2025). This approach views development success not merely through economic growth indicators but also through the capacity of institutions to establish a balance among material welfare, value protection, social sustainability, and public benefit.

In the Indonesian context, one institution that occupies a strategic position in advancing value-based development is the *pesantren* (Islamic boarding school). Pesantren are no longer understood solely as religious educational institutions but have evolved into socio-economic institutions that perform broader functions, including community empowerment, entrepreneurial development, business unit management, and local economic development (Martanti et al., 2025). This transformation is reflected in the expansion of various economic activities within pesantren, such as cooperatives, micro-enterprises, agribusiness initiatives, productive waqf management, and community-based business units designed to strengthen institutional self-reliance while generating economic benefits for surrounding communities (Wahyono, 2025). Nevertheless, several studies indicate that this transformation continues to face structural challenges, including suboptimal economic governance, weak sustainability indicators, and the predominance of operational orientation over long-term development perspectives (Martanti et al., 2025; Rohmah, 2026). Furthermore, economic decision-making processes within pesantren environments remain relatively underexamined through an operational *maqashid shariah* framework, resulting in an incomplete conceptualization of the relationship between Islamic values and economic governance practices (Rambe et al., 2023; Fuad, 2026).

Although studies on pesantren economics, sustainable development, and *maqashid shariah* continue to expand, most previous research has primarily concentrated on economic impacts, program implementation, or entrepreneurial reinforcement without adequately constructing how economic governance processes are formed and interpreted within institutional practices in pesantren (Wulandari et al., 2025; Wahyono, 2025). Research integrating economic governance, *maqashid shariah*, and Sustainable Islamic Development into a unified analytical framework remains relatively limited, particularly through qualitative approaches that enable deeper exploration of institutional actors' experiences, values, and decision-making processes. Based on this research gap, the present study aims to analyze economic governance practices within pesantren, explore how *maqashid shariah* values are internalized in economic decision-making, and construct a *maqashid*-based economic governance model as a foundation for achieving Sustainable Islamic Development. Theoretically, this study is expected to contribute to the development of Islamic development economics literature through the integration of governance and *maqashid*. Practically, the findings are expected to serve as a reference for strengthening more sustainable and value-based economic governance within pesantren institutions.

1. Research Gap

Studies on the economics of pesantren in recent years have demonstrated substantial development alongside increasing attention to the role of pesantren as institutions of community empowerment and drivers of local economic development. Most previous studies have positioned pesantren as the unit of analysis to explain economic contributions through business unit development, strengthening students' entrepreneurship, empowering micro and small enterprises, and improving the welfare of surrounding communities (Kholis & Muin, 2023; Hidayat & Arifin, 2024). The primary focus of these studies has generally been directed toward measuring economic impacts and institutional capacity, thereby generating a relatively strong understanding of the economic function of pesantren as an instrument of community-based development. Nevertheless, these approaches remain limited in explaining how economic decision-making processes are constructed, what values underlie governance practices, and how institutional sustainability is internally developed.

On the other hand, developments in maqashid shariah studies reveal a different tendency. Contemporary Islamic economics literature frequently employs maqashid as an instrument for welfare evaluation, development measurement, and indicators of economic success that extend beyond material dimensions (Bedoui & Mansour, 2023; Wulandari et al., 2025). This approach has broadened the understanding of development by incorporating the protection of religion, life, intellect, lineage, and wealth as the principal objectives of economic activity. However, most studies still position maqashid as a normative framework and evaluative tool at the outcome level rather than as an operational mechanism shaping economic governance processes within socio-religious institutions. Meanwhile, studies on sustainable development from an Islamic perspective also tend to focus on the integration of Sustainable Development Goals (SDGs), public policy, and the strengthening of macroeconomic systems, while the involvement of pesantren institutions remains relatively limited (Wulandari et al., 2025; Rambe et al., 2023).

Based on this mapping, a conceptual development opportunity can be identified. To date, relatively few studies have explicitly integrated the dimensions of economic governance, maqashid shariah, and Sustainable Islamic Development within the institutional context of pesantren. This gap indicates that limited attention has been given to constructing a maqashid-based economic governance model for pesantren as a foundation for sustainable Islamic development. Therefore, this study positions itself to address this gap through an exploration of economic governance practices in pesantren and the development of a conceptual model grounded in empirical experience, institutional values, and sustainability orientation.

