

## Enhancing Financial Resilience in Islamic Boarding Schools: An Operational Strategy Approach to Budget Deficit Reduction

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### Abstract

*This study aims to analyze how operational strategies are implemented to enhance financial resilience through budget deficit reduction in Islamic boarding schools. A qualitative approach with a case study design was employed, with data collected through observation, in-depth interviews, and documentation. Data were analyzed using data reduction, data display, and conclusion drawing techniques, while validity was ensured through source triangulation. The findings indicate that effective operational strategies include optimizing revenue sources, strengthening collaboration with village governments and external partners, improving expenditure efficiency, and conducting regular financial evaluations. These strategies have proven effective in maintaining operational stability despite challenges such as limited external support and fluctuations in student enrollment. However, this study is limited by its single-case design, which restricts the generalizability of the findings. The implications of this research highlight the importance of integrating planning, implementation, and control within operational management to support the sustainability of Islamic educational institutions. Practically, the findings offer valuable insights for administrators of Islamic boarding schools and similar institutions in designing adaptive and sustainable financial management strategies. The originality of this study lies in extending the operations management perspective within the context of Islamic education, particularly in strengthening financial resilience through a structured strategic approach.*

**Keywords:** financial resilience, operational strategy, budget deficit, Islamic boarding school, institutional sustainability

### PUBLIC INTEREST STATEMENT

Financial sustainability remains a major challenge for many Islamic boarding schools that rely on limited and unstable funding sources. This study addresses a critical gap by examining how operational strategies can be effectively implemented to overcome budget deficits in such institutions. By providing empirical insights from a real-world case, the research highlights practical approaches to optimizing resources, improving efficiency, and strengthening institutional resilience. The findings are relevant not only for pesantren administrators but also for policymakers and scholars interested in nonprofit management and sustainable education systems, particularly in resource-constrained and faith-based contexts.

## INTRODUCTION

Financial sustainability has become a critical issue for educational institutions worldwide, particularly for nonprofit and faith-based organizations that rely on limited and often unstable funding sources. Islamic boarding schools (*pesantren*), as traditional yet evolving educational institutions, play a significant role in shaping moral values, human capital, and social development in Muslim societies. A *pesantren* typically integrates residential life, religious instruction, and character building under the guidance of a *kiai*, supported by core elements such as the dormitory (*pondok*), mosque, students (*santri*), and the teaching of classical Islamic texts (*kitab kuning*) (Dhofier, 2011). Despite their important social function, many *pesantren* face increasing financial pressures due to rising operational costs, limited revenue streams, and growing demands for institutional quality. This condition highlights the urgency of developing effective operational strategies to ensure institutional sustainability in a competitive and resource-constrained environment.

Existing studies in operations management emphasize that operational strategy plays a vital role in optimizing organizational performance through effective resource allocation, process design, and continuous improvement. According to Heizer and Render, operations strategy focuses on aligning resources and processes to achieve efficiency, effectiveness, and long-term sustainability. In the context of educational institutions, prior research has explored financial management practices, resource optimization, and institutional sustainability. However, much of the literature tends to focus on formal education systems or large-scale organizations, while limited attention has been given to traditional and faith-based institutions such as *pesantren*. Furthermore, previous findings often highlight general financial challenges without deeply examining how operational strategies are practically implemented in managing budget deficits within these institutions.

Although the importance of operational strategy in achieving financial sustainability is widely acknowledged, there remains a lack of in-depth empirical studies that explore its application in Islamic boarding schools, particularly in addressing budget deficits. Most existing research does not sufficiently capture the unique characteristics of *pesantren*, such as their socio-religious orientation, community-based funding structure, and hybrid management practices. Additionally, there is limited understanding of how internal and external factors influence the effectiveness of operational strategies in this specific context. This gap indicates the need for a contextually grounded analysis that integrates operations management theory with the realities faced by *pesantren*.

In response to these gaps, this study aims to analyze the implementation of operational strategies in overcoming budget deficits in an Islamic boarding school context. Specifically, the study seeks to examine how operational strategies are designed and executed, as well as to identify the supporting and inhibiting factors that influence their effectiveness. By focusing on a case study of a developing *pesantren*, this research provides a detailed understanding of strategic practices in managing financial constraints.

