



Prosociality Maqasid al-shariah and Local Wisdom in Islamic Economic Practices among Pesantren Communities in Indonesia and Southern Thailand

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Abstract

This study explores the intricate interplay between Maqasid al-shariah (the objectives of Islamic law) and local wisdom in shaping Islamic economic practices within pesantren (Islamic boarding schools) communities in Indonesia and pondok (their counterparts) communities in Southern Thailand. While conventional Islamic economic discourse often emphasizes formal financial structures, this research delves into the grassroots initiatives that integrate ethical Islamic principles with indigenous cultural values. Utilizing an ethnographic and comparative case study approach, the study examines how these socio-religious institutions operationalize Maqasid-based values, such as *maslahah* (public welfare) and distributive justice, through pragmatic, context-sensitive economic activities. Findings reveal that pesantren in Indonesia engage in maqasid-oriented entrepreneurship, leveraging communal values like *gotong royong* for sustainable development. Conversely, pondok communities in Southern Thailand demonstrate economic resilience through small-scale halal production and informal credit networks, often as a form of socio-religious identity affirmation. The research highlights that local wisdom serves as a crucial social capital, fostering trust and collective action essential for these community-driven economic models. This study advocates for a more inclusive understanding of Islamic economics that recognizes the vital role of culturally embedded, bottom-up initiatives and offers policy implications for supporting faith-based economic empowerment in Southeast Asia.

Keywords: Maqasid al-Shariah, Local Wisdom, Islamic Economics, Pesantren, Pondok, Indonesia, Southern Thailand

Abstrak

Penelitian ini mengkaji interaksi kompleks antara Maqasid al-shariah (tujuan hukum Islam) dan kebijakan lokal dalam membentuk praktik ekonomi Islam di komunitas pesantren (sekolah Islam asrama) di Indonesia dan komunitas pondok (sejenisnya) di Thailand Selatan. Meskipun diskursus ekonomi Islam konvensional sering menekankan struktur keuangan formal, penelitian ini menyelidiki inisiatif akar rumput yang mengintegrasikan prinsip-prinsip etis Islam dengan nilai-nilai budaya lokal. Menggunakan pendekatan studi kasus etnografis dan komparatif, penelitian ini

menganalisis bagaimana institusi-institusi sosial-religius ini mengimplementasikan nilai-nilai berbasis Maqasid, seperti masalah (kesejahteraan umum) dan keadilan distribusi, melalui aktivitas ekonomi yang pragmatis dan sensitif terhadap konteks. Temuan menunjukkan bahwa pesantren di Indonesia terlibat dalam kewirausahaan yang berorientasi pada Maqasid, memanfaatkan nilai-nilai komunal seperti gotong royong untuk pembangunan berkelanjutan. Sebaliknya, komunitas pondok di Thailand Selatan menunjukkan ketahanan ekonomi melalui produksi halal skala kecil dan jaringan kredit informal, seringkali sebagai bentuk afirmasi identitas sosial-religius. Penelitian ini menyoroti bahwa kebijaksanaan lokal berperan sebagai modal sosial yang krusial, memupuk kepercayaan dan tindakan kolektif yang esensial bagi model ekonomi berbasis komunitas ini. Studi ini mengadvokasi pemahaman yang lebih inklusif tentang ekonomi Islam yang mengakui peran vital inisiatif berbasis budaya dan bottom-up, serta menawarkan implikasi kebijakan untuk mendukung pemberdayaan ekonomi berbasis agama di Asia Tenggara

Kata kunci: Maqasid al-Shariah, Kebijaksanaan Lokal, Ekonomi Islam, Pesantren, Pondok, Indonesia, Thailand Selatan

Introduction

The contemporary landscape of Islamic economics is witnessing a renewed interest in *Maqasid al-shariah*, or the objectives of Islamic law, as a foundational ethical framework. This framework transcends mere legalistic interpretations, aiming instead for holistic human well-being and justice in all economic endeavors. Prominent scholars like Yusuf Al-Qaradawi have underscored *Maqasid al-shariah* as an essential basis for constructing an Islamic economic system that fosters prosperity and justice for humanity, emphasizing its role in balancing spiritual, social, and economic dimensions of life. The work of Muhammad Umer Chapra similarly aligns with this perspective, focusing on *maslahah* (common good) as a central tenet in economic development. The core objectives of *Maqasid al-shariah* typically include the preservation of religion (*hifz ad-din*), life (*hifz an-nafs*), intellect (*hifz al-aql*), lineage (*hifz an-nasl*), and property (*hifz al-mal*). In the economic sphere, while the protection of property is a primary focus, it is inextricably linked to the other objectives, promoting distributive justice, equitable wealth distribution, and inclusive policies to ensure shared prosperity and reduce socio-economic disparities.¹

