

## Islamic Economic Behavior of *Kiai* (Study on Economic Community Empowerment at *Pesantren* Entrepreneur Al-Mawaddah Kudus)

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### Abstract

*Economic analysis is not sufficient to explain an economic phenomenon in quality, it is necessary to have other approaches to bridge and complete economic phenomena as social constructions. This study aims to analyze the economic phenomenon of the Pesantren Entrepreneur Al-Mawaddah Kudus with a Social Sciences approach to look in depth at the economic behavior of actors and related people in an effort to empower the community around the Pesantren. This research is qualitative field research using primary data that came from interviews, observations, and documentation. The results of this research are 1). The kiai's rationality in the process of community economic empowerment is the major factor in the disparity of welfare between pesantren and the community, so limits the main vision of empowerment. 2). The existence of Gusjigang as a noble value for Kudus Society plays a role in providing psychological encouragement to rationalization. 3). The Kiai's social network in Shilat al-Rahim strengthened his ability to mobilize the resources. 4). Kiai makes a spirituality as ruhaniyyah needs and rationality as jasadiyyah needs.*

**Keywords :** Economic Behavior, *Kiai*, *Pesantren*, Community Empowerment.

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### 1. INTRODUCTION

*Pesantren* is an institution that has existed in Indonesia from pre-colonial times until now (Isbah 2020b) and in its development, *pesantren* expands its potential as a social institution by developing businesses. Ideally, a *pesantren* that has a business is able to empower the community around the *pesantren* (Dhofier 1990). But in reality, Honggosoco village where the *Pesantren* Entrepreneur Al-Mawaddah exists is still not prosperous because based on data from the Central Java provincial government states that the status of Honggosoco village is still a developing village which is still two levels below the status of an independent village (Sidesa Jateng 2022).

Ismanto's research in the *pesantren* Walindo shows that a *Kiai* can have a significant influence on the business development of *pesantren* in three aspects of the multiplier effect, namely economic, educational, and social aspects (Ismanto and Nasrullah 2019). However, Isbah's research in the

*Pesantren* Darul Dakwah wal Irsyad showed that *Kiai* did not take advantage of the great potential of *pesantren* for community social empowerment even though *pesantren* had abundant social capital and fairly good access to government support and funding, because economic behaviour of *Kiai* in that *pesantren* was not in line with community empowerment ideas (Isbah 2020a).

Previous research found that religious values are main factor in the success of the business and community empowerment programs in *pesantren* (Widayanti 2020; Hadi 2019; Rahayu 2019; Hasbi, Muhalling, and Najmah 2020). While Sutomo finds the success of community empowerment in *pesantren* due to the use of social capital (Sutomo et al. 2018). Furthermore, Ebner underlines the factors of power and leadership in entrepreneurship (Ebner 2005) and Isbah found that the success of community empowerment programs depends on the vision and motives of the *Kiai* (Isbah 2020a). In the community,

where the santri and society learn to adjust to outside realities, especially the economic realm, kyai plays a role as major figures (Muslich 2018). So, kyai's leadership is very influential on economic empowerment (Supriyanto 2015; Arif and Muhammad 2015).

The position of this research based on previous studies is to try to bridge various perspectives related to the economic behavior of the kyai as religious leaders by collaborating these paradigms as a unified perspective.

In economics, all humans are assumed to be rational individuals. Rational individuals according to neo-classical economists, in short, are individuals who base their decisions on cost-benefit analysis. All decisions he makes are based on knowledge of what he has to pay and how much profit he will get afterwards (Abbas 2020). In its development, Herbert Simon thought about how the economic actions of actors with the assumptions of rationality which had been the basis of economic theory became less 'rational'. The emergence of this idea is based on his dissatisfaction, because many individuals take actions that are not in accordance with the assumption of rationality. Imperfect or limited information called the Bounded-Rationality assumption (Simon 1986). The discovery of Psychology in Economics: humans never perceive things objectively because they always view things relatively from a certain reference point (Susianto 2007). Therefore, traditional Economic thought cannot know what is in the human mind and the things that affect their daily decisions and behavior, so that all the factors that move actors in their economic actions in various perspectives can be a connected bridge to understand in depth on the behavioral economic dimension.

