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EMPOWERING FEMALE ENTREPRENEURSHIP THROUGH PESANTREN: A STRATEGIC MODEL FOR ECONOMIC EMPOWERMENT



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Abstract

Indonesian Islamic Boarding School (*Pesantren*) presents significant opportunities for the economic empowerment of the Muslim community. This study aims to examine how the pesantren environment influences the entrepreneurial intentions of female students (*santriwati*). Employing Structural Equation Modelling Partial Least Squares (SEM – PLS) along with the Higher Construct Model (HCM) approach, the study analyzes data collected through questionnaires distributed to *santriwati* at Pesantren Idrisiyyah in Tasikmalaya. The findings reveal that the presence and activities of pesantren positively influence the entrepreneurial intentions of *santriwati*, encouraging them to engage in business initiatives. Furthermore, the study highlights that pesantren – based programs designed to nurture entrepreneurial character significantly enhance key competencies, including self – efficacy, risk – taking, planning, leadership, persistence, and social skills. These competencies are crucial for fostering an entrepreneurial mindset and preparing students for future business endeavors. The study offers valuable insights for the development of strategic frameworks to strengthen pesantren programs focused on entrepreneurship. By integrating character building with practical business exposure, pesantren can play a vital role in shaping a generation of economically empowered and socially responsible Muslim entrepreneurs.

Pondok pesantren di Indonesia telah menghadirkan peluang yang signifikan bagi pemberdayaan ekonomi umat Islam. Penelitian ini berupaya untuk meneliti bagaimana pesantren memengaruhi minat berwirausaha santriwati. Penelitian ini menggunakan Structural Equation Modelling Partial Least Squares (SEM-PLS) bersama dengan pendekatan Higher Construct Model (HCM) untuk analisis data. Data untuk penelitian ini dikumpulkan melalui kuesioner yang diberikan kepada santriwati di Pesantren Idrisiyyah di Tasikmalaya. Temuan penelitian ini menunjukkan bahwa keberadaan pesantren berdampak positif pada minat santriwati untuk terlibat dalam kegiatan bisnis. Penelitian ini juga mengungkapkan bahwa program-program di dalam Pesantren yang bertujuan untuk menumbuhkan karakter wirausaha dapat meningkatkan kompetensi seperti efikasi diri, pengambilan risiko, perencanaan, kepemimpinan, kegigihan, dan kemampuan bersosialisasi. Temuan penelitian ini dapat menjadi landasan yang berharga untuk mengembangkan kerangka strategis bagi program-program pesantren yang bertujuan untuk menumbuhkan kewirausahaan di kalangan santri.

INTRODUCTION

Women's economic empowerment is an important factor in national economic development. Their participation in economic activities considerably contributes to the economic transformation of poor nations (Chhabra et al., 2020). Their involvement enhances productivity and fosters broader social progress. However, women often face systemic challenges such as unequal access to education, financial services, and employment opportunities. Cultural norms and legal barriers further limit their economic potential. Addressing these issues is essential to maximize women's contributions and ensure sustainable development. Empowering women economically strengthens not only families and communities but entire national economies.

In 2023, 17.61% of female university graduates were still unemployed, 9% higher than the 8.75% of male graduates. In addition, women have a much lower income, with an average monthly salary of IDR 2.42 million, compared to men's income of IDR 3.2



million (BPS, 2023). Therefore, business is often the preferred choice for women. Indonesia has a large number of women entrepreneurs. Micro, small, and medium enterprises (MSMEs) owned by women reached 64.5% of the total 37 million MSMEs in 2023. MSMEs contributed 60.5% to Indonesia's GDP in 2023 (BPS, 2023), indicating the significant dependence of the Indonesian economy on these enterprises. Therefore, increasing the number of entrepreneurs, especially women, is critical to Indonesia's economic growth.

Entrepreneurship studies have predominantly concentrated on male subjects rather than female ones (Chhabra et al., 2020). These studies frequently overlook gender-specific factors. Jan et al. (2023) Identified that women's intentions to initiate a business are affected by entrepreneurial intentions, personal characteristics, adaptability, and background factors such as education and experience. Furthermore, entrepreneurship education can enhance entrepreneurial intention (Trivedi, 2016). Entrepreneurship education has the potential to enhance individual motivation for business initiation. Aliyu et al. (2015) investigated the entrepreneurial intentions of Nigerian university students, revealing that entrepreneurial attitude, subjective norm, and perceived behavioral control are significant determinants of these intentions.