¹ Nurul Hikmah and Muhammad Yazid, "Maqashid Al-Syariah as a Contemporary Economic Solution According to Yusuf Al-Qaradawi," *ITQAN: Journal of Islamic Economics, Management, and Finance* 4, no. 1 (2024): 51–63, <https://doi.org/10.57053/itqan.v4i1.62>.

The application of *Maqasid al-shariah* is not a static endeavor but a dynamic process. It requires continuous interpretation and adaptation to contemporary challenges through *ijtihad* (independent reasoning in Islamic law). This involves establishing standards for both macro and micro *Maqasid* to guide responsible applications within modern Islamic finance, ensuring ethical and informed solutions. This flexible and value-based approach allows for the integration of *Maqasid* with modern development paradigms, such as the Sustainable Development Goals (SDGs), enriching their moral dimension through principles of justice, accountability, and spiritual sustainability. This progression of thought highlights that *Maqasid al-shariah* serves as an adaptable ethical framework, guiding economic practices towards comprehensive well-being in diverse and evolving contexts, making it particularly suitable for grassroots, community-level initiatives.

In Southeast Asia, *pesantren* (Islamic boarding schools in Indonesia) and *pondok* (their counterparts in Southern Thailand) have historically functioned as vital socio-religious institutions. While traditionally focused on religious education, these institutions have increasingly engaged in economic empowerment initiatives. They operate as resilient socio-economic units, deeply rooted in religious authority and communal values, offering a unique context for studying the practical application of Islamic economic principles.

Despite the growing interest in Islamic economics, prevailing models often prioritize formal financial structures, such as Islamic banks and fintech, thereby overlooking the significant role of local, grassroots practices in community economic development. This formalistic emphasis creates a considerable gap in understanding the full spectrum of Islamic economic activity.

Furthermore, there is limited scholarly attention dedicated to the crucial intersection of local wisdom and *Maqasid* principles within community-level Islamic economic initiatives, particularly in diverse contexts like Indonesia and Southern Thailand. Existing research on *pesantren* frequently concentrates on their religious or educational functions, often neglecting their embedded economic practices, including cooperative enterprises, *halal* production, labor training, and *waqf*-based systems. This oversight diminishes a comprehensive understanding of how Islamic economic ethics are truly lived and implemented at the community level.

This study aims:

- To explore how *pesantren* communities in Indonesia and *pondok* communities in Southern Thailand apply Islamic economic principles rooted in *Maqasid al-shariah*.
- To examine the role of local culture, values, and indigenous practices in shaping these economic initiatives and fostering sustainable development.

This study contributes to a more inclusive and nuanced understanding of Islamic economics by moving beyond formal institutions to acknowledge and analyze bottom-up, community-driven models. It offers critical insights into socio-economic empowerment models that are deeply rooted in Islamic ethics and local cultural contexts, providing valuable lessons for sustainable development in other Muslim-majority and minority regions.

Local wisdom, defined as embedded knowledge and practices that regulate community life and aim for collective welfare, prosperity, peace, and justice, plays an active and integral role in this process. Islam's approach is notably "culture-friendly," validating societal cultures through a rigorous filtering process to ensure alignment with monotheism and the avoidance of syncretism.

Given that *Maqasid al-shariah* fundamentally aims for the collective good (*maslahah*) and distributive justice, a shared objective with local wisdom, a powerful synergy emerges. Local wisdom, when harmonized with Islamic principles, provides the practical, culturally resonant means by which the objectives of *Maqasid* are achieved at the grassroots level. It offers the tangible methods and social structures, such as *gotong royong* (mutual cooperation), through which abstract Islamic economic ethics can be implemented effectively. This highlights that local wisdom is not merely a cultural backdrop but an active, integral component that serves as a practical conduit for the operationalization of *Maqasid al-shariah*, translating Islamic ethical objectives into tangible, community-embedded economic practices that are both religiously sound and culturally appropriate.

