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## Research Article

### Risk Management Concept Development of Pondok Pesantren Educational Institutions

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#### ABSTRACT

The concept of risk management has been widely studied in terms of finance in Islamic and conventional banking, government institutions, and insurance. While research on non-financial risk management in educational institutions is still rarely done. This article aims to propose the development of the concept of risk management for Islamic educational institutions, especially *pondok-pesantren* or Islamic boarding schools. This research is a qualitative research/conceptual paper by conducting theoretical and empirical studies on articles that have been published. The data is secondary data. The results of the study found that risk exists in all organizations including *pondokpesantren*, so it is necessary to carry out risk management. Risk must be managed appropriately and correctly because failure to manage risk has serious consequences for the organization. The risk management process in *pondokpesantren* based on the implementation of Islamic values sourced from the Qur'an and Hadith. The most important contribution of this paper is to develop the concept of risk management for *pondokpesantren*.

**Keywords:** Risk Management, Pondok Pesantren, Educational Institution

#### Background

*Pondok pesantren* or Islamic boarding schools as Islamic da'wah and educational

institutions aim to make the next generation reliable and professional in accordance with the times. Not only that, they are also required

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to be able to provide a modern and universal understanding of Islam, and to shape a society according to religious values. Thus, the community is able to implement Islamic teachings by playing an active role in the development of religious and national life.

Modernization and globalization pose problems for *Pondok pesantren* in their interaction with social change. This is usually overcome by establishing formal educational institutions that are developed competitively in attracting public interest, namely; favorite SD, favorite MTs, SMP Plus, SMA, SMK, MA and Universities. With the improvement of the education model, it is hoped that graduates will be more qualified and competitive. The development of this kind of formal education model has become a trend in various *Pondok pesantren* (Maksum, 2003).

Globalization is a continuation of modernization, and on the other hand globalization is a process of integrating the national economy into the world economic system (Machali, 2004). In responding to globalization, Muslims have three views. 1) Anti-globalization. 2), affected by globalization, so that there is a separation between religion and worldly problems. 3) Being critical but not directly anti-Western. The third group cooperates with the west but does not follow secularism and remains a devout Muslim (Indra, 2005). One of the challenges of *Pondok pesantren* in the era of globalization is maintaining moral values in the form of science and technology (Madjid, 1997). *Pondok pesantren* are feared to lose their ability to carry out their duties as a source of religious teachings.

*Pondok pesantren* are Islamic educational institutions that arose for Islamic purposes. The *kyai* (scholar) established *Pondok pesantren* with the aim of continuing the message of the Prophet and the Apostle. The *kyai* realize that they are the heirs of the Prophets who must inherit their qualities and morals, are also obliged to convey Allah's message to mankind, therefore their existence cannot be separated from the context and mission of Islamic da'wah.

Not only in the company, has the risk also existed in the organization. Good risk management is very important. The management of various risk mitigation methods is called

risk management. Risk management is needed to manage risk. Expertise in risk management is one of the multi-aspects of the revolution in financial management that has continued in Indonesia since the 1998-1999 ASEAN/Asian crises until now (Salim, 2011).

Over the last 20 years, the development of risk management has changed from an insurance-based technical tool to a policy-oriented managerial technique (Young, 2000). Risk management is the process of analyzing risk or loss and taking action to minimize the potential impact on the organization. Various organizations are adopting risk management practices to avoid the increasing threat of litigation, reduce the risk of physical harm to their clients and themselves, and provide a higher quality of service to their clients (Wong and Rakestraw, 1991).

In business organizations, the main goal of the company is to increase profits, while in educational institutions the main goal is to increase the value of achievement and accountability. For public institutions, risk management philosophically and practically does not apply (Esenberg, 1992). Research on risk management in public service activities has been carried out by Vincent (1996), he stated that risk management in public services is better handled by the profession itself, or by applying security, finance, and law. Halachmi (2005) states that in order to improve the management of public risk and financial constraints faced by most governments, there is a deliberate effort to attract civil society based organizations to help governments identify and alert the public about possible risks. In other words, civil society organizations making claims to public resources on behalf of good governance need to play a watchdog role, for the sake of safety.

In government, research on risk management has been carried out by Susilawati (2009), she states that the level of risk acceptance is not always consistent across housing providers which creates opportunities for multi-stakeholder partnerships to reduce overall risk. Research on risk management in Islamic banking by Alam (2013) analyzed the technical efficiency and risk of behavioral changes in Islamic banks under different regulatory and supervisory guidelines. The results

of his research indicate that the efficiency of Islamic banks is positively influenced by regulations related to the second and third Pillars of Basel II, namely higher supervisory power and disclosure. Strict regulations related to the first pillar, namely capital requirements, have a positive impact on technical efficiency for Islamic banks. Higher capital requirements also lead to lower levels of risky behavior for Islamic banks.