Max Weber offers a theory of value rationality in the economic actions of individuals as economic actions that are passionately and expressively oriented to unobservable values and they have unconditionally internalized in their actions. This value rationality involves an internally binding subjective orientation, in which the act is seen as an expression of what they believe (Friedland 2015). The action is the actor's belief that there is a value bond that comes from the action which is also a "Conscious belief in unconditional intrinsic value" related to ethics, aesthetics, religion, or others (Oakes 2003). Later in its development, Islamic economics views the ultimate goal of economic man in an Islamic

perspective or what is commonly referred to as Homo Islamicus not to maximize satisfaction (utility maximization) but for the benefit of the people. Each individual will weigh every choice and decision based on his devotion to God (Zaroni 2012).

The actions of a *Kiai* in *pesantren's* business activities are not in a social vacuum, because he is socially constructed. The economic actions of a *Kiai* are social actions that have a subjective side to him. The scholars do not agree in interpreting the economic actions of an actor, according to economists an actor has several options and preferences that exist to maximize benefits and profits, while according to other disciplines, they have different perspectives in interpreting the economic actions of an actor. Therefore, there is a need for a multidisciplinary approach to better understand complex realities holistically, such as the Psychology-Sociology-Anthropology approach in the case of economics (PSA-Economy).

George Akerlof was the first person to popularize the Psychology-Sociology-Anthropology Approach in economic action. According to him, individualistic utility maximization behavior is an assumption that sharply limits the domain of economic models that can better describe behavior in real terms. This is an assumption that turns out to be very limiting. Thus mainstream economics limits a number of economic models beyond the assumptions of rationality and makes the easiest judgments to produce certain outcomes. So the neoclassical model does not make assumptions derived from psychology, anthropology or sociology (Akerlof 1998).

The argument for the need of this approach in the economic actions of this actor is because the mathematical calculations of neoclassical economic models are always based on the assumption of *ceteris paribus* (other variables are considered the same) and this results in a bias because how is it possible to calculate economic behavior, but exclude something else that must be bound in every behavior?. In other words, the neoclassical economic model related to economic behavior which is claimed to be able to make predictions with precision is still an assumption, considering that an actor's actions are not carried out in a social and cultural vacuum. The assumption of *ceteris paribus* in individual acts, only to facilitate a prediction of economic phenomena, because they only describe what appears, but do not radically explore the

causes in the social context, and the cognitive aspects that influence each of their actions.

Islamic economics which rejects the assumption of individual profit maximization as in neoclassical economic theory, and offers the concept of a Muslim's economic action with the concept of homo Islamicus is "too purified", because an actor with his economic actions is certain to maximize profits, because it is impossible they want to maximize losses. Therefore, the assumption built in this research is that a Muslim with his economic actions is always "rational" while still considering profit even though there are more dominant factors that influence his actions, such as the value of religiosity. Because, if a Muslim entrepreneur does not take into account profits, how can they maintain the sustainability of their business?.

Embedding the predicate of homo Islamicus in Islamic economics can actually make economic actors as opportunistic actors who hide behind religious values and take advantage of religious legitimacy as a justification for every action, even though their actions may not be in accordance with Islamic norms. This is evident in Isbah's research in his research at the Sunan Darajad Lamongan *Pesantren* which turns out that the social capital owned by the *pesantren* is only used as a weapon for the concentration of wealth, even the surrounding community has not received significant benefits (Isbah 2020a).

Economic activities in *Pesantrens* are not sufficiently understood with the approach models commonly used in economics, as an internal approach. Social interactions strongly influence economic activity in *Pesantren*, because it is not only educational institution, but also a social institution. Economic analysis is not sufficiently able to explain a phenomenon in quality, which is behind the partition and penetrates the existing reality. Therefore, it is necessary to have an interdisciplinary study of Psychology-Sociology-Anthropology in economic phenomena as a collaborative approach, because economic analysis tends to only predict and expands the possibility of interrelationships influences between variables. This interdisciplinary study emphasizes the explanation and description of economic phenomena. The hope of this collaborative approach is to describe the facts, circumstances, and actions that occur in the economic activities of the *pesantren*, so that they can find out the facts holistically why they take these actions in a wider social context.

This study aims to analyze the economic phenomenon of the *Pesantren* Entrepreneur Al-Mawaddah Kudus with a Psychology-Sociology-Anthropology approach to look in depth at the actions of actors and related people in an effort to empower the community around the *Pesantren* where there is an exchange of symbols (values and norms), emotions (love, respect or enmity), and the exchange of goods and services. *Kiai* Sofiyani Hadi is *Kiai* of this *pesantren*, and the location of the *pesantren* is in Honggosoco Village, Jekulo District, Kudus Regency, Central of Java.