The effectiveness of entrepreneurship education depends on a supportive and conducive learning environment (Mason, 2011). The facts show that entrepreneurship education is most effective when delivered in a supportive and conducive learning environment. Such an environment fosters creativity, risk-taking, and experiential learning, allowing students to actively engage, apply entrepreneurial concepts, and gain confidence, ultimately enhancing their ability to develop viable business ideas and ventures. Islamic boarding schools, known as *Pesantren*, have the potential to create an effective educational environment for fostering entrepreneurial skills. In addition to their conventional function in religious education, *Pesantren* have made a notable impact on local economic development. *Pesantren* are uniquely positioned to function as incubators for emerging entrepreneurship, as demonstrated by Hadi (2019).

Husaini et al. (2023) identified three essential roles of Islamic boarding schools, such as *Pesantren*, in promoting entrepreneurial intention among students: offering entrepreneurship education, supporting business development, and cultivating entrepreneurial character. These variables were statistically demonstrated to significantly affect students' intentions regarding entrepreneurship. Additionally, they foster the development of entrepreneurial traits, including persistence, risk-taking, sociability, innovation, leadership, and self-efficacy. Alifa et al. (2021) found that involving students in *Pesantren*'s business units enhances their well-being and stimulates their desire to start their own businesses. Participation in these economic activities provides students with practical skills, boosts their confidence, and fosters a sense of purpose and independence. This hands-on experience enhances their understanding of business operations, encouraging them to consider entrepreneurship as a viable career path. The supportive environment within *Pesantren* nurtures personal growth while equipping students with the mindset and tools needed to pursue self-employment. Thus, integrating entrepreneurship into *Pesantren* education contributes to the holistic development and future economic empowerment of the students.

Some previous studies have investigated the factors influencing women's entrepreneurial intentions. Anggadwita et al. (2022) shown that social views and entrepreneurial orientation are significant indicators of women's entrepreneurial intentions. Social perception has been shown to affect an individual's entrepreneurial attitude. Llados–Masllorens & Ruiz–Dotras (2022) discovered that financial literacy and expertise significantly influence entrepreneurial culture and enhance women's

entrepreneurial intentions. This research found that relational capital and the social environment are essential in alleviating excessive risk aversion among women entrepreneurs. A research by Mozumdar et al. (2020) revealed that the success of women-led firms is favorably affected by several factors, including social environment, business environment, entrepreneurial orientation, and business training.

Szmanska et al. (2020) indicate that entrepreneurial intention may be enhanced through experiential learning activities such as business hackathons. These events enable the identification of viable business opportunities that are contextually pertinent. Business workshops act as a catalyst for fostering entrepreneurial intent. Llados – Masllorens & Ruiz – Dotras (2022) identified that financial literacy significantly contributes to promoting a culture of female entrepreneurship, alleviating the fear associated with starting a business, and increasing awareness of business opportunities. As a result, women are increasingly empowered to engage in entrepreneurship.

Many entrepreneurship studies frequently neglect gender disparities. Indeed, both genders possess distinct features and face unique obstacles. This study provides space to fill the gaps in various previous studies. This study attempts to examine the influence of entrepreneurship education in Pesantren on the entrepreneurial intentions of female students.

Literature Review

Female entrepreneurs are characterized as individuals who leverage their knowledge and resources to establish or innovate business opportunities while actively participating in the management of their enterprises (Moore et al., 2011). Llados – Masllorens & Ruiz – Dotras (2022) identify the fear of excessive risk as a significant barrier that often causes concern among women regarding entrepreneurship. This fear often leads many women to hesitate or delay launching their businesses, limit their growth ambitions, or choose lower-risk ventures, which may ultimately constrain their entrepreneurial potential and impact. This fear often stems from broader social and cultural expectations, limited access to financial resources, and a lack of confidence due to perceived or real gender-based obstacles. As a result, many women tend to be more cautious when considering entrepreneurial ventures. This caution can manifest in several ways—delaying the decision to start a business, restricting their ambitions to smaller or less scalable enterprises, or avoiding industries perceived as high-risk. While such choices may offer short-term security, they can also limit long-term growth and innovation potential. This risk aversion not only reduces the overall economic contribution of female entrepreneurs but also affects their personal sense of empowerment and achievement. Addressing this barrier requires targeted interventions such as mentorship, financial literacy, supportive networks, and entrepreneurship training that specifically empower women to manage risk effectively and build confidence in pursuing more ambitious business goals.