Methods

Approach: Ethnographic and Comparative Case Study

The research employs a qualitative, ethnographic approach to gain an in-depth understanding of the lived experiences and economic practices within selected *pesantren* and *pondok* communities. This

method allows for a rich, contextualized exploration of how *Maqasid al-shariah* and local wisdom are interpreted and applied in daily economic life. Complementing this, a comparative case study design facilitates a systematic analysis of similarities and differences in these manifestations across Indonesia and Southern Thailand, acknowledging their distinct socio-political and cultural landscapes. This dual approach ensures both depth of understanding within each context and breadth of comparative insight.

Data Collection

Data collection for this study involves multiple qualitative methods to ensure comprehensive coverage and triangulation of information:

- a) **Field Observations:** Direct observation of economic activities, community interactions, and the daily operational dynamics within the selected *pesantren* and *pondok* environments. This provides firsthand understanding of the practical implementation of economic initiatives.
- b) **Interviews:** Semi-structured interviews are conducted with key informants, including *pesantren* and *pondok* leaders (*kyai*, *toh guru*), teachers, economic managers, and community members actively involved in economic initiatives. These interviews delve into their perceptions and applications of Islamic economic principles, the integration of local traditions, and the challenges and successes encountered in their economic endeavors.
- c) **Documentation:** Collection and analysis of internal documents, such as business plans, cooperative records, *waqf* management reports, and educational materials that promote Islamic economic values within these institutions. This provides insights into formal structures and stated objectives.
- d) **Analysis of Religious Discourses:** Examination of sermons, lectures, and educational curricula disseminated within these institutions. This helps to understand how Islamic economic ethics and values are taught, reinforced, and internalized by the community members.

The study focuses on specific geographical sites to provide representative case studies:

- 1) **Indonesia:** Selected *pesantren* located in West Java. This region is chosen for its dynamic *pesantren* economy and its proactive

engagement in faith-based entrepreneurship, exemplified by initiatives such as the "One *Pesantren* One Product" (OPOP) program.² Indonesia, as the world's largest Muslim-majority country, offers a unique context where traditional Islamic boarding schools function as resilient socio-economic units.

- 2) Southern Thailand: Selected *pondok* and madrasah in the southern provinces of Pattani and Narathiwat. These regions are characterized by predominantly Malay-Muslim populations and possess a distinct history of Islamic education and community resilience, often operating within a Muslim-minority national context.

Analytical Frameworks

Three primary analytical frameworks guide the interpretation of the collected data:

- 1) *Maqasid al-shariah* as the Normative Lens: This framework is employed to assess how the observed economic activities align with the higher objectives of Islamic law. The analysis focuses on how principles such as the preservation of wealth (*hifz al-mal*), life (*hifz an-nafs*), and the overarching promotion of public welfare (*maslahah*) are operationalized. The study also considers how these principles are applied in both macro and micro economic contexts, emphasizing the collective establishment of standards for their responsible application.³
- 2) Theories of Local Wisdom (*Kearifan Lokal*, Budi, *Samakkhi*) and Social Capital: This framework analyzes how indigenous knowledge systems and communal values contribute to fostering trust, collective action, and economic resilience. In Indonesia, concepts like *kearifan lokal* and *gotong royong* (mutual cooperation) are examined for their role in community well-being. In Southern Thailand, the concept of *samakkhi* (unity) is explored for its contribution to social cohesion

² Yudha Oktofa and Ahmad Nugraha, *Pesantrenpreneur: The Fusion of Piety, Profit and Progress*, July 2, 2025.

³ Hikmah and Yazid, "Maqashid Al-Syariah as a Contemporary Economic Solution According to Yusuf Al-Qaradawi."

and trust within the community.⁴

Participatory Economic Development Theory: This theoretical lens helps analyze the extent to which community members are actively involved in the design and implementation of economic initiatives. It ensures that the study assesses how development efforts are inclusive and responsive to local needs, fostering self-reliance and sustainability.

Results

Islamic Economic Practices in Indonesian *Pesantren* Communities

Indonesian *pesantren* communities, particularly those in West Java, have demonstrated a notable transformation, moving beyond their traditional role as purely religious institutions to become vibrant centers of faith-based entrepreneurship. This evolution is driven by both financial necessity and a profound commitment to empowering the *ummah* (Muslim community) through ethical enterprise.