2. Research Questions

Based on the empirical phenomena and literature gaps identified above, this study is formulated into three main research questions. First, how are economic governance practices implemented within pesantren as educational, social, and economic institutions? Second, how are maqashid shariah values reflected and internalized in economic decision-making processes? Third, how can a pesantren economic governance model be constructed to support the realization of Sustainable Islamic Development?

3. Research Objectives

This study aims to identify the practices of economic governance developed in the management of pesantren economics, analyze the implementation of maqashid shariah values in economic governance processes, and develop a Maqashid-Based Economic Governance model capable of explaining the relationship among economic governance, sustainability orientation, and Islamic development. Through these objectives, the study is intended not only to generate an empirical description of pesantren economic activities but also to construct a conceptual framework that can be used to understand the dynamics of Islamic institutional development more comprehensively.

4. Research Contributions

Theoretically, this study is expected to contribute to the advancement of Islamic development economics literature by integrating three principal constructs Economic Governance, Maqashid Shariah, and Sustainable Islamic Development into a single analytical framework applicable to pesantren institutions. This integration is expected to expand the use of maqashid from merely an instrument for welfare evaluation into an operational foundation for economic governance processes. Practically, this study is expected to generate economic governance recommendations that may be utilized by pesantren administrators to strengthen institutional sustainability, improve the effectiveness of resource management, and expand the contribution of pesantren to community economic development.

LITERATURE REVIEW

The development of development theory demonstrates a conceptual transformation from an economic growth approach toward a sustainable development paradigm that places greater emphasis on balancing economic growth, social welfare, and environmental sustainability. Within conventional development paradigms, development success has generally been measured through macroeconomic indicators such as Gross Domestic Product (GDP) growth, investment, and economic productivity. However, this approach has received criticism for being excessively materialistic and insufficient in explaining ethical dimensions, equitable welfare distribution, and the sustainability of social life in a comprehensive manner (Khan & Khan, 2022). In response to these critiques, the concept of Sustainable Development emerged, emphasizing the fulfillment of present needs without compromising the ability of future generations to meet their own needs.

Nevertheless, from the perspective of Islamic economics, this concept is considered to require a stronger normative foundation regarding the purpose of human life, social responsibility, and orientation toward maslahah (public benefit). From this perspective, the concept of Sustainable Islamic Development evolved as a development approach integrating sustainability principles with Islamic values as the basis for economic decision-making (Mardani et al., 2026). Sustainable Islamic Development views development as a multidimensional process that not only pursues economic efficiency but also maintains spiritual, social, and ecological balance through the principles of justice and public benefit.

The primary normative framework within Sustainable Islamic Development is maqashid shariah, understood as the fundamental objectives of Islamic law in realizing human welfare. Contemporary literature positions maqashid not merely as an instrument of Islamic jurisprudence but also as a paradigm for development and economic governance (Bedoui & Mansour, 2023). The five principal dimensions of maqashid include hifdz al-din (protection of religion), hifdz al-nafs (protection of life and human well-being), hifdz al-aql (development of intellectual capacity), hifdz al-nasl (intergenerational continuity), and hifdz al-mal (protection and development of economic assets). In the context of this study, these five dimensions are operationalized into observable economic indicators within pesantren institutional practices: value orientation and economic ethics (hifdz al-din), community social welfare (hifdz al-nafs), strengthening education and human resource capacity (hifdz al-aql), institutional sustainability and regeneration (hifdz al-nasl), and productivity and distribution of economic resources (hifdz al-mal). Accordingly, maqashid is positioned not merely as an evaluative instrument of development outcomes but as a framework that shapes economic decision-making processes within institutions.

To explain how these values are operationalized, this study employs the concept of Economic Governance as its primary analytical perspective. Governance is generally understood as a mechanism for resource management and decision-making that incorporates the principles of transparency, accountability, participation, and institutional effectiveness (Hassan & Karim, 2024). In the context of Islamic economics, governance is not solely oriented toward administrative efficiency but also emphasizes the dimensions of amanah (trustworthiness) and social responsibility. Transparency refers to openness of information in economic management, accountability reflects the ability to justify decisions to stakeholders, participation represents the involvement of internal and external actors, and effectiveness refers to institutional capacity to achieve sustainability objectives.