## 2. METHOD

This research is a qualitative research that emphasizes meaning rather than generalization (Sugiyono 2013). This research is interpretive descriptive by looking at social reality as something dynamic, complex, and full of meaning that focus on exploring the meaning of *Kiai*'s actions as the central actor in every *pesantren*'s business activity in an effort to empower the community's economy. The primary data in this study came from the results of interviews, observations, and also documentation from the research location, namely the *Pesantren* Entrepreneur Al-Mawaddah. The secondary data used in this study is a book that discusses the profile of the *Pesantren* Entrepreneur Al-Mawaddah, the official website, *pesantren*'s magazines and documents that have relevance. These data are used as a complement to the discussion in the object of research.

## 3. RESULT AND DISCUSSION

### 3.1. *Pesantren* Entrepreneur Al-Mawaddah

The *Pesantren* Entrepreneur Al-Mawaddah is in Honggosoco Village, Rt 06 Rw 01, Jekulo District, Kudus Regency. This *pesantren* has 50 active *santri* and the *Pesantren* Entrepreneur Al-Mawaddah is only devoted to the university student level. KH. Sofiyani Hadi founded the *Pesantren* Entrepreneur Al-Mawaddah around 2008, and he graduated from the Department of Sharia and Law at Al-Azhar Cairo, then continued his studies at the postgraduate program at the Faculty of Inter-religious and Cross-Cultural Sciences at UGM Yogyakarta.

Since its establishment in 2008, the *Pesantren* Entrepreneur Al-Mawaddah has designed a learning curriculum with three aspects, namely Spirituality, Leadership and Entrepreneurship. Therefore, in addition to studying at universities and participating in

the tahfidz Al-Qur'an program, students who are staying at Al Mawaddah follow entrepreneurial practices in pesantren units. With these activities, Islamic boarding schools are financially independent so that they can meet operational needs as well as in infrastructure development. Likewise with students, they can be actively involved in managing business units, earning income from it, so that they can finance their studies to graduate without sending money from their parents.

The pesantren business unit has 170 workers and its management is left to the Al-Mawaddah Entrepreneur Islamic boarding school students. The agricultural sector is the core business owned by pesantren, which includes:

- a. Agriculture of food crops, such as: rice, corn, soybeans, vegetables, and cassava;
- b. Plants of fruit types, such as: *Kelengkeng*, and *Buah Naga*
- c. Sugarcane farming.

Apart from being a place to study religion, this *pesantren* also has several business units and community empowerment programs. The business run by the *Pesantren* Entrepreneur Al-Mawaddah started in 2012, while the community empowerment program under the guidance of the Indonesian Ministry of Manpower (Kemnaker) started in 2017 in the form of agriculture-based empowerment.

### **3.2. Agriculture-Based Empowerment**

*Pesantren* Entrepreneur Al-Mawaddah apart from being an institution for the study of religious knowledge, has also become a social institution that supports economic development by empowering the community around the *pesantren*. The ability of *pesantren* to carry out empowerment initiatives has changed the community's perspective on *pesantren* into an institution that is not only purely religious-oriented without paying attention to social realities, but remains responsive to the problems of the community's economy. In terms of community empowerment, this *pesantren* has a BLKK program (Community Work Training Center) for agricultural processing (Agroindustry) under the guidance of the Indonesian Ministry of Manpower.

*Pesantren* Entrepreneur Al-Mawaddah implements the BLKK program with training in making pastries as a sub-vocational agroindustry in the BLKK program. Based on information collected by researchers, the BLKK program assistance allocated to training institutions is carried out in two

sessions each year, with 16 participants per session, but Muhammad Luthfi as the manager of the BLKK program in the *Pesantren* Entrepreneur Al-Mawaddah added "*Tapi khusus Al-Mawaddah, entuk keistimewaan mas, bisa 3 sesi setiap tahun*" (But specially Al-Mawaddah gets privileges, it can be 3 sessions every year). The privilege in his explanation is due to the close relationship of *Kiai* Sofiyani Hadi with related parties responsible for this BLKK program. And the BLKK program carried out by the *Pesantren* Entrepreneur Al-Mawaddah has fostered 8 batches, which means that only 128 people from the surrounding community participated in this training from the total population of Honggosoco village which amounted to 10.145 people (Sidesa Jateng 2022). When Luthfi was asked for an explanation, why there were only 16 people per session in this empowerment program, he replied, "*Ora ono danane mas, dari pemerintah cukupe mung kanggo wong semono kok*" (There is no funds, and from the government it is enough for that only). Therefore, it can be understood that the implementation of the community empowerment program carried out by *Pesantren* Entrepreneur Al-Mawaddah is in accordance with the assistance funds provided by the government and the *pesantren* does not take the initiative to increase the portion of participants outside of government funding. When the researcher asked for a report on activities related to the community empowerment program, there was no openness of the *pesantren* to this community empowerment program.