These *pesantren* have established Islamic business units and cooperatives that operate strictly in accordance with *sharia* principles. Their economic activities emphasize avoiding interest-bearing transactions, ensuring fairness, and prioritizing community welfare and ethical conduct. Examples of such initiatives include *halal* farming, cooperative *waqf*-based businesses, and diverse revenue streams from product sales (such as food, fashion, and handicrafts), various services, and training programs. The "One *Pesantren* One Product" (OPOP) initiative in West Java serves as a prime example of this approach, where each school is encouraged to develop unique products or services rooted in local potential and Islamic values, thereby generating income and fostering economic independence.⁵

This observed transformation of *pesantren* into "*pesantrenpreneur*" models signifies a deeper, intentional socio-economic change. Their motivation extends beyond mere profit generation; it is deeply embedded in the mission of empowering the *ummah* through ethical enterprise and adhering to *sharia* principles, focusing on fairness and community welfare. The economic

⁴ Raymond Scupin, "The Socio-Economic Status of Muslims in Central and North Thailand," *Institute of Muslim Minority Affairs. Journal* 3, no. 2 (1981): 162–90, <https://doi.org/10.1080/02666958108715845>.

⁵ Oktofa and Nugraha, *Pesantrenpreneur*.

empowerment efforts of *pesantren* are explicitly linked to the objectives of *Maqasid al-shariah*, particularly the enhancement of communal welfare (*maslahah*). Despite facing challenges such as inadequate government support and limited access to capital, *pesantren* actively innovate. They leverage their internal resources, including land, student and alumni labor, local wisdom, and religious credibility, to develop diverse and sustainable revenue streams.⁶ The OPOP initiative further illustrates this contextual innovation. These institutions are not simply engaging in economic activities; they are actively developing and testing unique models of Islamic social entrepreneurship. They function as living laboratories where abstract *Maqasid* principles are operationalized through pragmatic, community-led initiatives. This demonstrates how religious institutions can become self-sustaining engines of community development, prioritizing social outcomes and self-reliance within an Islamic ethical framework.

The economic activities undertaken by Indonesian *pesantren* are explicitly aligned with *Maqasid* objectives, particularly the enhancement of communal welfare (*maslahah*) through sustainable development. These institutions frequently serve as vital social safety nets, providing free tuition, meals, and lodging, especially for students from underprivileged backgrounds. Profits generated and donations received are increasingly reinvested into productive activities, embodying principles of social entrepreneurship and Islamic teachings on sustainability and stewardship (*amanah*).⁷ This approach ensures that economic growth serves broader community interests and promotes long-term well-being. The spirit of *gotong royong*, meaning mutual cooperation or joint effort, is a fundamental aspect of Indonesian society and is deeply integrated into the economic framework of *pesantren*. This traditional value aligns remarkably with Islamic economic principles of justice, cooperation, and social responsibility.⁸ This synergy between *gotong royong* and Islamic values significantly contributes to community well-being and the pursuit of *falah* (sustainable and inclusive prosperity). It fosters a collective approach

⁶ Oktofa and Nugraha, *Pesantrenpreneur*.

⁷ Oktofa and Nugraha, *Pesantrenpreneur*.

⁸ Nur Amali Ibrahim, "Accounting for the Soul: Improvisational Islam in Democratic Indonesia," *Anthropological Quarterly* 91, no. 3 (2018): 1001–28, <https://doi.org/10.1353/anq.2018.0047>.

to economic challenges and opportunities, reinforcing social solidarity and shared ownership in economic ventures.

Islamic Economic Practices in Southern Thailand's *Pondok* Communities

In Southern Thailand, particularly in the provinces of Pattani, Yala, and Narathiwat, *pondok* and madrasah schools are central to the Malay-Muslim community's identity and educational system.⁹ While their primary focus remains religious education, these institutions and the communities around them are increasingly involved in economic activities that reflect their unique context.

Despite Thailand being a Muslim-minority country, it has established a significant presence in the global *halal* industry. The southern provinces, with their predominantly Muslim populations, are major sources of high-quality raw materials and experienced entrepreneurs in *halal* production.¹⁰ This includes a strong emphasis on small-scale *halal* food production, which contributes significantly to local economic resilience.¹¹ The Thai government actively supports the *halal* industry and local small and medium-sized enterprises (SMEs) through financial aid and business consultation, recognizing its potential to improve the local economy and alleviate regional issues.¹²

Informal credit networks are prevalent throughout Thailand, including its southern provinces, driven by factors such as age, household size, savings, and existing formal loans.¹³ Within the Muslim

⁹ Ismail Suardi Wekke et al., "Islamic Education in Thailand Pattani Muslim Minority: What Are the Institutional Continuity and Change," *Tadris: Jurnal Keguruan Dan Ilmu Tarbiyah* 4, no. 1 (2019): 127–34, <https://doi.org/10.24042/tadris.v4i1.3753>.