This study offers several contributions to the field of operations management and Islamic educational studies. Theoretically, it extends the application of operations management theory into the context of *pesantren*, which has been relatively underexplored in prior research. Empirically, it provides in-depth evidence on how operational strategies are implemented to address budget deficits and maintain financial resilience. Methodologically, the use of a

qualitative case study approach allows for a comprehensive and context-sensitive analysis of organizational practices. Practically, the findings offer valuable insights for policymakers and practitioners in designing adaptive and sustainable financial management strategies for Islamic educational institutions. Overall, this study contributes to advancing the discourse on financial sustainability in nonprofit and faith-based education sectors.

## LITERATURE REVIEW

### Conceptual Framework

The theoretical discussion in this study is grounded in a comprehensive and systematic integration of established concepts in operations management and Islamic educational institutions. Operational management has evolved from a traditional efficiency-oriented perspective to a more holistic approach that emphasizes sustainability, adaptability, and responsiveness to environmental changes. According to Heizer and Render (2019), as cited in Seragih (2024), operational management refers to “the planning, implementation, and control of processes that carry out an organization's operational activities,” highlighting its central role in coordinating resources and processes to achieve organizational objectives.

The concept of strategy further strengthens this framework. Originating from the Greek term *strategos*, meaning “the art of a general,” strategy has expanded beyond military applications into organizational and managerial contexts, where it represents a comprehensive plan to achieve long-term objectives (Arifudin, 2021, cited in Ulfah et al., 2025). In this regard, operational planning is defined as the process of formulating both short-term and long-term plans that guide resource allocation, process organization, and workforce management to ensure efficiency and effectiveness in daily operations (Heizer & Render, 2019, cited in Seragih, 2024).

Building on these concepts, operational strategy can be understood as a long-term, integrated plan aimed at maximizing operational efficiency and effectiveness through the optimal management of resources, processes, and policies (Aditama, 2020, cited in Ulfah, 2025). This study adopts operations management theory as its grand theory, emphasizing that well-designed operational strategies contribute directly to organizational performance and sustainability, particularly in resource-constrained environments.

In the context of Islamic boarding schools (*pesantren*), these theoretical perspectives are applied to institutions that possess unique socio-religious and organizational characteristics. *Pesantren* are defined as Islamic educational institutions that not only provide religious instruction but also function as centers for the development and dissemination of Islamic knowledge (Masrur, 2017). Similarly, *pesantren* are described as traditional institutions focusing on deepening Islamic teachings while integrating them into daily life practices (Rodliyah, 2014), and increasingly incorporating modern general education (Rasyid, 2020). Structurally, *pesantren* consist of core elements such as the dormitory, mosque, *kiai*, and students (Kompri, 2018). Functionally, they serve multiple roles, including transmitting Islamic knowledge, preserving religious traditions, developing future scholars, supporting national educational goals, and fostering students’ talents and creativity (Fahham, 2020).

Thus, this study conceptualizes operational strategy as a key mechanism linking resource management practices (financial, human, and material) to financial resilience and institutional sustainability in *pesantren*, providing a coherent and theoretically grounded framework for analyzing budget deficit management.

## **Research Proposition Development**

Based on the integration of operations management theory and the characteristics of pesantren, this study develops several research propositions to guide the analysis. Prior literature emphasizes that effective operational strategies contribute to improved efficiency, better resource utilization, and enhanced organizational sustainability. However, empirical studies focusing specifically on Islamic boarding schools remain limited, particularly in understanding how operational strategies are implemented in addressing financial constraints such as budget deficits. Existing studies tend to highlight the importance of planning, resource allocation, and process control, yet often lack contextual depth in faith-based educational institutions. In pesantren, financial management is influenced not only by managerial considerations but also by social, cultural, and religious factors, creating a unique operational environment. This suggests that operational strategies in pesantren are not purely technical but also socially embedded, requiring adaptive and context-sensitive approaches.

Based on these theoretical and empirical considerations, the following research propositions are formulated:

RP1: The implementation of operational strategies contributes to reducing budget deficits in Islamic boarding schools.

RP2: Optimization of revenue sources and expenditure efficiency are key components of effective operational strategies in pesantren.

RP3: Internal and external factors influence the effectiveness of operational strategy implementation in achieving financial sustainability.

These propositions provide a structured basis for exploring how operational strategies function within the specific context of pesantren and how they contribute to financial resilience.

