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The Role Of The Al Islam Sidoarjo Foundation In Empowering The Local Economy: A Study Of The Relationship Between Religious Education And The Strengthening Of MSMEs In The Surrounding Environment

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Abstract

This study examines the role of the Al Islam Sidoarjo Foundation in local economic empowerment through linking religious education and MSME strengthening. MSMEs contribute 61.07% to Indonesia's GDP and employ 97% of the workforce, yet the systemic connection between religious institutions and local MSMEs remains underexplored. Using a qualitative approach with a case study method, data was collected through in-depth interviews, field observations and review of foundation documents. Results reveal the foundation's strategic role across three dimensions: social, spiritual, and economic empowerment through routine educational activities, inclusive MSME policies, and religious social activities generating economic multiplier effects. These activities increase MSME income both during daily routine activities and significantly during major religious events. The Al Islam Foundation functions beyond Islamic education, acting as a community economic empowerment agent fostering sustainable welfare through spiritual-economic value synergy.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, with more than 65 million business units contributing 61.07% to GDP (Rp 8,573.89 trillion) and employing 97% of the national workforce (Ministry of Finance, 2024; KUMKM Business Portal, 2024). An interesting phenomenon is the emergence of the active role of religious educational institutions, particularly educational foundations and Islamic boarding schools, as agents of local economic empowerment that not only focus on education and preaching but also drive the economy of the surrounding community (Hasanah, 2021). The existence of Islamic educational institutions with thousands of academics creates a potential microeconomic ecosystem, where daily activities generate market demand that can be utilised by local MSMEs while also opening up opportunities for community economic capacity building and development through empowerment programmes (Fauziyah & Yakin, 2023). Fitriani et al. (2025) show that the pesantren environment contributes significantly to the growth of local MSMEs through market creation, knowledge transfer, and sustainable business coaching based on Islamic values.

The current situation shows that although the economic potential around religious educational institutions is enormous, not all MSME players are able to access and optimally utilise these opportunities. MSMEs face various challenges in their development, particularly in relation to access to capital, technology and sustainable empowerment, with their contribution to national exports standing at only 15.7% (Coordinating Ministry for Economic Affairs, 2024). This situation is exacerbated by fierce competition in the digital era, where MSMEs are required to adapt to modern technology and marketing strategies but often lack adequate resources and knowledge (Rofiq et al., 2023). Findings indicate that optimising the role of Islamic boarding schools is constrained by limited community capital, low entrepreneurial skills, and the lack of systematic integration of economic empowerment programmes with Islamic boarding school education (Rofi'I, 2024). In addition, there are several similar challenges related to programme sustainability, limited market access, and the need to strengthen institutions to optimise the role of economic empowerment (Alamadani, 2021).

The urgency of this research is relevant given the increasingly important role of religious education foundations in local economic empowerment, as the Indonesian government is aggressively promoting MSME empowerment programmes as a strategy to accelerate economic recovery and poverty alleviation (Gilbert & Setiyani, 2022). The role of non-governmental institutions such as religious educational foundations needs to be explored as strategic partners in the community economic empowerment ecosystem that complements the role of the government and formal financial institutions. Maharati (2024) shows that Islamic boarding schools are able to drive the local economy through the admission of new students, which creates a multiplier effect in the form of increased demand for various needs and services. Pesantren foundations can be a solution for the Islamic economy through the development of business units that not only provide economic benefits but also instil Islamic economic values in daily business practices (Dahlan et al., 2023).

Although many studies have examined the role of Islamic boarding schools and religious institutions in community empowerment, most research tends to focus on education and da'wah, while the economic dimension and systemic links with local MSMEs have not received adequate attention (Akhmad, 2024). Kurnia and Susanto (2021) identified that foundations can play a role in economic empowerment through education, skills training, and market access facilitation, but with a focus on women's empowerment. Hasanah (2021) pointed out the great potential of religious institutions in economic empowerment but did not explore in depth the mechanisms linking religious education activities with the systematic strengthening of SME capacity. Jannah et al. (2024) found that pesantren-based Islamic microfinance institutions have advantages in terms of public trust and the application of sharia principles, but they focus on capital aspects and have not integrated comprehensive education and business coaching dimensions.