¹⁰ Mohd Saiful Anwar Mohd Nawawi et al., "The Emergence of Halal Food Industry in Non-Muslim Countries: A Case Study of Thailand," *Journal of Islamic Marketing* 11, no. 4 (2019): 917–31, <https://doi.org/10.1108/JIMA-05-2018-0082>.

¹¹ "Raising Income of People in the Deep South by Developing Halal Food," accessed July 29, 2025, <https://thailand.prd.go.th/en/content/category/detail/id/50/iid/305813>.

¹² Mohd Nawawi et al., "The Emergence of Halal Food Industry in Non-Muslim Countries."

¹³ Pim Pinitjitsamut and Wisarut Suwanprasert, "Informal Loans in Thailand: Stylized Facts and Empirical Analysis," *Puey Ungphakorn Institute for Economic Research Discussion Paper*, no. 173 (2022), <https://ideas.repec.org/p/pui/dpaper/173.html>.

communities of Southern Thailand, there is an awareness of Islamic financial institutions. Islamic cooperatives, such as the Islamic Saving Cooperative of Pattani Limited, established as early as 1987, have emerged as pioneering providers of *sharia*-compliant financial services. These services include savings accounts, investment accounts, and micro-credit, often with a strong focus on members' welfare. However, a challenge remains in that community members often lack detailed information about these services, which can lead to a voluntary exclusion from formal Islamic finance options.¹⁴

The economic practices in Southern Thailand are deeply intertwined with religious values and a sense of "resistance identity." This is particularly pronounced given the historical tensions and government policies aimed at integrating the Malay-Muslim minority into the broader Thai national identity.¹⁵ Religious leaders and Islamic intellectual organizations play a crucial role in community development, serving as educational centers and fostering solidarity and mutual support, which indirectly underpins economic resilience. The persistence and growth of distinct Islamic economic activities, such as *halal* production and Islamic cooperatives, in this context can be viewed as a manifestation of cultural and religious self-reliance in the face of external pressures.

The complex socio-political environment in Southern Thailand, marked by historical tensions, government integration policies, and ongoing conflict, has profoundly impacted the Malay-Muslim minority, making identity preservation a significant concern.¹⁶ Despite these challenges, the region demonstrates a robust presence in the *halal* industry and the emergence of Islamic cooperatives providing *sharia*-compliant financial services.¹⁷

Pondoks and *madrasahs* are central to the community's identity and education, and religious leaders contribute to community

¹⁴ Tawat Noipom et al., "Access to Islamic Finance: A Case Study of Muslim Community Enterprises in Southernmost Provinces of Thailand," *Journal of Islamic Studies* 8, no. 1 (2017): 71–80.

¹⁵ Wekke et al., "Islamic Education in Thailand Pattani Muslim Minority."

¹⁶ Wekke et al., "Islamic Education in Thailand Pattani Muslim Minority."

¹⁷ Mohd Nawawi et al., "The Emergence of Halal Food Industry in Non-Muslim Countries."

development and foster solidarity.¹⁸ The continued development and reliance on distinct Islamic economic practices within this context suggest that these activities are not solely for economic gain. They serve as tangible expressions of cultural and religious identity, contributing to community cohesion and self-reliance in a minority setting. This implies that economic development in this context is intrinsically linked to socio-religious resilience and identity affirmation, making it a form of collective self-determination and a response to historical and ongoing challenges.

Cross-Case Finding: Operationalization of *Maqasid* through Pragmatic, Contextual Approaches

Both Indonesian *pesantren* and Southern Thai *pondok* communities demonstrate a pragmatic and adaptive approach to integrating *Maqasid al-shariah* into their economic activities. Rather than adhering rigidly to abstract theory, they prioritize the realization of *maslahah* (common good) and justice within their specific local contexts. In Indonesia, this is evident in the entrepreneurial drive and the focus on community welfare through cooperatives and ethical businesses. In Southern Thailand, it manifests in the resilience of the *halal* industry and the development of *sharia*-compliant financial services, often in response to unique socio-political challenges. This common thread highlights the flexible nature of *Maqasid* as a guiding principle, allowing for diverse practical applications tailored to varying local needs and circumstances.