## **Research Model**

This study proposes a conceptual model that illustrates the relationship between operational strategy and financial resilience in Islamic boarding schools. Operational strategy is positioned as the central independent construct, encompassing key dimensions such as revenue optimization, cost efficiency, resource management, and strategic collaboration. These dimensions are expected to influence the dependent variable, namely financial resilience, which is reflected in the institution's ability to reduce budget deficits and maintain operational stability. In addition, the model acknowledges the role of contextual factors, including internal capabilities and external support, as influencing conditions that may strengthen or constrain the effectiveness of operational strategies. This conceptual model serves as a bridge between theory and empirical analysis by translating abstract theoretical constructs into observable and analyzable components. By aligning the theoretical framework, research propositions, and empirical focus, the model ensures coherence and rigor in the research design. It also provides a clear analytical structure that supports the systematic investigation of how operational strategies contribute to financial sustainability in pesantren.

## **METHOD**

This study adopts a qualitative research approach with a descriptive case study design to explore in depth the implementation of operational strategies in addressing budget deficits within an Islamic boarding school context. The qualitative approach is particularly appropriate for

capturing complex social phenomena, organizational practices, and contextual dynamics that cannot be adequately explained through quantitative methods. Grounded in post-positivist and interpretive paradigms, this approach enables the researcher to understand meanings, experiences, and processes in their natural setting. The researcher acts as the primary instrument in data collection and interpretation, allowing for flexibility and responsiveness to the research context (Sugiyono, 2017). The selection of this research design is justified by its alignment with the research objective, which seeks to provide a comprehensive and contextualized understanding of operational strategy implementation rather than to test causal relationships.

The study was conducted at Ulul Albab Al-Fikri Islamic Boarding School, located in Pinang Luar Village, Kubu District, West Kalimantan, Indonesia. This institution was purposively selected due to its relevance to the research focus, particularly its experience in managing operational challenges related to budget deficits. The target population consists of key stakeholders involved in the management and operation of the pesantren. A purposive sampling technique was employed to select information-rich participants who possess in-depth knowledge of the institution's operational strategies. The informants include the head of the Islamic boarding school and administrative staff responsible for financial and operational management. This sampling approach ensures the depth and relevance of the data, thereby enhancing the credibility and transferability of the findings within similar institutional contexts.

Data were collected using multiple qualitative techniques, including observation, in-depth interviews, and documentation analysis, to ensure comprehensive and triangulated insights. Observation was conducted systematically to examine real-life operational practices and organizational dynamics within the pesantren environment. In-depth interviews, both structured and unstructured, were carried out using interview guidelines based on the 5W1H framework to facilitate detailed and flexible responses from informants (Nursapia Harahap, 2020). These interviews allowed participants to elaborate on their experiences and perspectives regarding operational strategy implementation. Documentation analysis included the review of official and personal documents, as well as primary and secondary data sources, such as financial records and institutional reports. Data collection was conducted over a defined research period to ensure contextual consistency and data reliability.

As a qualitative study, this research does not employ statistical measurement scales; however, it utilizes clear operational definitions to guide data interpretation. Key constructs such as operational strategy, financial management, and budget deficit are defined based on established theoretical frameworks in operations management literature. These constructs are explored through thematic indicators derived from interview responses, observational findings, and documentary evidence. This approach ensures consistency between theoretical concepts and empirical observations, thereby strengthening the analytical rigor of the study.

Data analysis was conducted using a systematic qualitative approach involving data reduction, data display, and conclusion drawing. The process began with organizing and coding the collected data to identify key themes and patterns related to operational strategy implementation. Thematic analysis was then applied to interpret the data in a structured and meaningful way, enabling the identification of relationships between operational practices and financial outcomes. To ensure the credibility and validity of the findings, source triangulation was employed by comparing data obtained from different methods and informants. This rigorous analytical procedure enhances the trustworthiness, consistency, and depth of the research findings,

in line with the standards of reputable international academic journals.

## **RESULT**

The central branch of the Ulul Albab Islamic Boarding School, or the first branch, was founded in 2004 by K.H. Dr. Asep Sudradjat, MM, located in Bandung, West Java. Over time, the Ulul Albab Islamic Boarding School has expanded to several branches. Initially, several new branches were established in West Java, until an alumnus of the school, Ustad Azhar Sholeh, migrated to West Kalimantan with the intention of preaching.