Unlike previous studies, this research integrates religious education with local economic empowerment in a unified analytical framework, showing how the Al-Islam Sidoarjo Foundation not only produces graduates but also builds an economic ecosystem that supports MSME growth an aspect rarely examined in depth because earlier studies focused mainly on educational or da'wah dimensions (Akhmad, 2024). By analysing increases in MSME income, this study provides measurable evidence of the foundation's real economic impact on the surrounding community (Chamidi et al., 2025). It also documents best practices in MSME empowerment, both directly (coaching, mentoring, market access) and indirectly (entrepreneurial climate, Islamic economic literacy). Furthermore, the study develops the institutional linkage concept, including consumption linkage through internal markets, knowledge linkage through skills and literacy transfer, and social capital linkage built through networks and trust between business actors and the foundation (Suhirman & Aminy, 2022).

This study uses a qualitative approach conducted over two months, focusing on (1) the role of the Al-Islam Sidoarjo Foundation in increasing the income of surrounding MSME actors and (2) income improvements after receiving empowerment from the foundation. Data are collected through in-depth interviews, participatory observation, and focus group discussions. The study aims to identify how religious education, majlis ta'lim, drum band and banjari training, and mentoring contribute to economic empowerment and strengthen MSME income. Theoretically, this research expands the literature on the role of religious educational institutions in local economic development, while practically it enhances understanding of the foundation's contribution to MSME competitiveness (Najihah & Wilda, 2022). The findings are expected to support stronger collaboration between the foundation, MSME actors, local government, and the private sector in designing targeted empowerment programmes (Gilbert & Setiyani, 2022), as well as open opportunities for cooperation with universities and business communities. Overall, the results are expected to be sustainably implemented and deliver real economic impact for MSMEs around the foundation (Lubis et al., 2023).

RESEARCH METHOD

This study uses a qualitative approach with a case study method that aims to provide an in depth understanding of how religious institutions such as the Al Islam Sidoarjo Foundation contribute to the local economy, particularly in supporting MSMEs. This approach was chosen so that researchers could directly understand the actual conditions in the field, thereby facilitating the collection of accurate and relevant data related to the process of community based economic empowerment through religious institutions (Nurrisa et al., 2025). The research location was on Jl. Bukit Kismadani XIII, Dusun Tegal Gn., Bluru Kidul, Sidoarjo, involving eight MSMEs under the foundation's guidance. The tools used included stationery, laptops, smartphones, voice recorders, and cameras, while the research materials included interview guidelines, observation sheets, foundation documents and archives, as well as supporting literature on local economic empowerment (Almadani, 2021).

Islamic educational foundations were chosen because institutions under the auspices of Islamic education often play a significant social and economic role in their surrounding communities. The research was conducted entirely offline with 13 key informants selected through purposive sampling, consisting of 2 foundation administrators, 2 educators, 6 MSME practitioners, 2 parents, and 1 community leader who had been involved in the foundation's ecosystem for at least two years. Qualitative research includes important processes such as formulating research questions and procedures, collecting data from specific participants, analyzing information inductively from specific to general themes, and interpreting the meaning of the data (Nur & Utami, 2022). The data was then analysed using the Miles and Huberman model with stages of data reduction, data presentation, and conclusion drawing (Hasanah, 2021). The research results were analysed and concluded to comprehensively describe the role of the Al Islam Sidoarjo Foundation in economic empowerment through MSME development.

RESULT AND DISCUSSION

The Al Islam Bukit Kismadani Sidoarjo Foundation is a legal religious institution engaged in Islamic education, social welfare, and community empowerment. It plays an active role in religious activities, Al-Qur'an education, and social community activities. In addition to focusing on education through the Al-Qur'an Education Park (TPQ) and Madrasah Diniyah, the institution also functions as a platform for community economic empowerment, particularly for MSMEs in the vicinity of the foundation. The foundation was established on 22 April 2022 and is located at Jl. Bukit Kismadani XIII/A.02, Bluru Kidul, Sidoarjo, East Java. At the time of its establishment, the institution occupied an empty house owned by one of the foundation's administrators. Since February 2024, the waqf land has been occupied, and the management of the waqf documents and certificates has been handed over to notary Aris Hilmi (letter of reference attached). As of the writing of this proposal, the waqf process has not been completed. After receiving the endowed land and buildings, the management sought to raise funds from philanthropists and the surrounding community for the construction of a two storey foundation building, which was carried out through mutual cooperation between the

management, the surrounding community, and the guardians of the students. All of the foundation's activities are funded by voluntary donations from the management and generous donors who care about education and social welfare. The Al Islam Bukit Kismadani Sidoarjo Foundation also continues to strive to benefit the community through various educational, social, and religious programmes. With the support of donors and the community, it is hoped that the foundation can continue to grow and make more contributions to the community.