The position of pesantren in this study is particularly important because pesantren possess a distinctive character as institutions that simultaneously perform educational, social, and economic functions (Martanti et al., 2025). Several previous studies indicate that the economic transformation of pesantren has contributed to community empowerment and strengthening local economies; however, most of these studies remain focused on economic outcomes and have paid limited attention to how economic governance is shaped through the internalization of Islamic values (Rohmah, 2026). Research conducted by Rambe et al. (2023) emphasizes the importance of maqashid-based Islamic development, Martanti et al. (2025) demonstrates the integration of sustainability values within pesantren, while Rohmah (2026) highlights the importance of maqashid-based governance for institutional sustainability.

Based on the theoretical and empirical review above, this study identifies a conceptual gap among governance studies, maqashid shariah, and sustainable Islamic development within the context of pesantren. Previous studies have tended to position governance as a managerial instrument and maqashid as a welfare evaluation tool, leaving their interrelationship in shaping sustainable development insufficiently explained. Therefore, this study develops a conceptual framework that positions Economic Governance as an institutional process that internalizes maqashid values to generate economic sustainability and ultimately promote Sustainable Islamic Development. This relationship is illustrated through the following sequence: Economic Governance → Maqashid Internalization → Economic Sustainability → Sustainable Islamic Development. This framework serves as the analytical foundation for understanding how economic governance practices in pesantren can generate a more adaptive, sustainable, and value-based model of Islamic development.

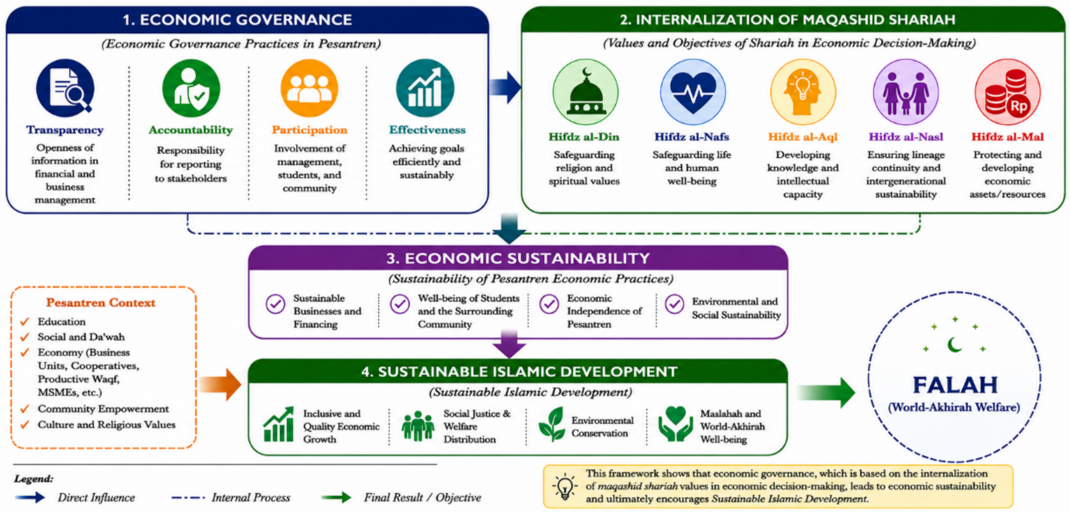

Figure 1. Conceptual Framework

Toward Sustainable Islamic Development: A Maqasid Based Economic Governance Model in Pesantren

2. METHOD

This study employs a qualitative approach using a multiple case study design to obtain an in-depth understanding of *pesantren* economic governance practices and the process of internalizing *maqashid shariah* values in economic decision-making. A qualitative approach was selected because the study does not aim to statistically test relationships among variables but rather to explore meanings, processes, experiences, and social constructions that shape Economic Governance practices within *pesantren* institutions (Creswell & Poth, 2024). The multiple case study design was adopted because it enables cross-case exploration, allowing the researcher to identify patterns, similarities, and variations in economic governance practices across different institutional contexts (Yin, 2022).

The study was conducted in two to three *pesantren* with active economic activities, such as business units, cooperatives, productive enterprises, or community economic empowerment programs. Site selection was carried out purposively by considering the existence of economic management practices that had been implemented for at least three years, community involvement, and the presence of observable economic decision-making structures. Data were collected during the fieldwork period (adjusted to the actual implementation schedule) through in-depth interviews, limited participant observation, and documentation. Informants were selected using purposive sampling and subsequently expanded through snowball sampling until information richness was achieved. Key informants consisted of *pesantren* leaders, business unit managers, students (*santri*) involved in economic activities, and surrounding community members affected by the economic programs of the *pesantren*. Interviews were directed toward exploring governance practices, value orientation, decision-making mechanisms, and perceptions of economic sustainability; observation was used to understand operational dynamics and institutional interactions; while documentation included institutional archives, activity reports, and *pesantren* economic documents (Flick, 2022).