Institutional theory posits that a business's performance is contingent upon three institutional pillars: regulative, normative, and cultural-cognitive (Scott, 2007). The regulative pillar pertains to the establishment of regulations, oversight, and enforcement actions. The regulatory framework encompasses many regulations for the advancement of entrepreneurship. The normative pillar pertains to values and expectations. Norms dictate the appropriate methods for accomplishing objectives and delineate acceptable means to attain esteemed aims. Within the cognitive paradigm, human behavior is predominantly determined by their internal representation of the world. Cognitive variables pertain to internal human issues in individuals' lives and their relationships with the environment (Trevino et al., 2008)

Sulistiyowati et al. (2024) describe how Islamic principles substantially influence students' entrepreneurial interest. These principles include honesty, justice, responsibility, hard work, and social awareness. Such values affect entrepreneurial intentions both directly and indirectly through inspiration and motivation (Sulistiyowati et al., 2024; Wibowo et al., 2021). The integration of Islamic ideas into business processes encourages the alignment of entrepreneurial initiatives with ethical norms, serving as a strong incentive for students to pursue entrepreneurship. This results in the shaping of students' mindsets, value orientations, and career preferences toward becoming entrepreneurs who aim not only for financial gain but also for spiritual fulfillment and social benefit.

Islamic values and entrepreneurship education play a pivotal role in shaping the entrepreneurial aspirations of Indonesian students. These influences operate both directly, by embedding ethical and spiritual considerations into students' understanding of business, and indirectly, by nurturing entrepreneurial inspiration and cultivating positive attitudes toward entrepreneurship (Sulistiyowati et al., 2024). When students are exposed to Islamic teachings that emphasize honesty, accountability, and social responsibility, their motivation to pursue entrepreneurship often aligns with the broader goal of creating value that benefits society, not just personal profit. Moreover, structured entrepreneurship education provides them with the necessary skills, knowledge, and mindset to turn these values into viable business initiatives.

In addition, the broader entrepreneurial ecosystem significantly reinforces these efforts. Elements such as access to inspiring role models, mentorship opportunities, and business incubators play a crucial role in fostering entrepreneurial intention. Role models offer real-life success stories that can motivate individuals and help shape their aspirations, especially when these figures share similar backgrounds or values. Mentorship provides guidance, encouragement, and critical feedback, helping aspiring entrepreneurs navigate challenges and build confidence. Meanwhile, business incubators offer structured support, including training, resources, and networking opportunities that lower barriers to entry and increase chances of success. Collectively, these elements cultivate a nurturing ecosystem that significantly enhances the likelihood of individuals pursuing entrepreneurial ventures. In particular, the integration of these components within Islamic boarding schools (pesantren) has proven effective in embedding Islamic values within entrepreneurial learning (Febriani, 2022). These ecosystems not only enhance students' confidence and readiness to engage in entrepreneurial ventures but also ensure that their efforts are ethically grounded, socially conscious, and spiritually motivated.

Furthermore, *Pesantren* significantly influences students (*Santri*) to pursue careers in entrepreneurship. *Pesantren* provides an ideal setting for developing the characteristics necessary for entrepreneurship. The characteristics include self-efficacy, planning, leadership, self-confidence, innovation, and risk-taking (Husaini et al., 2023). Self-efficacy significantly influences entrepreneurial ambitions by impacting individuals' emotions, cognition, and motivation. Higher self-efficacy is associated with increased entrepreneurial desires, as individuals with elevated self-efficacy are more likely to pursue entrepreneurial activities and overcome challenges (Deliana, 2023; Ribeiro & Fernandes, 2020). High self-efficacy plays a vital role in shaping entrepreneurial goals, as it directly impacts how individuals think, feel, and act in the face of uncertainty. According to Deliana (2023), individuals with strong self-efficacy are more likely to believe in their capacity to succeed, which enhances their motivation, perseverance, and resilience. This belief system fosters a positive mindset that influences how entrepreneurs assess risks, make decisions, and pursue opportunities. High self-efficacy also encourages proactive behavior, enabling individuals to set ambitious goals, adapt to

setbacks, and remain committed to long-term visions. Ultimately, it is a key psychological driver of entrepreneurial success.

Planning, in an entrepreneurial context, refers to the capacity to formulate strategic, forward-looking plans that guide the development and growth of a business. It involves setting clear objectives, identifying key resources, and designing actionable steps to achieve long-term success. According to Jati et al. (2024), a well-structured business plan is crucial for enhancing preparedness and ensuring operational readiness. Such a plan typically includes a detailed business concept, thorough market analysis, financial projections, and risk assessments, elements that together contribute to organizational stability and improve the chances of sustainable success. Furthermore, strategic planning is positively associated with profitability, especially in high-growth firms. As highlighted by Baker et al. (1993), businesses often use strategic plans more for internal management and decision-making than for attracting investors. This highlights the role of planning not just as a tool for securing external funding, but as a critical component of effective business leadership and performance optimization.