Empirical studies involving *Pondok pesantren* have not been done much. Research on risk management in educational institutions / public schools that has been conducted by Heilig, et al. (2012), stated that the risks that arise are related to job loss, public embarrassment for school leaders who do not do the expected work, risks associated with low student test scores, and the risk of student delinquency. In addition, there is still a gap from Esenberg (1992) and Young (2000) regarding risk management theory, where Esenberg (1992) states that risk management does not apply to public institutions, while according to Young (2000) risk management is a process used to identify and control exposure to potential risks and liabilities for private and public organizations. Furthermore, there is a need for more in-depth testing of risk management theory. Apart from this gap, there are also differences of opinion between the concepts of conventional risk management and Islamic risk management. There is no universal understanding in defining risk management theory due to the different needs of each organization and the level of ability to understand risk management. For this reason, this article examines the development of the concept of risk management in *Pondok pesantren*.

## Material and Methods

The design of this research is a qualitative research or conceptual paper by conducting theoretical and empirical studies on previous research. The sources of previous research, both about *Pondok pesantren* and risk management, were collected for tracing the results of research related to risk management in *Pondok pesantren*.

## Results and Discussion

Risk management is the process used to identify potential risks and liabilities that could result in certain types of losses and gains for both public and private organizations. Risk management strategies vary depending on the nature of the organization, including management style and organizational goals (Conrow, 2000). Tchankova (2002) stated that identifying risk as the first stage in risk management is very important, because it is the organizational basis for developing and implementing new programs for risk control.

The development of non-financial risk management provides an overview of environmental and social risks that are complex and can destroy a company's operations. Research on risk management in educational institutions/schools by Helsloot and Jong (2006), regarding risk management for universities in the Netherlands based on field surveys through questionnaires, meetings and interviews shows that higher education institutions do not have integrated policies related to safety, security, and crisis management. Communication is infrequent between the Institute, staff, and students. Moreover, very little awareness of the various risks those faced.

The practice of risk management based on educational institutions is a response to the emergence of a new camp against the old one, namely business-based ideology. In its policy, educational institutions also practice data management, measurement using accounting formulations, and risk testing. The main features of risk management as identification, evaluation, minimization, and mitigation of risk (Crockford, 1986). Risk management involves a thorough evaluation of an organization to measure the potential loss that the organization faces an event that occurs (Gorrod, 2004). According to this perspective, decision making in risk management must remain objective in order to be used to achieve organizational goals and minimize negative outcomes (Flyvbjerg, 2006).

The main purpose of risk identification is to find out the sequence of risks that are potential and affect the objectives/business processes of an organization (Harold, 2010). In accordance with ISO/IEC 31000:2009, the risk identifica-

tion techniques include: brainstorming with related parties, direct interviews with responsible parties, questionnaires, checklists, analysis of previous projects, SWOT Analysis, and analysis of assumptions from the expert team.

To identify the risk of *Pondok pesantren* in globalization era is by using SWOT analysis. The supporting factors for the potential of *Pondok pesantren* based on Depag RI Director General (2003), include: 1) *Pondok pesantren* are educational institutions established independently by and for the community, which play a very important role in shaping the nation's morals. 2) The existence of charismatic figures in *Pondok pesantren* who are respected and become role models for the surrounding community, so that their fatwas can influence and contribute to changes in *Pondok pesantren* and the community environment in facing the era of globalization, 3) Availability of adequate human resources in *Pondok pesantren*, 4) The spirit of independence, sincerity, and simplicity that grows among the *santri* (students) and the extended family of the Islamic boarding school, so that they are able to persist in honesty and not obey the worldly greed offered in the era of globalization, 5) There is enough time for students, as they are living in the dormitory, a lot of time can be used to increase life skills such as learning computers, driving a car, repair shops/techniques, etc. 6) There is a strong network among *Pondok pesantren*, which are developed by alumni. This can provide opportunities for *Pondok pesantren* to develop both in terms of capital or soft skills of students by exchanging skills or collaboration between *Pondok pesantren*. 7) The public's interest in *Pondok pesantren* is quite large.

The SWOT analysis shows the weaknesses of *Pondok pesantren* including: 1) Management of *Pondok pesantren*, this is because there are still many traditional *Pondok pesantren*. 2) Cadreization of *Pondok pesantren*, bad cadre can produce bad leaders. 3) The democratic culture of *Pondok pesantren* is not yet strong and is too disciplined, so there are still many *Pondok pesantren* that close themselves to criticism and suggestions. 4) Some people view *Pondok pesantren* as second-class educational institutions and only study religion. 5) Limited qualified personnel, especially general subjects. 6)

Limited adequate facilities, both dormitories and study rooms. 7) The dominant attitude of accepting what is among some *Pondok pesantren*. 8) Some *Pondok pesantren* are still exclusive (Depag RI Director General 2003).