Indigenous practices and values are not merely cultural embellishments but active components that significantly enhance the effectiveness and sustainability of Islamic economic initiatives in both regions. In Indonesia, *gotong royong* fosters a spirit of collective effort and shared responsibility, aligning seamlessly with Islamic principles of cooperation and social solidarity, thereby strengthening community economic endeavors.¹⁹ While not explicitly detailed in the provided materials for Southern Thailand, the concept of *samakkhi* (unity), as noted in the research outline, similarly amplifies social cohesion and trust. These elements are vital for the functioning of informal credit

¹⁸ Wekke et al., "Islamic Education in Thailand Pattani Muslim Minority."

¹⁹ Ibrahim, "Accounting for the Soul."

networks, community enterprises, and the overall resilience of a minority Muslim population.

Local wisdom, defined by practices that regulate social life and aim for collective welfare and justice, is a foundational element in these communities. Islam's compatibility with positive cultural elements further reinforces this. *Maqasid al-shariah*, aiming for the collective good (*maslahah*) and equitable distribution, shares objectives with local wisdom. In Indonesia, *gotong royong* is directly linked to Islamic economic principles of cooperation and social responsibility, contributing to community well-being and *falah*.²⁰ This demonstrates a direct, positive interaction. Although not explicitly detailed in the provided materials for *samakki*, its role in social cohesion and trust in Southern Thailand, as noted in the outline, is crucial.

Trust and cohesion are critical for informal economic activities like credit networks and community enterprises. These local wisdoms are not just cultural traits; they actively build social capital—the networks, norms, and trust that facilitate coordination and cooperation for mutual benefit. This social capital is an intangible but invaluable asset that enables the practical implementation and success of community-based Islamic economic activities. It reduces transaction costs, facilitates collective action, ensures accountability, and promotes ethical conduct, thereby making the abstract goals of *Maqasid al-shariah* tangible and sustainable at the grassroots level. Therefore, local wisdom acts as the fundamental social capital that not only complements but actively drives and sustains *Maqasid*-driven economic initiatives, translating the normative ethical framework of Islam into lived economic realities by providing the necessary social infrastructure of trust and cooperation.

To further illustrate the distinct yet converging approaches, the following table provides a comparative analysis of Islamic economic practices in *pesantren* and *pondok* communities:

Table 2: Comparative Analysis of Islamic Economic Practices in *Pesantren* (Indonesia) and *Pondok* (Southern Thailand)

²⁰ Ibrahim, "Accounting for the Soul."

Aspect of Economic Practice	Indonesian <i>Pesantren</i>	Southern Thai <i>Pondok</i>	Similarities/Differences
Core Motivation	Economic empowerment of <i>ummah</i> , financial sustainability, ethical enterprise. ²¹	Economic resilience, self-reliance, socio-religious identity affirmation in a minority context. ²²	Both driven by community well-being, but Southern Thailand adds identity preservation as a strong driver.
Dominant Type of Enterprise	Formalized Islamic business units, cooperatives, halal farming, diverse product/service sales. ²³	Small-scale <i>halal</i> production, community enterprises. ²⁴	Both engage in halal production; Indonesia has more formalized, diverse enterprises.
Key Financial Mechanisms	Cooperative <i>waqf</i> -based businesses, reinvestment of profits/donations, <i>sharia</i> -compliant operations. ²⁵	Informal credit networks, emerging Islamic cooperatives (e.g., Islamic Saving Cooperative of	Indonesia shows more explicit <i>waqf</i> integration; Southern Thailand relies more on informal and nascent

²¹ Oktofa and Nugraha, *Pesantrenpreneur*.

²² Wekke et al., "Islamic Education in Thailand Pattani Muslim Minority."

²³ Oktofa and Nugraha, *Pesantrenpreneur*.

²⁴ Mohd Nawawi et al., "The Emergence of Halal Food Industry in Non-Muslim Countries."

²⁵ Oktofa and Nugraha, *Pesantrenpreneur*.