In addition to training in making pastries, *Pesantren* Entrepreneur Al-Mawaddah implements an agriculture-based empowerment program. *Kiai* Sofiyani Hadi said that the core business of this *pesantren* is agriculture, therefore he invites the community to participate in the development of this agriculture. Of several types of agriculture developed by this *pesantren*, the one that has a significant impact on the development of the *pesantren* is sugar cane farming. *Kiai* Sofiyani Hadi carried out several strategies in sugarcane farming, one of which was the transformation of sugarcane farming based on research and technology to increase the quantity and quality of sugarcane. The goal is clear, the *Pesantren* Entrepreneur Al-Mawaddah is a supplier of quality sugarcane that is deposited into large domestic sugar factories, namely: Rendeng Kudus Sugar Factory, Pakis Pati Sugar Factory, Trangkil Pati Sugar Factory and Madukismo Yogyakarta Sugar Factory. When

interviewed, he explained that the transformation of sugarcane farming based on research and technology was important, because large sugar factories only wanted to accept sugarcane with high sap content (*Kandungan nira tinggi* in Bahasa).

### **3.3. The Rationality of Kiai Pesantren Entrepreneur Al-Mawaddah**

According to Didin, the former head of The *Pesantren*, it turns out that the community work training center program is prioritized for the *santri* themselves, after all the *santri* have participated, then the community will be included in this program.

With the development of sugarcane farming, *Kiai* Sofiyani Hadi has 261 fostered farmers spread across three cities; Kudus, Jepara and Pati. When he was asked the reason for choosing fostered farmers from outside the city of Kudus, why not foster farmers in Honggosoco village, *Kiai* Sofiyani Hadi replied, "*Yo aku ngejak sing gelem diajak kerjasama, petani deso kene akeh sing nandur nganggo metode kuno, dadi hasil tebune elek, ora menguntungkan*" (I only invite those who want to cooperate, there are many village farmers here who farm using ancient methods, so the yield of sugarcane is bad, not profitable). And according to Pak Sul, the coordinator of the farmers, it turns out that out of 100 ha of sugarcane farming, only 3 ha are in Honggosoco Village, and only 30 out of 261 farmers are domiciled in Honggosoco Village.

*Kiai* Sofiyani Hadi's economic behaviour in this case are in the actor's rationality space, with several assumptions:

- a. He can identify or define an alternative course of action or sequence of actions.
- b. He can determine the consequences resulting from each alternative, possible outcome or reward option, and know all the relevant consequences of his alternative action.
- c. He can consider his preferences among options, and can compare terms of subjective preference or utility effectively with a comparability of values or preferences for each set of consequence.

In the end, the *Kiai*'s rationality in the community economic empowerment process turned out to limit the main vision of empowerment, the collaboration of 261 farmers who were spread over 3 cities was more economically profitable for *Kiai* Sofiyani Hadi than community empowerment which focused on empowering the Honggosoco village community. It's the factor of the welfare gap between the *pesantren* and the surrounding community. The idea of

economic empowerment with greater benefits for the community becomes difficult to achieve because the *Kiai*'s rationality as a key actor in social relations limits the core goal of community empowerment.

The low level of community participation in sugarcane farming run by *pesantren*, and the low number of community participation in the BLKK program, are one of the factors behind the inability of *pesantren* to optimally improve the welfare of the community. The element of participation is the most important element in empowerment, namely community involvement in a series of development processes, and participating in enjoying the results of such a development. One of the important things in the empowerment process is the subject's recognition of the power, strength and ability of the object. This process emphasizes the importance of shifting the function of society which was originally an object to become a subject. society is not positioned as an object in the development process, but as the subject of the development process. Therefore, in empowering the community, it is necessary to take an approach that has a clear direction, carried out by the community who is the target of empowerment by taking a community approach.

### **3.4. Asymmetrical relationship between the Kiai and the community**

*Kiai* is an honorary title for someone who has Islamic knowledge. A *Kiai* is usually the initiator of the establishment of a *pesantren* where he has to lead the *pesantren* and be the policy and decision maker within it (Siregar, Setiawan, and Setio 2013). The charisma of the *Kiai* is the main factor behind the popularity of the *pesantren*. The fact that many *pesantren* are outstanding is usually due to the charisma of the *Kiai*. The development of *pesantren* depends on the decision of the *Kiai*. In addition to his position as the leader of the *pesantren*, *Kiai* plays a dual role in important fields, including Islamic rituals, Islamic da'wah, politics and economics (Isbah 2020b).