Innovativeness, together with creativity and risk-taking, has been identified as a key determinant in fostering the intention to establish sustainable business ventures. These entrepreneurial competencies serve as foundational attributes that not only drive opportunity recognition and innovation but also enhance an individual's capacity to navigate uncertainty and adapt to dynamic market conditions. Zemlyak et al. (2022) emphasize that individuals who exhibit higher levels of innovativeness and a willingness to take calculated risks are more inclined to develop long-term business strategies, thereby increasing the likelihood of achieving sustainable entrepreneurial outcomes. Innovativeness reflects the ability to generate novel ideas, adapt to market changes, and identify unique solutions to problems, critical traits in a dynamic business environment. Similarly, calculated risk-taking involves making informed decisions under uncertainty, a trait closely associated with strategic foresight and resilience. Together, these attributes not only drive the creation of competitive and adaptable business models but also foster a proactive mindset essential for long-term planning. Rather than relying on short-term gains, innovative and risk-tolerant individuals tend to adopt a vision-oriented approach, which includes setting clear goals, managing resources wisely, and anticipating future market trends. This strategic orientation significantly enhances the potential for sustainable success, enabling entrepreneurs to build ventures that can endure and grow in the face of evolving economic and social challenges.

Complementing this perspective, Marhn et al. (2024) found that targeted entrepreneurship training, particularly programs emphasizing the development of comprehensive business plans and the enhancement of soft skills such as communication, leadership, and problem-solving, significantly improves female entrepreneurs' capacities to sustain and grow their businesses. Such training not only equips women with the technical know-how required for strategic planning and operational execution but also strengthens their self-efficacy, decision-making confidence, and ability to adapt in competitive environments. The research underscores the importance of integrating both cognitive and non-cognitive skill development in entrepreneurship education, particularly for underrepresented groups such as women, to promote inclusive and sustainable entrepreneurial ecosystems.

Entrepreneurship education in *Pesantren*, especially when supported by family, can improve self-efficacy and positively affect the entrepreneurial intentions of santri (Malé et al., 2020). Entrepreneurship education in *pesantren* (Islamic boarding schools) plays a significant role in shaping the entrepreneurial mindset of *santri* (students), particularly

when it is reinforced by supportive family environments. Educational interventions not only equip *santri* with foundational business knowledge and skills but also foster a sense of self-efficacy, defined as the belief in one's ability to successfully initiate and manage entrepreneurial activities. Self-efficacy is a critical psychological factor that directly influences an individual's confidence to take entrepreneurial risks, make strategic decisions, and persevere in the face of challenges. The involvement of family support acts as a powerful external motivator that reinforces the internal learning processes taking place within the *pesantren*. Families that encourage independence, provide moral or financial backing, and express confidence in the student's entrepreneurial pursuits help solidify the belief that such efforts are both viable and valued. This dual influence, from formal entrepreneurship education and familial encouragement, creates a synergistic effect that significantly enhances the entrepreneurial intentions of *santri*. As a result, students are more likely to see entrepreneurship not only as a career option but also as a path aligned with Islamic values and community development goals.

Risk-taking behavior and religious motivation play a critical role in fostering entrepreneurial preparedness among *santri* (Islamic boarding school students). Sulistyowati et al. (2024) highlight that *santri* who possess a greater willingness to take calculated risks, an essential trait for identifying and pursuing business opportunities, tend to demonstrate higher levels of readiness to engage in entrepreneurial activities. However, what distinguishes their preparedness is not solely their risk orientation, but the way it is deeply intertwined with their religious motivation. Rooted in Islamic teachings, this motivation shapes their ethical framework, instills a sense of purpose, and promotes perseverance and trust in divine guidance (*tawakkal*) throughout the entrepreneurial journey. The integration of religious values with an entrepreneurial mindset, therefore becomes a vital component in developing *santri* as value-driven entrepreneurs. This combination not only encourages economic participation but also ensures that their ventures align with moral responsibility, social justice, and community welfare, core principles in Islamic economics. Consequently, preparing *santri* for entrepreneurship requires a holistic approach that cultivates both technical business competencies and spiritual character, positioning them to become agents of ethical and sustainable economic change.