Data analysis was conducted simultaneously from the early stages of data collection using the interactive model proposed by Miles, Huberman, and Saldaña, which consists of data reduction, data display, and conclusion drawing and verification (Miles et al., 2023). To generate a more systematic model construction, the analytical process was combined with qualitative coding procedures consisting of open coding to identify initial categories emerging from field findings, axial coding to establish relationships among categories, and selective coding to develop core themes that served as the foundation for constructing a Maqashid-Based Economic Governance model (Corbin & Strauss, 2022). The final stage was directed toward model construction by integrating empirical findings into the Sustainable Islamic Development conceptual framework developed in the literature review section.

Data validity was ensured through source triangulation by comparing perspectives across informants, methodological triangulation through the integration of interviews, observation, and documentation, and member checking by requesting informants to confirm the researcher's interpretations (Byrne, 2025). In addition, the study implemented an audit trail through systematic documentation of data collection, coding procedures, and analytical decision-making processes to enhance transparency and traceability of research findings. Through these procedures, the study is expected to generate findings that are credible, academically accountable, and open to limited replication across different *pesantren* institutional contexts.

3. FINDINGS AND DISCUSSION

1. Research Site Profile

This study was conducted at Pesantren Darussalam Blokagung in Banyuwangi Regency and Pesantren Al-Amien 3 in Jember Regency, both located in East Java Province, Indonesia. These research sites were purposively selected because they have established institutional economic activities and actively engage in community empowerment initiatives. Examining the profile of each pesantren provides essential contextual understanding of their economic governance systems before interpreting their governance practices and the internalization of Maqasid al-Shariah values.

Table 1. Profile of the Research Sites

Aspect	Pesantren Darussalam Blokagung	Pesantren Al-Amien 3
Year Established	1994	2016
Number of Students (*Santri*)	Approximately 8,000 (main campus)	120
Economic Unit	Wholesale Business	Printing Business
Economic Unit	Cooperative	Cooperative

The preliminary findings indicate that the economic development of pesantren is influenced not only by their financial capacity but also by their governance structure and institutional orientation. Data obtained from interviews with pesantren administrators and institutional documentation provide information regarding the establishment of economic units, the number of *santri* (students), the types of economic enterprises, and the governance structures implemented in each pesantren. Furthermore, field observations conducted in the wholesale business unit and the printing business unit were used to illustrate the operational practices underpinning the economic activities of the respective pesantren.

2. Economic Governance Practices in Pesantren

The analysis of economic governance practices was conducted through four principal dimensions: leadership, business management, benefit distribution, and decision-making processes. First, the leadership dimension was examined to understand how economic authority is exercised and the extent to which leadership patterns influence institutional decision-making. Interviews with *santri* who also serve as business unit managers Mr. Jalil from Pesantren Darussalam Blokagung and Mr. Darul from Pesantren Al-Amien 3 revealed that the leadership model in both pesantren is predominantly collective in nature. Field observations further demonstrated collaborative interactions among the *kyai* (pesantren leader), business unit managers, and the broader pesantren community, indicating that economic governance is implemented through shared responsibility and participatory leadership. Second, business management was analyzed through the principles of transparency, accountability, effectiveness, and participation. Institutional documentation, particularly organizational charts, was examined to identify reporting structures, managerial responsibilities, and resource management mechanisms.

The findings indicate that both pesantren have established governance structures that support institutional accountability while encouraging stakeholder participation in economic activities. Third, benefit distribution was evaluated by examining how economic gains generated by the business units are allocated to support institutional operations, student welfare, and the surrounding community. The findings suggest that the economic activities are not exclusively profit-oriented but are designed to generate broader social and educational benefits consistent with the mission of the pesantren. Fourth, the decision-making process was analyzed to understand how economic decisions are formulated and which values guide institutional choices. The findings indicate that strategic economic decisions are reached through collective deliberation while incorporating Islamic ethical values as the primary basis for determining institutional priorities and long-term sustainability.