The pattern of the relationship between the *Kiai* and the community forms the concept of redistribution because of the asymmetrical relationship between the *Kiai* and the community. The characteristic of an asymmetric relationship is the presence of certain individuals who appear as organizers of collecting goods or services from group members. The relationship that occurs is the relationship between individuals as group members. They behave not to represent themselves as individuals, but as members

of a group (Sairin, Semedi, and Hudayana 2016). In this case, *Kiai* represents the *pesantren* as a group member in redistribution activities.

If studied from the economic dimension, redistribution is an exchange that is not only based on commercial motives. The underlying motive for redistribution may be social as an image of the integrity of a centrally integrated society. The higher the degree of centrality of the *Kiai* who integrates the community, the more potential for redistribution activity to grow in society. However, redistribution activities often benefit one party, namely the *Kiai* Sofiyani Hadi as the party who holds the highest authority in the redistribution institution.

The function of redistribution is very complex, the main thing is as a mechanism to mobilize power for certain interests. Resources owned by *santri* and the community are mobilized and diverted for certain interests. Another function of redistribution is to integrate various community groups as a social unit. Through redistribution activities, *santri* feel bound with society, devoted to the *Kiai* so that solidarity is realized. Finally becoming a political function for the *Kiai* as the initiator of redistribution, the *Kiai* gets social prestige because he has distributed part of his wealth under the pretext of social welfare or social justice.

Although with this role a *Kiai* is able to bridge the aspirations of the community and external parties, so that *pesantren* can become a facilitative mediator to meet their needs, the position and power of the *Kiai* as a source of social change is only seen as an opportunistic position to maintain its popularity and the existence of the *pesantren*.

### **3.5. Psycho-Social of *Kiai*'s Economic Behavior**

The internal dimension of *Kiai* as a key actor in community economic empowerment can be understood by analyzing using the COM-B Model theory initiated by Susan Michie, that a behavior will be carried out if there is capability, motivation and opportunity.

The capability is defined as an individual's psychological and physical capacity to engage in the activity concerned. This includes having the necessary knowledge and skills. Motivation is defined as all the brain processes that energize and direct behavior, not just goals and conscious decision making. It includes habitual processes, emotional responses, and analytical decision making. Opportunity is defined as all factors outside the individual that enable or

encourage the behavior (Michie, van Stralen, and West 2011).

The capability of the *Kiai* Sofiyani Hadi who drives his economic actions in this case can be described as his ability to manage resources optimally based on the social capital that the *Kiai* has, the social trust given by the community to the *Kiai*, as well as his knowledge and skills towards technological developments in an effort to develop the *pesantren*'s business and implement community empowerment. While the motivation that drives his economic action is spiritual motivation and emotional motivation.

When interviewed about *Kiai*'s big vision in all *pesantren*'s activities, particularly in *pesantren*'s business activities and community empowerment, he said, " *Visi besarku, aku pengen mengko nek wafat, jenengku ijeh dikenang, aku gak pengen mengko wafat terus ditahlili tapi bar hari kepitu, wong-wong podong ngelalekke aku*" (My big vision, I want that when I die, my name is still remembered, I don't want to die, people will continue to pray for me until the seventh day, but then people will forget about me). The meaning contained in his words can be interpreted that one of his motivations in everything he does in *pesantren*'s activities is to gain social prestige. In addition, his predicate as *Kiai* makes the spiritual aspect as motivation in his actions. The opportunities that drive his economic actions are the *Kiai*'s opportunities with all the capital (material and immaterial) he has to mobilize resources, such as the opportunity to get government funding because of his social network.

### **3.6. Philosophy of *Gusjigang* as Social Capital and Psychological Encouragement for the Economic behavior of *Kiai*, *Santri* and Society.**

How culture influences a person's actions is a discussion in anthropology (Sairin, Semedi, and Hudayana 2016). *Gusjigang* is a culture and social capital that has been embedded in the Kudus society which influences their economic actions. Social capital is all the social forces of the community that are constructed by individuals or groups with reference to social structures which according to their assessment can achieve individual and or group goals efficiently and effectively with other capitals. It can be concluded that social capital is a social investment that includes social resources such as networks, beliefs, values and norms as well as the driving force in the structure of social relations to achieve individual and

or group goals efficiently and effectively with other capital (Damsar and Indrayani 2018).