Based on previous empirical studies and existing theoretical developments, the following hypotheses were developed:

H1: *Pesantren* positively promotes business intention.

H2: *Pesantren* positively promotes business skills and competency.

H3: Business skills and competencies positively promote business intention.

H4: *Pesantren* positively promotes business intention through business skills and competency.

METHOD

This study employs a quantitative method with the SEM–PLS (Partial Least Squares – Structural Equation Modeling) approach as the data analysis technique. This approach enables researchers to identify and test path relationships within the research model simultaneously, thereby minimizing measurement errors in endogenous variables. Moreover, SEM–PLS is considered reliable for analyzing complex models, especially when the sample size is relatively small, the data do not follow a normal distribution, or the model includes numerous indicators and latent constructs (Hair et al., 2019).

This SEM PLS utilizes a Hierarchical Component Model (HCM), in which business competency and the role of Pesantren are regarded as higher-order components (HOCs)

assessed through their corresponding lower-order components (LOCs). The subdimensions of the business competency construct are innovation, self-efficacy, planning, leadership, risk-taking, sociability, and persistence. The subdimensions of the Pesantren support construct include educational support (PSUP), business development support (BDS), and business character development (BCSD). The HCM employed is reflecting-reflective, indicating a reflective relationship between the HOC and LOC. Additionally, each sort of construct is evaluated using reflective indicators (Hair & Alamer, 2022). Researchers can make the structural model more efficient and easier to understand by building an HCM, which cuts down on the number of relationships in the model. HCM is also quite useful when constructions are very strongly related to one another (Hair et al., 2019).

The data includes all persons who have finished a minimum of three years of education at an Islamic boarding school (Pesantren). Barclay et al.(1995) introduced the 10-times rule as a criterion for establishing the minimal sample size in PLS-SEM. The sample size must be a minimum of five times the number of formative indicators linked to a single construct or ten times the maximum number of structural routes aimed at a latent variable within the model. Given that we possess 42 indicators, the minimum sample size required is 208 samples.

RESULTS AND DISCUSSIONS

Results

Analysis of the measurement model was performed on both first-order and second-order models, utilising Hierarchical Component Models (HCM). This examination included an assessment of convergent validity, discriminant validity, and internal reliability.

Table 1. Outer Loading

Indicator	Outer Loading	Indicator	Outer Loading	Indicator	Outer Loading
BCD-2	0.849	INVT-2	0.828	PSUP-3	0.874
BCD-3	0.9	INVT-3	0.828	PSUP-4	0.822
BCD-4	0.855	LEAD-1	0.836	PSUP-5	0.825
BCD-5	0.895	LEAD-2	0.864	PSUP-6	0.818
BCD-6	0.816	LEAD-3	0.834	SE-1	0.856
BDS-1	0.867	PLN-1	0.875	SE-2	0.855
BDS-2	0.918	PLN-2	0.876	SE-3	0.838
BDS-3	0.879	PLN-3	0.897	SE-4	0.844
BI-1	0.839	PLN-4	0.776	SOC-1	0.804
BI-2	0.832	PS-1	0.857	SOC-2	0.888
BI-3	0.729	PS-2	0.883	SOC-3	0.87
BI-4	0.86	PS-3	0.852	TR-1	0.833
BI-5	0.705	PSUP-1	0.79	TR-2	0.867
INVT-1	0.781	PSUP-2	0.818	TR-3	0.822

Source: Data analyzed by Smart PLS

Table 2. Outer Loading of Second – Order Model

Higher Order Construct (HOC)	Lower Order Construct (LOC)	Outer Loading
Business Skills & Competency	INVT	0.866
	LEAD	0.828
	PLN	0.728
	PS	0.845
	RISK	0.846
	SEF	0.766
	SOC	0.888
Pesantren	BCD	0.656
	BDS	0.899
	PSUP	0.899

Source: Data analyzed by Smart PLS

The analysis of the outer loading value indicates that all indicators in the data have satisfied the criteria for convergent validity, with values exceeding 0.6. This result demonstrates that all indicators are valid and exhibit a robust relationship with the constructs they assess. The PSUP – 1 indicator exhibited the lowest outer loading value at 0.79, whereas the BDS – 2 indicator reached the highest value of 0.918, indicating a highly significant contribution to the construct. The majority of the outer loading values exceed 0.8, suggesting a robust connection between the indicator and its construct. We performed analysis of the measurement model on both first – order and second – order models, utilising Hierarchical Component Models (HCM). This examination included convergent validity, discriminant validity, and internal reliability.