Figure 2. Matrix of Economic Governance Practices

3. Manifestation of Maqasid al-Shariah Values in Economic Governance

The subsequent analysis interprets the empirical findings through the framework of Maqasid al-Shariah to examine how Islamic values are embedded in the economic governance practices of pesantren. Rather than serving merely as normative principles, the maqasid dimensions provide an analytical lens for understanding how governance practices contribute to institutional sustainability and socio-economic development.
The first dimension, Hifdz al-Din (protection of religion), was examined by analyzing the implementation of Islamic values and Sharia compliance within economic activities. Interview data from both pesantren demonstrate that business operations are consistently guided by Islamic ethical principles, ensuring that economic activities remain aligned with religious values.

The second dimension, Hifdz al-Nafs (protection of life), was evaluated through the contribution of economic activities to the welfare of santri (students) and the surrounding community. The findings indicate that the economic enterprises generate benefits that extend beyond institutional income by supporting educational activities, improving social welfare, and strengthening community empowerment.

The third dimension, Hifdz al-Aql (protection of intellect), was analyzed through initiatives aimed at capacity building, entrepreneurship training, and economic learning. The findings reveal that the business units function not only as income-generating enterprises but also as practical learning environments that enhance entrepreneurial knowledge, managerial skills, and the economic competencies of santri.

The fourth dimension, Hifdz al-Nasl (protection of future generations) was employed to assess institutional sustainability and leadership regeneration. The findings demonstrate that governance practices emphasize organizational continuity through systematic management, leadership succession, and the active involvement of younger generations in institutional economic activities.

The fifth dimension, Hifdz al-Mal (protection of wealth) was analyzed through strategies for managing and developing economic assets. The findings indicate that pesantren adopt productive asset management practices designed to ensure financial sustainability, strengthen institutional independence, and support the long-term development of their economic enterprises.

Table 2. Manifestation of Maqasid al-Shariah in Pesantren Economic Governance

Maqasid Dimension	Indicator	Empirical Evidence
Hifdz al-Din (Protection of Religion)	Values and Ethics	The implementation of Sharia principles in business operations, including the use of Islamic contracts (akad) and honest business transactions, was observed in the wholesale business unit of Pesantren Darussalam Blokagung and the printing business unit of Pesantren Al-Amien 3. These practices were consistently described by Mr. Jalil and Mr. Darul during the interviews regarding business management.
Hifdz al-Nafs (Protection of Life)	Welfare	The cooperative's business activities contribute to the welfare of santri through educational subsidies and employment opportunities, while also generating socio-economic benefits for the surrounding community. This allocation of benefits reflects the social orientation of the pesantren's economic governance.
Hifdz al-Aql (Protection of Intellect)	Capacity Development	Santri actively participate in managing the wholesale and printing business units as part of entrepreneurship training and experiential economic learning. This practice reflects the collective leadership model that emphasizes learning through institutional participation.
Hifdz al-Nasl (Protection of Future Generations)	Institutional Sustainability	The cooperative governance system, established in 1994 at Pesantren Darussalam Blokagung and in 2016 at Pesantren Al-Amien 3, demonstrates institutional continuity and leadership regeneration across successive generations of managers.
Hifdz al-Mal (Protection of Wealth)	Asset Management	The development of the wholesale and printing business units as productive institutional assets is supported by a cooperative governance structure with formal reporting mechanisms, ensuring accountability, financial sustainability, and long-term institutional development.

4. Construction of the Maqasid-Based Economic Governance Model

Based on the coding process and cross-case integration of the empirical findings, this study develops an empirically derived conceptual model that explains the relationship between economic governance and Sustainable Islamic Development. The model demonstrates that effective economic governance constitutes the institutional foundation for sustainable economic development within pesantren. Governance practices including collective leadership, transparency, accountability, participation, effective business management, benefit distribution, and value-based decision-making are transformed through the internalization of the five dimensions of Maqasid al-Shariah: Hifdz al-Din, Hifdz al-Nafs, Hifdz al-Aql, Hifdz al-Nasl, and Hifdz al-Mal. This transformation generates a sustainable pesantren economy characterized by institutional self-reliance, community empowerment, economic resilience, and productive cooperative development, which ultimately contributes to Sustainable Islamic Development.

The resulting model illustrates that Maqasid al-Shariah functions not merely as a normative framework for evaluating welfare outcomes but as an operational governance mechanism that shapes institutional decision-making and directs organizational practices toward long-term sustainability. Accordingly, Sustainable Islamic Development emerges as the cumulative outcome of governance processes that integrate managerial effectiveness with Islamic ethical values.