The original meaning of *Gusjigang* originally came from the terminology "*Wong ngisor menoro*". "Gus" is good in terms of physical appearance with good clothes, a good house, a good outward appearance that is synonymous with a lot of fortune. Therefore, the symbol of gratitude in enjoying his wealth will be displayed in a good physical form. "Ji" is a recitation related to public awareness to increase spirituality while "Gang" is the economic spirit of the Kudus people as traders (Pujiyanto et al. 2019).

Until now, *Gusjigang* is still a guide for the Kudus community in their daily life, more specifically for religious communities. Therefore, *Gusjigang* was appointed as a symbol or icon of the *Pesantren* Entrepreneur Al-Mawaddah in order to grow its work ethic and characteristics. Thus, updating the meaning of *Gusjigang* which is the business icon of the *Pesantren* Entrepreneur Al-Mawaddah is to become an entrepreneur who has religious knowledge who is active in social activities, and is in business as a means of worship. *Gusjigang's* philosophy underlies *Kiai* Sofiyani Hadi as the founder of the *Pesantren* Entrepreneur Al-Mawaddah, inserts the word "Entrepreneur" in the name of his *Pesantren*, emphasizing the three main values of the *pesantren*: Spirituality, Entrepreneurship and Leadership. Thus, *Gusjigang* is the actualization of the entrepreneurial values of *Sunan Kudus* which became the *Pesantren* Entrepreneur Al-Mawaddah as a spirit in social and economic action.

The meaning of "Ji" in *Gusjigang* is an internalization of religious values in entrepreneurship that can encourage *Kiai* and *santri* of *Pesantren* Entrepreneur Al-Mawaddah not to be too *zuhud* in the world, because it actually creates a negative multiplier effect on social life. The economic and social problems of the community cannot be resolved only with prayer and *munajat*, efforts and actions are needed to contribute to overcoming the existing problems. The meanings of "Ji" and "Gang" in *Gusjigang's* philosophy are a combination of prayer and effort to optimize resources as God's blessings given for the common good. In short, the spirit of *Gusjigang* directs the spirit of capitalism at *Pesantren* Entrepreneur Al-Mawaddah. This is in line with Max Weber's view, in his research one of the most dominant factors influencing business success is religion. Weber, in his book, notes that religion can be

a trigger for one's business success (Nurohman and Muafiah 2021).

*Gusjigang* as social capital is a combination of norms and attitudes which are intangible assets and are actual and potential resources. The existence of *Gusjigang* as a noble value for Kudus society plays a role in providing psychological encouragement to rationalization.

### **3.7. *Shilat Al-Rahim* as a Means of *Kiai's* Economic Action**

The economic motive underlying an economic action can only be explained through *hablun min al-nas* (human relations). If the economic action is born from a motive based on awareness of divine values and human values, and it is expressed in a *hablun min al-nas*, then this relationship is called *Shilat al-rahim*. Interpreting *Shilat al-rahim* just as an ordinary meeting between two people is the same as reducing the nature of the meaning of *Shilat al-rahim*. *Shilat Al-Rahim* is a relationship based on brotherhood and love, emphasizing the nature of social interaction based on both divine and human values (Rozi 2016).

Following Granovetter's way of thinking, *shilat al-rahim* is a social network or series of social relationships that are bounded brotherly feelings because they originate from the same awareness and to create a collective interest. In this context, individual interests do not conflict or even align with collective interests, not only for the parties who are interacting, but also for all members of society (*mashlahat ammah*) (Rozi 2016). In this case, Granovetter calls social embeddedness in economic activity as a result of social networks to explain how institutions interact with social networks and social norms in directing economic actions (Mudiarta 2011).

The *Pesantren* Entrepreneur Al-Mawaddah has established social contacts with the surrounding community and other social communities outside the *pesantren*. In an interview with Muhammad Lutfi, he explained that *Kiai* Sofiyani Hadi always socializes *pesantren* activities through routine recitations for women (*Majlis Taklim Ibu-ibu*) in *pesantren*, he often invites mature women to participate in community economic empowerment programs carried out by *pesantren*. Likewise with *Kiai* Sofiyani Hadi's wife namely Siti Khodijah, who is active in several social organizations and community associations with the aim of socializing *pesantren* activities and strengthening *Shilat al-Rahim*. *Kiai* Sofiyani Hadi also added in his interview that he is active in the LPNU

(Nahdhatul Ulama Economic Institute) and RMI (Rabithah Ma'ahid Islamiyyah) organizations.