Table 3. Composite Reliability

Construct	Composite Reliability	Detail
BCD	0.936	First Order
BDS	0.918	First Order
BI	0.896	First Order
INVT	0.853	First Order
LEAD	0.882	First Order
PLN	0.917	First Order
PS	0.898	First Order
PSUP	0.927	First Order
SE	0.911	First Order
SOC	0.89	First Order
TR	0.878	First Order
BSC	0.937	Second Order
PESANTREN	0.863	Second Order

Source: Data analyzed by Smart PLS

The outcomes of the composite reliability analysis presented in the table above indicate that all structures in the first – order SEM – PLS model show high internal dependability. The Composite Reliability values for each construct range from 0.853 to 0.936, all exceeding the required minimal threshold of 0.7.

After a satisfactory evaluation of the measurement model, the next step in assessing PLS – SEM results is the evaluation of the structural model. Standard evaluation criteria to consider include the coefficient of determination (R²) as well as the statistical significance and practical relevance of the path coefficients. Moreover, Shmueli et al. (2016) urge scholars to assess the model's out – of – sample prediction validity using the PLS predict approach.

Table 4. R – square Analysis

Construct	Adjusted R-Square	Category
BI	0.343	Moderate
BSC	0.232	Weak

Source: Data analyzed by Smart PLS

The coefficient of determination indicates the extent of influence or predictive capability of various constructs within the research model. The Adjusted R Square for Business Intention (BI) is 0.343, indicating a moderate level of explanatory power. This value suggests that approximately 34.3% of the variation in business intention is accounted for by the independent variables included in the model. This value signifies a substantial influence; however, additional factors external to the model also impact business intention.

Conversely, Business Skills and Competencies (BSC) exhibit an adjusted R² of 0.232, indicating a weak relatedness. Approximately 23.2% of the variation in business skills and competencies is attributable to the independent variables in the model. The data indicates that the impact of the independent variables on BSC is minimal, suggesting the presence of other, more significant factors not accounted for in the model.

The results suggest that the model for predicting Business Intention (BI) demonstrates greater robustness compared to the model for predicting Business Skills & Competencies (BSC). The finding indicates the necessity to modify or incorporate independent variables, particularly within the BSC model, to enhance predictive accuracy and account for greater variability in the data.