His efforts then continued in Pinang Luar Village, Kubu District, Kubu Raya Regency, on land he had acquired as a waqf. It was here that KH. Azhar Sholeh established the Islamic boarding school, which continues to thrive today. The vacant land is located in Pinang Luar Village, Kubu District, Kubu Raya Regency. Thus, the 77th branch of the Ulul Albab Islamic Boarding School was established. It was established in early 2019, with significant assistance from the Pinang Luar Village community. His overarching goal is to develop and nurture a generation of Muslims to remain steadfast in upholding their faith and upholding Islamic values in the future.

To date, the Ulul Albab Islamic Boarding School offers several levels of education, including RA/TK (Raudhatul Anfal) and Madrasah Diniyah Takmiliah Awaliyah (MDTA). These courses include recitation of the Quran, memorization, congregational prayer, and more. All operational costs are supported by several existing sources of income, such as tuition fees, government assistance, and community assistance. These sources of income are still insufficient to fully cover the Islamic boarding school's operational needs, necessitating appropriate approaches to address this.

### **Implementation of Ulul Albab Islamic Boarding School's Operational Strategy in Overcoming Budget Deficit**

Ulul Albab Islamic Boarding School has agricultural land that it utilizes to supplement the Islamic boarding school's cash flow. This agricultural activity involves growing easy-to-maintain and high-value fruit, namely oil palms. In Pinang Luar Village, many residents utilize their land for oil palm plantations due to its relatively high selling price. This oil palm plantation provides a harvest that can be sold to supplement the school's cash flow. With an income of 300,000-500,000 Rupiah earned in approximately two weeks, this is one of the Ulul Albab Islamic Boarding School's primary sources of income, supporting operational needs, especially for meeting the basic needs of the students residing at the boarding school.

Ulul Albab Islamic Boarding School utilizes not only its agricultural land but also its vehicles, including a Tosa (a small truck) for transporting food supplies, distributing kitchen logistics, and other purposes. However, recognizing the economic opportunities in Pinang Luar Village, the vehicles were utilized as a source of additional income. In addition to internal needs of the Islamic boarding school, the tosa are rented out to local residents in need, for example, to transport groceries. Given Pinang Luar Village's location across the Kapuas River, many residents must cross the river to meet their daily needs. Therefore, the Islamic boarding school utilizes the tosa to help those in need. Although the income is not substantial, the boarding school is able to utilize the vehicles.

To meet operational needs, the Ulul Albab Islamic Boarding School also implements a

sustainable donation system involving the community and donors. Open donations are one way to address the budget deficit, as the construction of the Islamic boarding school certainly requires significant funds. Open donations clearly reduce the pressure on the school's finances. Open donations are one way to address the budget deficit, as the construction of this Islamic boarding school certainly requires significant funds. Open donations clearly reduce the financial pressure on the school. This allows the school, which faces budget constraints, to continue its development and be implemented in stages.

The family donation box is one of the donation programs implemented at Ulul Albab Islamic Boarding School. This program was created to increase the Islamic boarding school's income and also allows guardians, the community, and other Islamic boarding school associates to contribute through the KIK program. Ulul Albab Islamic Boarding School is currently collaborating with an unnamed institution. This collaboration began in September 2025. The donation is provided in the form of cash assistance of Rp 500,000 per month. This assistance serves as a source of additional revenue, both for the current fixed income and for the current routine income.

In an effort to address the budget deficit, Ulul Albab Islamic Boarding School implemented a revenue diversification strategy. This aligns with the theory presented by Chase, Jacobs, and Aquliano (2018 in Seragih) on the steps in developing an operational strategy, which explains that developing an operational strategy is based on an environmental analysis. This analysis facilitates the organization's development of appropriate strategies. Ulul Albab Islamic Boarding School implemented development strategies such as utilizing oil palm plantations, utilizing existing vehicles, activating regular donation programs such as the Family Donation Box (KIK), and collaborating with partner institutions as additional revenue sources.

However, several previously independent businesses run by Ulul Albab Islamic Boarding School, such as a grocery store or brick production, are no longer sustainable, indicating that business development is still in the adaptation phase. This is often the case for community-based non-profit organizations with limited resources and other influencing factors.