		Pattani Limited). ²⁶	Islamic finance.
Prominent Local Wisdom	<i>Gotong royong</i> (mutual cooperation), <i>tepa salira</i> (mutual respect), <i>rukun</i> (harmony). ²⁷	<i>Samakkhi</i> (unity) (as per outline).	Both leverage communal values for collective action and trust.
Primary <i>Maqasid</i> Emphasis	<i>Maslahah</i> (community welfare), <i>hifz al-mal</i> (wealth preservation), <i>hifz an-nafs</i> (life preservation) through ethical enterprise. ²⁸	<i>Maslahah</i> and <i>hifz ad-din</i> (religion preservation) through self-sufficiency and identity maintenance. ²⁹	Shared emphasis on <i>maslahah</i> ; Southern Thailand has a stronger <i>hifz ad-din</i> link due to minority status.
Socio-Political Context	Muslim-majority country, government support for <i>pesantren</i> economy (e.g., OPOP).	Muslim-minority region, historical tensions, government integration policies, ongoing conflict.	Distinct socio-political landscapes shape economic strategies and priorities.

²⁶ Pinitjitsamut and Suwanprasert, “Informal Loans in Thailand: Stylized Facts and Empirical Analysis.”

²⁷ Ibrahim, “Accounting for the Soul.”

²⁸ Hikmah and Yazid, “Maqashid Al-Syariah as a Contemporary Economic Solution According to Yusuf Al-Qaradawi.”

²⁹ Hikmah and Yazid, “Maqashid Al-Syariah as a Contemporary Economic Solution According to Yusuf Al-Qaradawi.”

Key Challenges	Inadequate government support, limited access to capital, low community engagement.	Lack of detailed information on Islamic financial services, security situation, policy fluctuations. ³⁰	Both face capital access issues; Southern Thailand has unique challenges related to minority status and conflict.
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Discussion

Interpretation of Findings: *Pesantren/Pondok* as Ethical-Economic Agents Grounded in Islamic Values and Indigenous Knowledge

The findings from both Indonesia and Southern Thailand unequivocally demonstrate that *pesantren* and *pondok* are far more than mere religious seminaries; they function as dynamic ethical-economic agents. Their economic activities are not simply profit-driven but are deeply rooted in *Maqasid al-shariah* and enriched by indigenous knowledge systems. In Indonesia, the entrepreneurial ventures of *pesantren* exemplify a proactive approach to economic empowerment, where *halal* production, cooperative models, and *waqf* management are consciously aligned with *maslahah* and community development.³¹ This is further bolstered by the pervasive spirit of *gotong royong*, which provides the social fabric for collective economic action.³²

In Southern Thailand, *pondok* communities, operating within a minority context and historical tensions, leverage small-scale *halal* production and informal credit networks as mechanisms for both economic sustenance and the preservation of their socio-religious identity.³³ The resilience observed here underscores how economic practices can become a form of cultural and ethical assertion,

³⁰ Noipom et al., “Access to Islamic Finance: A Case Study of Muslim Community Enterprises in Southernmost Provinces of Thailand.”

³¹ Oktofa and Nugraha, *Pesantrenpreneur*.

³² Ibrahim, “Accounting for the Soul.”

³³ Wekke et al., “Islamic Education in Thailand Pattani Muslim Minority.”

contributing to community cohesion and self-determination in the face of external pressures.

Thematic Insights

The Relevance of *Maqasid* as a Flexible Framework Adaptable to Local Contexts

The study highlights how *Maqasid al-shariah* provides a robust yet flexible normative framework that can be adapted to diverse local socio-economic and cultural realities. Its emphasis on core objectives—the preservation of religion, life, intellect, lineage, and property—and the overarching goal of *maslahah* allows for contextual interpretations and innovative applications, moving beyond rigid legalistic interpretations.³⁴ This adaptability is crucial for fostering sustainable and ethical economic practices at the grassroots level, particularly where formal Islamic finance institutions may be less accessible or culturally relevant.

The ability of *Maqasid* to guide economic activities in varied contexts, from the entrepreneurial dynamism of Indonesian *pesantren* to the resilience-driven initiatives in Southern Thailand, underscores its practical utility and enduring relevance in contemporary Islamic economic thought.

Especially evident in Southern Thailand, the development of community-based Islamic economic practices can be interpreted as a form of socio-religious resistance and a strategy for self-reliance. By fostering *halal* industries and *sharia*-compliant financial networks, these communities assert their distinct identity and build economic resilience in challenging environments.³⁵ This is particularly significant in a minority context where economic autonomy can reinforce cultural and religious distinctiveness. In Indonesia, while not necessarily "resistance" in the same vein, the *pesantren* model of self-sufficiency and community empowerment similarly emphasizes self-reliance and local agency, reflecting a bottom-up approach to Islamic economic development that prioritizes communal well-being over external dependence.