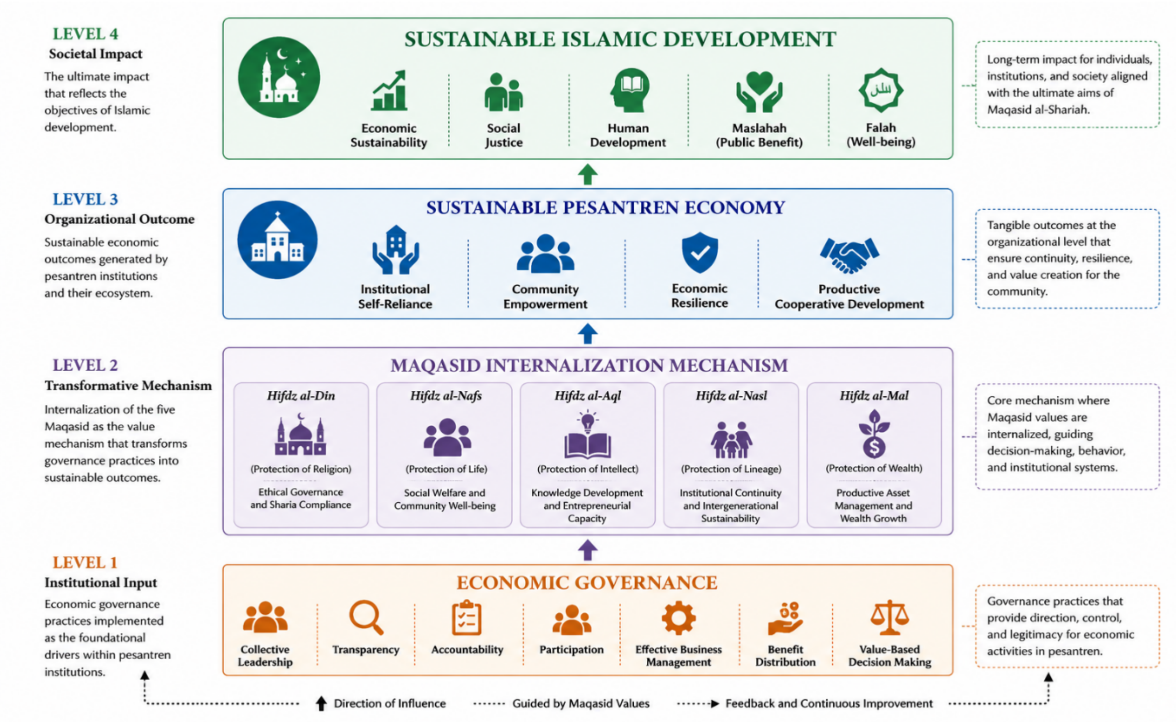

Figure 3. Empirically Derived Maqasid-Based Economic Governance Model for Sustainable Islamic Development

4.5 Discussion

The findings of this study are discussed through three complementary theoretical perspectives to explain the empirical relationships identified in the proposed Maqasid-Based Economic Governance Model. Rather than viewing governance solely as an administrative mechanism, the findings demonstrate that economic governance in pesantren represents a value-oriented institutional process in which managerial practices and Islamic ethical principles are inseparable.

The first layer of discussion refers to the economic governance perspective. Classical governance theory emphasizes transparency, accountability, participation, and effectiveness as the fundamental dimensions of institutional performance (Hassan & Karim, 2024). The empirical findings generally support these governance principles; however, the pesantren context reveals several distinctive characteristics. Transparency is not merely implemented through financial reporting but is reinforced by moral responsibility (amanah) and religious accountability. Likewise, participation extends beyond stakeholder involvement in decision-making to include the active engagement of santri in managing business units as part of their educational process. Collective leadership, benefit distribution, and value-based decision-making further demonstrate that governance within pesantren is embedded in religious norms rather than being limited to managerial efficiency. Consequently, governance in pesantren should be understood as an institutional governance system integrating organizational effectiveness with Islamic ethical commitments.