The government supports Islamic boarding schools through the School Operational Assistance (BOS) fund, which is provided under the auspices of the Ministry of Religious Affairs (Kemenag). This BOS fund will be disbursed once the boarding school has register to receive this assistance. This assistance is very beneficial for the operations of Islamic boarding schools. The assistance provided by the village is distributed to Raudhatul Anfhal (RA) level education. This assistance was previously in the form of cash, but with a new policy, the village now collaborates with an ATK store for the distribution process. Under the new policy, the Islamic boarding school will collect stationery materials from the store within a predetermined budget, and the boarding school will retain 30% of the assistance in cash.

This change in distribution pattern is to ensure that the assistance is used according to educational needs, such as teaching and learning. Although the policy is different, this assistance is very beneficial for the smooth running of teaching and learning at this RA level.

### **Supporting and inhibiting factors in the implementation of Ulul Albab Islamic Boarding School in overcoming the budget deficit**

In implementing operational strategies, there are supporting and inhibiting factors that influence the strategy's success. This discussion draws on the theory that operational success is

influenced by internal organizational factors, resource capabilities, and external support (Chase et al., 2018 in Seragih's book). In its efforts to overcome the budget deficit, Ulul Albab Islamic Boarding School not only faces various limitations but also has a number of supporting factors that play a crucial role in maintaining the continuity of the school's operations. These supporting factors come from the community and leadership, social support, and human resources. The existence of these supporting factors is the school's primary asset in developing and implementing operational strategies effectively.

Community support is one of the main supporting factors that enables Ulul Albab Islamic Boarding School to survive despite a budget deficit. This support takes the form of not only funding but also material assistance and direct community involvement in the school's development programs. Community participation demonstrates trust and concern for the boarding school as an educational and religious institution in the village.

The community plays a strategic role in assisting the boarding school in meeting operational needs and building facilities. Community support is understood as social capital, which is the social capital formed from relationships of trust, solidarity, and cooperation. This social capital is crucial for the sustainability of non-profit organizations, as it can offset the limited formal financial resources of the institution.

Community participation and support as supporting factors are also reinforced by research by Amin and Hakim (2017), who stated that Islamic boarding schools possess strong social capital in the form of community trust and solidarity. This social capital enables Islamic boarding schools to survive financial constraints through the provision of funds, materials, and manpower. This situation is relevant to the Ulul Albab Islamic Boarding School, which utilizes the community as a strategic partner in meeting operational needs and building facilities. Sustained community support demonstrates that the Islamic boarding school functions not only as an educational institution but also as an integral part of the village's social life.

In addition to the community surrounding the Islamic boarding school, the Islamic boarding school leadership also plays a crucial role in formulating, directing, and controlling the school's operational strategy. Under budgetary constraints, leadership is required to make sound decisions, particularly in prioritizing activities. The leadership's active role is evident in direct supervision of operational activities, financial management, and efforts to find alternative solutions when funding shortages arise.

This type of leadership demonstrates the ability to understand the internal conditions of the Islamic boarding school, such as limited financial resources, as well as external conditions, such as community support and external assistance. A leadership model that states that the success of operational strategies is greatly influenced by the leader's ability to determine policy direction, adapt strategies to environmental conditions, and mobilize all organizational resources to achieve common goals.

The leadership of Islamic boarding school leaders as a key supporting factor aligns with research by Mansir (2020), which confirms that the success of Islamic boarding school management is significantly influenced by the strategic role of leaders. Islamic boarding school leaders serve as policy makers, key decision-makers, and mobilizers of organizational resources. In the context of Ulul Albab Islamic Boarding School, active leadership in determining activity priorities, overseeing operations, and seeking alternative solutions to budget constraints demonstrates the strategic leadership characteristics described in the study. The leadership's

ability to analyze internal and external conditions also aligns with operational management theory, which emphasizes the importance of leaders in adapting strategies to the organizational environment.

Assistance from the government and village is one supporting factor in maintaining the operational sustainability of Ulul Albab Islamic Boarding School. Based on observations, interviews, and documentation conducted by the researcher, the Islamic boarding school receives government assistance in the form of School Operational Assistance (BOS) and Education Operational Assistance (BOP).