The social network built by *Kiai* Sofiyan Hadi and *Pesantren* Entrepreneur Al-Mawaddah can facilitate the mobility of resources, because to keep someone holding a position or building a business, requires an ability to mobilize resources in the form of information and finance. The *Kiai's* social network strengthened his ability to mobilize these resources. In this case, the power of kinship and religious symbols are the factors that dominate the *Kiai* in his actions. This is in accordance with Marxist thought about economics, that the economy is a phenomenon that is integrated with the social system, the kinship system and religion according to Marx is a structure that appears to dominate their social life (Sairin, Semedi, and Hidayana 2016).

In performing *Shilat al-Rahim*, *Kiai* acts in a social context within a group. The relationship that *Kiai* builds as a key actor with and/or within community groups so that a bond is formed can be referred to as a social network at the meso level. This network as a lubricant, as a bridge, and as an adhesive (Damsar and Indrayani 2018). The facilitation function in social networks at the meso level can be seen from the various conveniences obtained by *Kiai* to access various goods and/or scarce resources such as information, goods, services, power and so on. The function of *Shilat al-Rahim* as a bridge at the level of the meso network can be seen through the power of the connection or the strength of relations that the *Kiai* has to use in life.

### **3.8. Spirituality in *Kiai's* Economic Behavior as *Ruhaniyyah* (Inner Value) Needs**

Economic action relies heavily on language as a symbol of interaction. In other words, humans in their economic actions always prioritize symbolic interactionism in negotiating their desires and hopes. The meeting point between cultural and economic studies can be understood, for example, in the example of meeting needs. Human needs do not include cultural studies, but how humans can fulfill those needs is part of culture. In other words, how, behavior, and human motives in meeting their needs are the subject of a joint study between culture and economy or business.

Referring to the sociological concept of economic action, actors are seen as socially constructed entities, which contain economic meanings or nuances, or economic motives. The *Kiai's*

economic actions in community empowerment can be understood in terms of *hablun min al-nas* (relationships between human beings, social interaction) where the *Kiai* actualizes his values, motives and intentions.

The motive for *Kiai's* actions is framed in his capacity as a religious actor, which is embedded in his honorary predicate. Therefore, the *Kiai's* actions are receptive to submission or the necessity to submit to the will of God. On the other hand, in a horizontal relationship, the *Kiai's* actions are also receptive because the motives that arise are due to encouragement or a response to the actions of others. If the *Kiai* consciously thinks that something is contrary to the will of God, then with his consciousness he can actively distance himself from what he considers to be contradictory. In this way, the *Kiai's* consciousness determines the motives underlying his actions and provides space for him to act actively. The existence of a motive based on this divine consciousness distinguishes between humans and animals (Rozi 2016). As the Prophet Muhammad stated: "The action depends on the intention" (Al-Bukhari 2007). Therefore, the meaning of the economic action of the *Kiai* as an actor is understood through the motives (intentions) aimed at other people who are the targets of his actions in social interaction.

*Kiai's* economic actions with his honorary title as a respected actor in religion, within the framework of his social interactions are related and bound in the frame of his divine interaction. That is why as a form of perfection in his form of servitude to his Lord, *Kiai* need to collaborate between ritual piety and social piety as a form of integration of *hablun min Allah* (relationships with god) and *hablun min al-nas* (relationships between human beings) in order to prevent and guard themselves from actions that are outside the limits determined by Islamic religious values. Thus, the *Kiai's* economic actions in a sociological perspective are actions based on an awareness that is both *ilahiyyat* (faith) and *insaniyyat* (human) at the same time. These two forms of awareness are active awareness that underlies and forms the motive for *Kiai's* economic actions in community empowerment. *Kiai's* awareness of the need to empower the community which is the actualization of the meaning of *hablun min al-nas*, drives his motives and become the basis for *Kiai's* actions. Therefore, *Kiai's* awareness of the importance



of social piety encourages *Kiai* to empower the community.

*Kiai* Sofiyan Hadi said when asked for an explanation regarding the orientation of his economic actions, "*Tentu keduanya harus seimbang antara memaksimalkan keuntungan dan kesejahteraan sosial*" (Of course both must be balanced between maximizing profits and social benefits). Furthermore, he mentioned *Gusjigang* as the reason. The *Kiai's* economic actions refer to the point of moderation or balance between the two (individual-collective) interests. Because individual interests and collective interests are often contradictory, especially when individual interests are more prominent, the actor's awareness dimension occupies an important position and acts as an element of "restraint" against his individual desires and motives. The tendency of the *Kiai's* desire to always hoard wealth will get a response from his awareness to submit and obey religious values (Rozi 2016). This means, active awareness of desire, or receptive desire consciousness. In his actions, the *Kiai* in every interaction consciously reduces some of his individual interests through actions based on Islamic teachings.