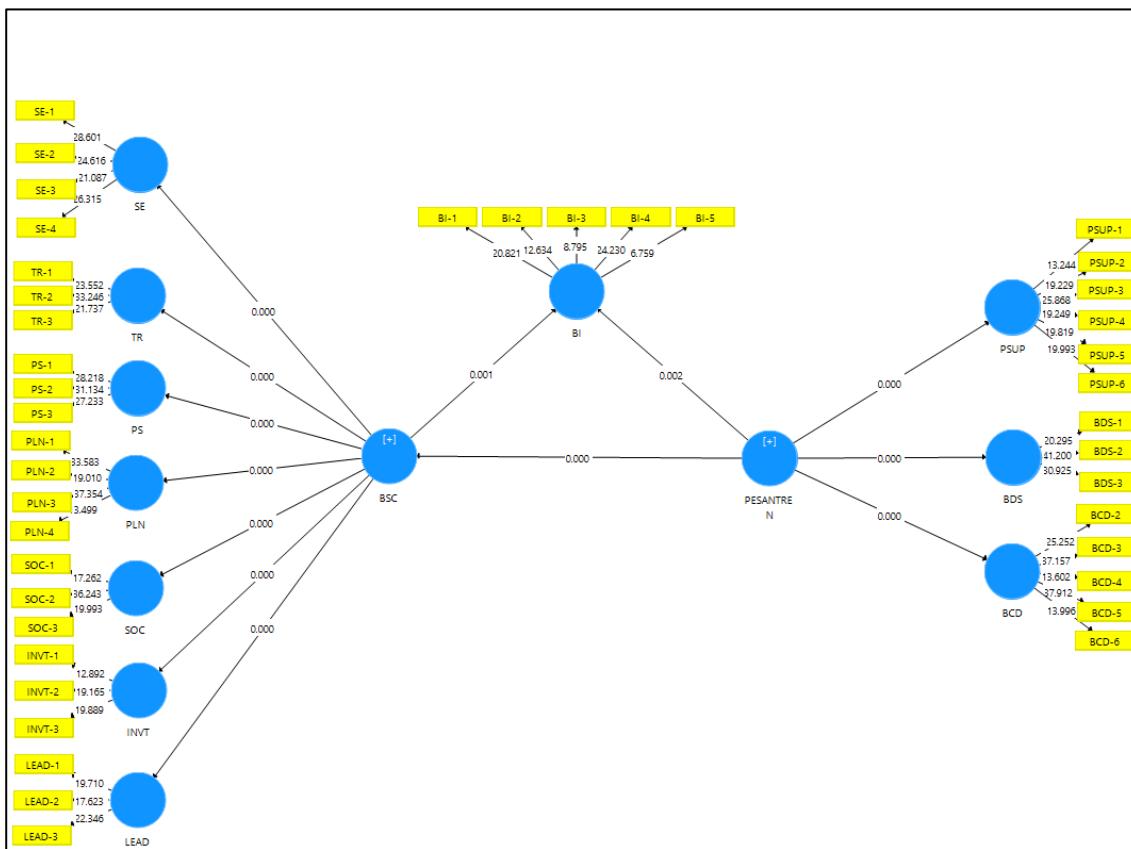


Figure 1. Structural Model Analysis

Source: Data analyzed by Smart PLS

The results of the hypothesis testing indicate that business skills and competencies positively influence female students' intentions to engage in business activities. The analysis indicates a p – value of 0.003, which is below the threshold of 0.05, alongside a coefficient value of 0.354. This result indicates that a female student with stronger entrepreneurial competencies is likely to have a higher intention to engage in business activities. Therefore, it can be determined that the hypothesis is accepted.

Table 5. Hypothesis Analysis

Hypothesis	Sample Mean (M)	P Values	Result
BSC → BI	0.354	0.003	Accepted
PESANTREN → BI	0.354	0.002	Accepted
PESANTREN → BSC	0.486	0.000	Accepted

Source: Data analyzed by Smart PLS

Additionally, Table 5 above indicates that the pesantren program has a positive impact on female students' intentions to engage in business activities. The findings indicate a p – value of 0.002, which is less than the threshold of 0.05, alongside a coefficient of 0.354. The quality of pesantren entrepreneurship programmes directly influences students' intentions towards entrepreneurship. Consequently, the hypothesis is deemed acceptable. Furthermore, Pesantren contributes positively to enhancing the business skills and character development of students. A p – value of 0.000, less than 0.05, and a coefficient of 0.486 determine the outcome. The implementation of an effective pesantren

entrepreneurship programme can enhance the necessary competencies and traits required to succeed as an entrepreneur. Consequently, this hypothesis is likewise accepted.

Table 6. Mediation Effect

Path	Direct Effect			Mediation	Indirect Effect			
	Path Coeff	T – Value	P Value		Path Coeff	T – Value	P Value	Result
Pesantren → BI	0.354	3.101	0.002	BSC	0.169	2.516	0.012	Partial Mediation

Source: Data analyzed by Smart PLS

Table 6 above indicates that *Pesantren* has an indirect influence on business intention via business skills and capabilities. The enhancement of business competencies through entrepreneurship programmes in pesantren might stimulate the entrepreneurial intentions of female students. The p – value for the indirect association is 0.012, which is less than 0.05. Moreover, the table above indicates that the BSC variable partially mediates the link. Partial mediation is achieved as the Pesantren variable exerts a direct influence on the business intentions of female students.

Discussions

The analysis indicates that pesantren directly influences business intention. Furthermore, pesantren exerts an indirect influence on business intentions, mediated by business competency. The study indicates that pesantren significantly contributes to the development of business skills and competencies among female students (santriwati). This finding aligns with the research conducted by Saeed et al. (2015) & Trivedi (2016) which indicates that the support of educational institutions influences business intentions. The analysis reveals that *Pesantren* (Islamic boarding schools) have a direct and significant impact on the entrepreneurial intentions of their students. This influence reflects the pesantren's effectiveness in shaping students' mindset, motivation, and aspirations toward starting and managing a business. Beyond this direct effect, the *Pesantren* also exerts an indirect influence on students' business intentions, which is mediated through the development of business competencies. In other words, the entrepreneurial knowledge, skills, and experience gained within the *Pesantren* setting play a critical intermediary role in transforming educational exposure into tangible entrepreneurial intentions. This dynamic is particularly evident among female students, or *Santriwati*, for whom the *Pesantren* environment provides a structured and supportive space to develop business – related competencies. The study underscores how *Pesantren* contribute not only to religious and moral education but also to equipping young women with practical skills, such as financial literacy, business planning, marketing, and problem – solving, skills that are essential for entrepreneurship. These competencies, developed through a combination of curricular content and practical learning opportunities (e.g., school – based enterprises, workshops, and mentorship), empower *Santriwati* to envision and pursue entrepreneurial paths with greater confidence and preparedness.