The second layer of discussion concerns the Maqasid Shariah framework. Previous studies have predominantly positioned maqasid as an evaluative framework for measuring welfare or development outcomes (Bedoui & Mansour, 2023; Rambe et al., 2023). In contrast, the present findings indicate that maqasid performs a more dynamic function by shaping the economic decision-making process itself. Each dimension of maqasid is reflected in institutional governance practices. Hifdz al-Din is manifested through ethical business conduct and Sharia compliance; Hifdz al-Nafs through the distribution of economic benefits for students and surrounding communities; Hifdz al-Aql through entrepreneurial learning and capacity development; Hifdz al-Nasl through institutional continuity and leadership regeneration; and Hifdz al-Mal through productive asset management and cooperative development. These findings suggest that maqasid is not only an outcome-oriented framework but also an operational governance mechanism that directs institutional behaviour toward sustainable development objectives.

The third layer compares the findings with previous empirical studies on pesantren economics and Sustainable Islamic Development. Earlier research has demonstrated the contribution of pesantren to community empowerment, entrepreneurial development, and local economic growth (Hidayat & Arifin, 2024; Martanti et al., 2025; Wahyono, 2025). Nevertheless, these studies have generally focused on economic outputs while providing limited explanation of the governance processes through which those outcomes are achieved. The present study extends this body of knowledge by empirically demonstrating that sustainable economic outcomes emerge through a sequential process in which governance practices are transformed by the internalization of maqasid values before generating institutional sustainability and broader Islamic development impacts. Accordingly, Sustainable Islamic Development should not be interpreted merely as the final objective of pesantren economic activities but as the cumulative consequence of governance practices grounded in maqasid principles.

The principal theoretical contribution of this study lies in the development of an empirically derived institutional model integrating Economic Governance, Maqasid Internalization, Sustainable Pesantren Economy, and Sustainable Islamic Development within a single analytical framework. Unlike previous conceptual studies that treated governance and maqasid as separate constructs, this model explains the causal pathway through which governance practices are transformed into sustainable development outcomes through the operationalization of maqasid values. This integration expands the literature on Islamic development economics from an evaluative perspective toward a governance-based and process-oriented approach.

From a practical perspective, the findings provide strategic implications for pesantren administrators and policymakers. Strengthening institutional sustainability requires not only improvements in managerial capacity but also systematic integration of maqasid principles into governance structures, leadership practices, business management, and resource allocation. Such an approach enables pesantren to function simultaneously as educational institutions, socio-economic organizations, and sustainable community development actors capable of generating long-term social and economic benefits.

4. CONCLUSION

This study examined economic governance practices in pesantren and explored how Maqasid al-Shariah values are internalized within institutional decision-making to support Sustainable Islamic Development. The findings demonstrate that effective governance in pesantren extends beyond conventional managerial principles of transparency, accountability, participation, and effectiveness by incorporating collective leadership, ethical responsibility, benefit distribution, and value-based decision-making rooted in Islamic principles. These governance practices constitute the institutional foundation upon which sustainable economic activities are developed.

Furthermore, the study reveals that the five dimensions of Maqasid al-Shariah Hifdz al-Din, Hifdz al-Nafs, Hifdz al-Aql, Hifdz al-Nasl, and Hifdz al-Mal operate not merely as normative indicators for evaluating welfare but as an integrated governance mechanism guiding institutional behaviour, economic management, and strategic decision-making. Through this process, governance practices are transformed into sustainable organizational outcomes characterized by institutional self-reliance, community empowerment, economic resilience, and productive cooperative development, which ultimately contribute to broader Sustainable Islamic Development. The principal theoretical contribution of this research is the development of the Empirically Derived Maqasid-Based Economic Governance Model, which explains the sequential relationship between Economic Governance, Maqasid Internalization, Sustainable Pesantren Economy, and Sustainable Islamic Development. This model advances Islamic development economics by shifting the discussion from an outcome-oriented perspective toward a governance-based and process-oriented framework capable of explaining how Islamic values shape sustainable institutional development.

Practically, the findings suggest that strengthening the economic sustainability of pesantren requires not only improvements in managerial capability but also systematic integration of Maqasid al-Shariah principles into governance structures, leadership practices, business management, and institutional policies. Such an approach enables pesantren to perform more effectively as educational institutions, community empowerment organizations, and sustainable socio-economic actors.

This study is subject to several limitations. The multiple-case study design emphasizes contextual understanding rather than statistical generalization, and the proposed model remains qualitatively derived from a limited number of pesantren. Future research is therefore encouraged to validate the proposed model quantitatively across broader institutional settings, develop measurable indicators for each governance and maqasid dimension, and construct a Pesantren Sustainability Index capable of assessing institutional sustainability from the perspectives of governance, maqasid, and sustainable Islamic development.

5. ACKNOWLEDGMENTS

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