Humans are not seen as purely physical and spiritual beings, but both at the same time. Ontologically, the whole can be all the attributes and traits that are essentially inherent in humans as all-encompassing creatures. The *Kiai's* economic actions that are full of divine are a spiritual need as a symbol of his obedience to God who has bestowed blessings that the community believes is inherent in the *Kiai*. The symbol of blessing, obedience to God, a deep understanding of religion inherent in the *Kiai*, social trust and a solid network between the community and the *pesantren* are internalized within the *pesantren* environment. This value has been rooted in people's lives and has influenced the implementation of economic activities in the *Pesantren* Entrepreneur Al-Mawaddah. *Kiai's* economic actions that involve sharia considerations (halal-haram and benefit) in determining a set of choices and a number of stable preferences determine their utility functions that do not ignore the space-time aspects formulated in terms of the life of the world and the hereafter.

### **3.9. The Rationality of *Kiai's* Economic Behavior as *Jasadiyyah* (Physical Value) Needs**

In economics, all humans are assumed to be rational individuals. Rational individuals according to neo-classical economists, in short, are individuals who

base their decisions on cost-benefit analysis. All decisions he makes are based on knowledge of what he has to pay and how much profit he will get afterwards (Abbas 2020). Economics conventionally concludes that every individual has stable and coherent preferences, and that he or she rationally maximizes those preferences. Given a set of probabilistic choices and beliefs, one is assumed to maximize the expected value of utility.

The pursuit of material (wealth) is only a means to achieve success as long as it does not conflict with sharia rules. This is what distinguishes conventional economics and Islamic economics, the pursuit of wealth in Islamic economics is not the main goal, but only a means to a better life so that worship becomes more qualified. Explicitly, Islam does not prohibit maximizing profits to accumulate wealth, the reluctance of a Muslim to accumulate wealth actually prevents him from performing Hajj and carrying out zakat.

The *Kiai's* rational action, which is summarized in the researcher's observations, is his effort to obtain benefits for his efforts as *jasadiyyah* needs. Although rational action in economics has nothing to do with religion, in reality spirituality is a variable of *Kiai's* economic actions, but rationality seems to dominate. *Kiai's* economic actions in the *pesantren's* business and community empowerment activities are carried out in the most efficient way, both time and cost, with the aim of obtaining maximum benefits, and avoiding anything that could reduce profitability. Rationality is something that is definitely inherent in the actions of an entrepreneur, because a business or business is founded to seek profit, not to seek loss. Maximizing internal profits is a means of achieving good fortune in the world and the hereafter as a manifestation of the *munajat* "*Rabbanâ âtinâ fiddunyâ hasanah wafil âkhirati hasanah*" (O Allah, grant us good in this world and good in the hereafter). *Kiai* Sofiyan Hadi said that seeking profit is a step for sustainable development of *pesantren's* business.

*Kiai* Sofiyan Hadi is fully aware that his abilities are very capable of achieving the goals he wants. His ability and knowledge to manage resources to achieve his economic goals, and strong social network ties in *Shilat al-Rahim* encourage his economic actions. Even so, the dominance of the *Kiai's* rationality has limited the idea of community empowerment, because considerations of maximizing profits that are not

parallel to maximizing social welfare make efforts to empower the community not optimal.

#### 4. CONCLUSION

The capability of the *Kiai* Sofiyani Hadi who drives his economic actions can be described as his ability to manage resources optimally based on the social capital that the *Kiai* has, the social trust given by the community to the *Kiai*, as well as his knowledge and skills towards technological developments in an effort to develop the *pesantren*'s business and implement community empowerment. While the motivation that drives his economic action is spiritual motivation and emotional motivation.

The existence of *Gusjigang* as a noble value for Kudus Society provides a psychological encouragement to economic rationalization and the *Kiai*'s social network strengthened his ability to mobilize the resources, but the *Kiai*'s rationality domination in his behavior on the community economic empowerment limits the main vision of empowerment. And although with the role of *Kiai* is able to bridge the aspirations of the community and external parties, so that *pesantren* can become a facilitative mediator to meet their needs, the position and power of the *Kiai* as a source of social change is only seen as an opportunistic position to maintain its popularity and the existence of the *pesantren*.

The collaborative approach in this study differs from previous studies, where many previous studies only used a single approach. Finally, this research will complement the next research which uncovers the religious and economic domains of *pesantren* in Indonesia in a wider social context. The recommendation for further research is the use of quantitative methods to accurately measure the determinants of the *kiai*'s economic actions in *pesantren*.

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