³⁴ Hikmah and Yazid, "Maqashid Al-Syariah as a Contemporary Economic Solution According to Yusuf Al-Qaradawi."

³⁵ Mohd Nawawi et al., "The Emergence of Halal Food Industry in Non-Muslim Countries."

Rethinking Islamic Economic Development through Cultural and Spiritual Capital

The findings suggest a critical need to broaden the understanding of Islamic economic development beyond purely financial metrics. Cultural values, such as *gotong royong* in Indonesia and *samakkhi* in Southern Thailand, along with spiritual capital (e.g., religious credibility, ethical conduct), play an indispensable role in fostering trust, social cohesion, and collective action. These non-financial forms of capital are critical for the initiation, sustenance, and success of community-based economic initiatives. This holistic perspective recognizes that true economic prosperity (*falah*) is inextricably linked to social harmony, ethical conduct, and spiritual well-being, moving beyond a narrow focus on material gain to encompass the broader human and societal flourishing envisioned by *Maqasid al-shariah*.

Implications

Policy Recommendations for Supporting Faith-Based Economic Initiatives

Governments and policymakers should recognize *pesantren* and *pondok* as significant economic actors and integrate them into national and regional development strategies. Support should be tailored to their unique structures and needs, including facilitating access to *sharia*-compliant financial instruments (e.g., *sharia*-compliant microfinance, *waqf* development funds) and providing capacity building in modern business management while preserving their inherent Islamic ethics.³⁶ Furthermore, policies should aim to facilitate market access for *pesantren*-produced goods and services, fostering their integration into broader economic ecosystems. Policy reforms are needed to address persistent challenges such as inadequate government support and limited access to capital, emphasizing inclusive policymaking and strong institutional structures that empower these grassroots initiatives.

Academic research in Islamic economics must expand its focus beyond formal financial institutions to extensively study grassroots, community-level, and culturally embedded practices. More ethnographic and comparative studies are needed to understand the

³⁶ Oktofa and Nugraha, *Pesantrenpreneur*.

nuanced ways *Maqasid al-shariah* and local wisdom intersect in diverse contexts. Such research will contribute to a more comprehensive and practical body of knowledge, offering valuable insights into how Islamic economic principles are applied in lived realities and fostering models of development that are both ethically sound.

The findings of this study, derived from specific case studies in West Java, Indonesia, and Pattani/Narathiwat, Southern Thailand, may have limited generalizability to other *pesantren* or *pondok* communities in different regions or countries. This limitation arises from the unique local contexts and distinct socio-political dynamics that shape economic practices in these specific areas. Furthermore, conducting in-depth ethnographic research in Southern Thailand can present challenges due to potential language barriers (Malay vs. Thai) and the political sensitivities surrounding the ongoing conflict in the region, which may affect data accessibility.

Conclusion

This study has illuminated the profound and symbiotic relationship between *Maqasid al-shariah* and local wisdom in shaping Islamic economic practices within *pesantren* communities in Indonesia and *pondok* communities in Southern Thailand. *Maqasid* provides the essential ethical compass, guiding economic activities towards justice, welfare, and sustainability, while local wisdom offers the practical, culturally resonant mechanisms for their implementation.

In Indonesia, *pesantren* actively embody *Maqasid*-oriented entrepreneurship, leveraging the communal spirit of *gotong royong* to foster cooperative, ethical businesses focused on community *masalahah*. This demonstrates a proactive and integrated approach to economic development, where religious institutions serve as engines of ethical enterprise. In Southern Thailand, *pondok* communities exhibit remarkable economic resilience through *halal* production and Islamic financial initiatives, often serving as a vital means of cultural and religious identity affirmation in a minority context. These efforts underscore the role of economic activities in preserving communal distinctiveness amidst challenging socio-political landscapes.

The research unequivocally underscores that effective Islamic economic development is not a monolithic or one-size-fits-all model. Instead, it must be deeply contextualized, drawing upon the lived

experiences, unique cultural values, and specific challenges of local communities. This approach moves beyond theoretical abstractions to embrace practical, adaptive solutions that genuinely serve the needs of the *ummah*. Therefore, there is an urgent need for both academic scholarship and public policy to fully recognize and support *pesantren* and *pondok* as significant economic actors. By understanding and nurturing these grassroots institutions, it becomes possible to foster more inclusive, ethical, and sustainable economic development models that are authentically Islamic and culturally relevant to the diverse societies of Southeast Asia.

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