Interviews with Islamic boarding school administrators revealed that Ulul Albab Islamic Boarding School received BOS funds ranging from Rp7,000,000 to Rp8,000,000 in 2024, although there were deductions during the disbursement process. Furthermore, the following year, the Islamic boarding school also received BOS funds specifically for the RA/TK level, amounting to Rp600,000. This assistance was used to support educational operations, such as meeting administrative needs, procuring learning supplies, and paying teacher honoraria.

The assistance from the government and village is a supporting factor because it can help ease the financial burden on Islamic boarding schools, especially in situations where internal funding is limited. Although the amount of assistance received is not yet sufficient to cover all operational needs, this assistance still makes a positive contribution to maintaining the continuity of the educational process at Islamic boarding schools.

From the perspective of operational management theory, Heizer and Render (2019) state that external resource support is a crucial part of maintaining the operational stability of an organization. Government and village assistance can be viewed as a form of external support that helps Islamic boarding schools carry out their operational functions more effectively.

Thus, government and village assistance can be categorized as supporting factors in Ulul Albab Islamic Boarding School's efforts to overcome budget deficits. Although limited, this assistance still plays a strategic role as supporting funds that support the ongoing operations of the Islamic boarding school. Inter-institutional cooperation is a supporting factor that plays a crucial role in helping Ulul Albab Islamic Boarding School overcome operational budget constraints. Based on the results of observations, interviews, and documentation conducted by researchers, Islamic boarding schools collaborate with various parties, including government institutions, educational institutions, and the surrounding community.

The collaboration is not limited to financial assistance but also includes non-financial support, such as facilities and infrastructure, social activities, and support for the implementation of educational and religious programs. Through this collaboration, the Islamic boarding school obtains additional resources to support its daily operations. Interview results indicate that a good relationship between the Islamic boarding school and its partner institutions is crucial for establishing sustainable collaborations. Established trust and communication enable the Islamic boarding school to obtain support when facing budget constraints, allowing educational activities to continue running smoothly.

From an operational management theory perspective, Heizer and Render (2019) explain that collaboration and strategic partnerships are part of an organization's efforts to optimize its resources. Collaboration between institutions can improve operational efficiency because the organization relies not only on internal resources but also leverages support from external parties. Thus, inter-institutional collaboration can be categorized as a significant supporting factor in

Ulul Albab Islamic Boarding School's efforts to address its budget deficit. Through collaboration with various parties, Islamic boarding schools are able to obtain additional resources that help maintain operational continuity and the implementation of educational activities on an ongoing basis.

The use of information technology is considered effective in increasing donor participation and expanding the support network of social and educational institutions. By utilizing simple but appropriate technology, Islamic boarding schools can increase their opportunities for financial support. The use of information technology for donations aligns with research by Arifin et al. (2024), which states that the use of social media and digital technology in educational institutions and Islamic boarding schools can expand donor reach and increase community participation. Although the financial recording system is still manual, the use of social media as a means of communicating donations at the Ulul Albab Islamic Boarding School demonstrates an adaptive approach to technological developments. This strategy is considered effective as an alternative to strengthen funding amidst limited formal funding sources.

In addition to supporting factors, Ulul Albab Islamic Boarding School also faces various inhibiting factors in implementing operational strategies to address the budget deficit. These inhibiting factors stem from both the school's internal limitations and the influence of external conditions beyond the institution's control. The existence of these inhibiting factors impacts the effectiveness of the implemented strategies and constitutes a challenge that must be addressed continuously. One of the main inhibiting factors faced by Ulul Albab Islamic Boarding School is the imbalance between revenue and expenses. The income generated by the boarding school, whether from tuition fees, palm oil revenues, or donations, is insufficient to cover all operational needs, such as student meals, electricity, water, teacher honoraria, and facility maintenance costs.

In operational management theory, this condition is known as operational imbalance, a situation where income does not match expenses. This imbalance leaves the boarding school with limited latitude in making operational decisions, as every expense must be carefully considered. As a result, the boarding school is often only able to meet the most urgent needs, while other needs must be postponed. On the other hand, the imbalance between income and expenses experienced by Ulul Albab Islamic Boarding School aligns with the findings of Husain and Aimah (2024), who explained that many Islamic boarding schools face deficits due to limited fixed income sources and high operational costs. This operational imbalance results in Islamic boarding schools having limited flexibility in decision-making, allowing them to only meet urgent needs.