Moreover, business competencies significantly shape an individual's motivation and ability to initiate a business venture. Beyond technical knowledge, soft skills such as innovativeness, leadership, risk – taking, sociability, self – efficacy, persistence, and

planning are crucial in determining entrepreneurial success. These attributes not only empower students to identify and seize business opportunities but also enable them to navigate challenges with confidence and resilience. According to Moraes et al. (2018), these competencies form the foundation of an entrepreneurial mindset, which is essential for sustainable business development. Interestingly, while institutional support from *Pesantren* plays an important role, the influence of personal business competencies often proves to be more decisive. Students who possess strong entrepreneurial traits are more likely to act on their intentions, regardless of external encouragement. Thus, while *Pesantren* – based programs can serve as catalysts, it is the development of these internal competencies that ultimately drives students toward real entrepreneurial action.

The research revealed that the pesantren's entrepreneurship programme positively influences business competencies. The institution's curriculum and extracurricular programmes clearly promote students' entrepreneurial intentions, impacting their entrepreneurial tendencies both directly and indirectly. Consequently, the pesantren assumes a dual role in fostering students' entrepreneurship. The formal curriculum aimed at improving entrepreneurial knowledge, along with the student business incubation programme and the creation of a dedicated student entrepreneurial network, significantly influences students' business intentions. The development of business competency within the pesantren environment and daily routines enhances their entrepreneurial orientation. Attributes including leadership, a strong work ethic, planning skills, and social skills are cultivated through students' participation in pesantren activities.

Consequently, pesantren should enhance their capacity to foster new entrepreneurs. This commitment necessitates ongoing support for initiatives aimed at fostering entrepreneurial intention among female santri. This involves more than just offering occasional business training, it requires a long – term, structured commitment to building entrepreneurial ecosystems within the pesantren context. Such a commitment includes integrating entrepreneurship into the curriculum, providing mentorship from successful Muslim entrepreneurs, offering access to startup capital or microfinance, and establishing business incubators or cooperatives that serve as real – world training grounds. Supporting female *santri* is especially crucial, as they often face unique cultural and social barriers. By promoting inclusive, gender – sensitive programs, pesantren can empower young women to see entrepreneurship as a viable and rewarding path. This not only strengthens individual economic independence but also contributes to broader community development and the economic empowerment of Muslim women. Ultimately, this strategic focus will position pesantren as key players in shaping Indonesia's future entrepreneurial landscape.

This research serves as a reference for pesantren and the government in formulating programmes aimed at enhancing entrepreneurial intention among santri. The economic impact of pesantren extends beyond merely enhancing local community income through santri spending and consumption; it also encompasses the generation of new employment opportunities by santri entrepreneurs. By highlighting key factors that influence the development of entrepreneurial mindsets, such as self – efficacy, risk – taking, planning, and institutional support, it offers a foundation for more effective educational and policy interventions. The economic role of *pesantren* goes far beyond their religious and educational functions. In addition to contributing to local economies through student spending and consumption, *pesantren* have the potential to become hubs for economic innovation. When *santri* are empowered to launch their own ventures, they do not only create opportunities for themselves but also generate employment for others in their communities. This multiplier effect enhances local economic resilience and reduces

dependency on external labor markets. By fostering entrepreneurial ecosystems within *pesantren*, both the institutions and policymakers can contribute to broader national goals of poverty reduction, job creation, and inclusive economic development.

Conclusion

This study seeks to ascertain the impact of pesantren on the business intentions of female students (santriwati), with their business skills used as a mediating variable. The findings indicate that pesantren exerts a substantial impact, both directly and indirectly via the mediation of business competency, on the entrepreneurial intentions of female students. These findings emphasise the significant importance of pesantren in promoting female students' independence in the business sector, consistent with prior studies demonstrating the beneficial influence of educational institutions on entrepreneurial intentions. The findings reinforce the idea that *pesantren* are not only centers of spiritual and moral education but also powerful platforms for economic empowerment, especially for young women. This aligns with existing literature showing that educational institutions play a vital role in fostering entrepreneurship, particularly when they integrate skill development and character formation into their curricula. The study highlights the strategic value of empowering female *santri* to become future business leaders, contributing to both gender equality and local economic development.

Author Contributions

Fauzan Husaini: Conceptualization, Formal analysis, Methodology, Writing – Original Draft

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