In carrying out its activities, *Pondok pesantren* must consider and realize that not all *Pondok pesantren* are advanced and developed. There are several *Pondok pesantren* closed because they do not have students who are interested in studying in there. In general, *Pondok pesantren* face serious threats to their organizational development. From the results of research conducted by Syafa'at et. al., (2014) using a SWOT analysis, it can be seen that from 5 (five) *Pondok pesantren* in Banyuwangi Regency, namely *Pondok pesantren Darussalam Blokagung Tegalsari*, *Pondok pesantren Bustanul Makmur Canga'an Genteng*, *Mamba'ul Huda Krasak Tegalsari*, *Pondok pesantren Manba'ul Ulum Sumberberas Muncar*, and *Pondok pesantren Darussholah Gumirih Singojuruh* have external factors, namely: 1) Opportunities, the existence of public trust in *Pondok pesantren* and the attention of the government and the private sector. 2) Threats, there is a public perception that *Pondok pesantren* and the educational institutions they organize are the second choice and Islamic Boarding School are slum areas. In addition to external factors, there are also internal factors, namely: 1) Strength. Islamic Boarding School has been rooted in society, entitled "The High Moral, and there are *kiyai* (scholars) as role models. 2) Weaknesses. That is; Application of management that is less professional, low human resources, management of natural resources that are less than optimal, and the inclusive attitude of managers.

Based on the empirical study of risk identification using the SWOT analysis mentioned above, it can be concluded that if there is a risk in Islamic boarding school education institutions. Uncertainty is often associated with risk. In Islamic economics, the concept of uncertainty is one of the important pillars in the Islamic risk management process. In this life, no one is free from risk; however, in every organization and its activities no one wants his organization to

suffer losses. A Muslim is faced with conditions of uncertainty about what will happen, so he can plan a business activity. However, a Muslim cannot be sure what will be obtained from the results of the business, whether it is profit or loss.

Research on Islamic risk management that has been carried out still does not provide a clear enough understanding, because these studies are generally carried out on organizations engaged in the business sector, as can be seen in the research of Indrawati et al. (2012) who conducted a study of Islamic spiritual-based risk management in business management at the SunanDrajat Islamic Boarding School. The results is that risk management is a process to eliminate risk by placing a strong intention as the essence that underlies the practice of risk management and the existence of spiritual strength in the form of having a good attitude towards Allah SWT which leads to *maslahah* towards *falah*. Prudence efforts to minimize risk are described in the Qur'an Surah Yusuf verse 67:

And he said: O my sons! Do not (all) enter by one gate and enter by different gates and I cannot avail you aught against Allah; judgment is only Allah's; on Him do I rely, and on Him let those who are reliant rely"

Based on Fiqh rules, if there is a choice between eliminating a harm and bringing benefits, then eliminating the harm is prioritized, unless the harm is smaller than the benefit that will be caused (Djazuli, 2006:11).

دَرْءُ الْمَقْاسِدِ مُقَدَّمٌ عَلَى جَلْبِ الْمَصَالِحِ

The Fiqh rule it is stated that the harm can be removed or the harm should be removed. (Ibrahim, 2019:78)

الصَّرْرُ يُزَالُ

The Messenger of Allah stated that it is not permissible to do harm and repay harm (Djazuli, 2006:11):

لَا ضَرَرَ وَلَا ضِرَارَ

The verses of the Qur'an, Hadith, and the rules of fiqh above have taught Muslims to face risk by eliminating all harm or managing risk, so it is clear that in Islam it is permissible or

even required for a Muslim to manage risk properly.

Islamic boarding school as one of the Islamic educational institutions has values that are manifested in the way of thinking, acting, and responding to problems. There are two values that must be maintained in the implementation of Islamic education, namely: 1) Divine values; values ordained by Allah through His Apostles in the form of revelation. The core of this value is faith and piety. This value does not change because it contains absolutes for human life as individuals and members of society. The configuration is dynamic, although the intrinsic value is immutable. Education actors who are education providers or heirs of parental inheritance have the task of interpreting these values so that these values can be applied in life (Umar. 2010). 2) Human values; value that grows on human agreement, life, and development of human civilization. This value is dynamic, applies relative, and is limited by space and time. Human values are then institutionalized into traditions that are passed down from generation to generation and bind members of the community who support them. Education providers have the task of not only interpreting these values, but also how to control these values to approach divine values, so that inner harmony occurs in carrying out these values (Muhadjir, 1987). The Islamic values of Islamic educational will later frame risk management activities in *Pondok pesantren*.

## Conclusion

Risk management is a series of processes to identify risks, analyze, assess, treat, and monitor risks that arise. This is useful for improving coordination between managers so that the goals of Islamic educational organizations/institutions will be achieved. In Islam, it is permissible and even required for a Muslim to manage risk as well as possible. The risk management process in Islamic boarding school educational institutions as a whole in its implementation is based on the implementation of Islamic values sourced from the Qur'an and Hadith.

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