The next inhibiting factor is the Islamic boarding school's dependence on unstable funding sources. Income from oil palm plantations is highly dependent on harvest conditions and market prices, while donations and community assistance depend on economic conditions and donor support. Dependence on unstable funding sources is a major risk to organizational sustainability. When income fluctuates, Islamic boarding schools struggle to develop long-term financial plans. This leads to a more reactive operational strategy, adapting to current financial conditions rather than based on thorough planning.

Dependence on unstable funding sources, such as palm oil revenues and community donations, is further supported by research by Yahya et al. (2023), which states that Islamic boarding schools that rely on fluctuating funding sources will experience difficulties in developing long-term financial plans. This leads to operational strategies that tend to be reactive

and not based on thorough planning, as was the case at the Ulul Albab Islamic Boarding School.

In Financial Management: Limited human resource competency in financial management is also a hindering factor in addressing the budget deficit. Some Islamic boarding school administrators lack a specific background or expertise in financial management, resulting in rudimentary financial management. Consequently, financial records are not prepared in detail, and in-depth financial analysis cannot be conducted. Without adequate financial analysis, Islamic boarding schools struggle to identify sources of waste or opportunities for savings.

Limited human resource competency in financial management aligns with research by Auliya et al. (2024), which shows that weak management skills in financial management impact the poor quality of financial recording, planning, and evaluation. This condition is also reflected in the Ulul Albab Islamic Boarding School, where financial management is still carried out in a simple manner, making in-depth financial analysis difficult.

## CONCLUSION

This study provides a comprehensive analysis of how operational strategies are implemented to address budget deficits in an Islamic boarding school context. The findings reveal that the institution adopts adaptive and flexible operational strategies by prioritizing essential expenditures, optimizing diverse revenue sources including student fees, institutional assets, agricultural outputs, and external funding and conducting gradual infrastructure development. Despite the absence of a modern financial management system, these strategies have enabled the institution to maintain operational continuity and educational service delivery. Additionally, the study identifies key supporting factors, such as proactive leadership, strong community engagement, collaborative internal governance, and the utilization of digital platforms for fundraising, which collectively strengthen the effectiveness of operational strategies. Conversely, several inhibiting factors were found to constrain performance, including financial imbalances, dependence on unstable funding sources, limited human resource capacity in financial management, reliance on manual financial systems, and external economic pressures. These findings demonstrate that budget deficits in pesantren are shaped by both internal managerial limitations and external environmental challenges.

In terms of contribution, this study extends the application of operations management theory into the context of Islamic educational institutions, providing empirical evidence on how operational strategies can enhance financial resilience in resource-constrained environments. It contributes to the literature by highlighting the importance of integrating strategic planning, resource optimization, and contextual adaptability in managing nonprofit educational organizations.

The academic implications of this study lie in strengthening theoretical understanding of operational strategy within faith-based institutions, while the practical implications offer actionable insights for policymakers, educational leaders, and pesantren administrators in designing sustainable financial management practices. However, this study is limited to a single case context, which may restrict the generalizability of the findings. Therefore, future research is recommended to employ comparative studies across multiple institutions or adopt mixed-method approaches to further validate and expand the findings. Through these contributions, the study underscores the critical role of operational strategy in ensuring the long-term sustainability of Islamic boarding schools.

**Author Contributions**

Conceptualization, S.M. and A.I.; methodology, S.M.; software, S.M.; validation, S.M., A.I. and F.S.I.; formal analysis, S.M.; investigation, S.M.; resources, A.I.; data curation, S.M.; writing—original draft preparation, S.M.; writing—review and editing, A.I. and F.S.I.; visualization, S.M.; supervision, A.I.; project administration, S.M.; funding acquisition, A.I. All authors have read and agreed to the published version of the manuscript.

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**Institutional Review Board Statement**

Ethical review and approval were waived for this study due to the nature of the research, which involves non-invasive qualitative methods such as interviews and observations, without any risk to participants.

**Informed Consent Statement**

Informed consent was obtained from all subjects involved in the study.

**Declaration of Generative AI and AI-assisted Technologies in the Writing Process**

During the preparation of this work, the authors used ChatGPT to assist in language refinement and structuring of the manuscript. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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**Conflicts of Interest**

The authors declare no conflicts of interest.

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