Source: Researcher documentation, September 22, 2025.

Figure 1. Al Islam Bukit Kismadani Sidoarjo Foundation

Conceptually, the role of the Al Islam Bukit Kismadani Sidoarjo Foundation in community economic empowerment can be seen through three main dimensions, namely social, spiritual, and economic. From a social perspective, the foundation serves as a forum for interaction that strengthens solidarity among residents. Religious activities, education, and musical instrument training create a meeting space that strengthens social relations between administrators, students, parents, and the surrounding community. This intensive interaction forms a social network that is an important foundation for the emergence of community based economic activities. From a spiritual perspective, the foundation has a significant influence on the formation of Islamic ethics and values in economic activities. The values of honesty, hard work, and blessings instilled in religious activities create economic behaviour based on Islamic morality. This is in line with the views of Kurnia and Susanto (2021), who emphasise that religious institutions have great potential in shaping a productive and ethical society through spiritual and educational approaches. From an economic perspective, foundations act as catalysts for local economic growth. Teaching and learning activities, religious lectures, and routine social activities generate demand for various daily consumption needs, thus opening up business opportunities for the surrounding community.

The economic impact is increasingly felt as the number of students and congregations increases, which has a direct implication on the increase in income for MSMEs actors around the foundation. This phenomenon shows that the existence of religious educational institutions can become a centre for sustainable micro economy, as emphasised by Rofi'i (2024) that Islamic boarding schools and foundations have a strategic role in improving the

economic welfare of the community through integrated social and religious activities. This finding is reinforced by the results of data analysis from interviews with foundation administrators and several MSME actors in the vicinity of the foundation, which directly describe how social, spiritual, and educational activities at the foundation contribute significantly to improving the community's network, work ethic, and business opportunities. The following are the results of data analysis from interviews that reinforce these findings:

Relationship Between the Al Islam Sidoarjo Foundation and MSMEs Actors

The involvement of religious institutions in community economic empowerment has become a growing phenomenon in various regions of Indonesia. This is in line with the findings of Raudhatul Hasanah (2021), which show that religious institutions, such as the Palopo Grand Mosque Foundation, play an important role in creating economic independence for the community by providing business opportunities for the surrounding community. A similar pattern can be seen in the Al Islam Bukit Kismadani Sidoarjo Foundation, which not only fosters spiritual values but also contributes to the economic welfare of residents through religious and social activities that create economic circulation. The Al Islam Bukit Kismadani Sidoarjo Foundation not only acts as a religious educational institution but also contributes to the socio economic development of the surrounding community, particularly in empowering MSMEs actors.

There is a special relationship between the Al Islam Foundation and MSME players through various social and religious activities. Among them are the distribution of basic foodstuffs during Eid al-Fitr and the distribution of qurban meat during Eid al-Adha. In every major event, the community and MSMEs actors are given the opportunity to open businesses around the foundation's area, with various types of businesses such as rujak cingur, gado-gado, meatballs, chicken noodles, snacks (fried foods, sausages, tempura), beverages, various kinds of ice cream, basic foodstuffs, and stationery. The relationship between the foundation and MSMEs reflects a pattern of community based economic empowerment that is informal but capable of creating a significant economic effect. This is in line with the opinion of Fitriani et al. (2025) that the activities of religious institutions and Islamic boarding schools can drive local economic growth through regular and participatory socio religious interactions. In addition, the Al Islam Foundation also acts as a social forum that opens up inclusive economic opportunities for the surrounding community. The foundation supports the existence of MSMEs by providing moral support and sales opportunities.

In general, the Al Islam Foundation has established informal cooperative relationships with the surrounding community, particularly in the management of the foundation's business units, such as the rental of tents and sound systems. In these activities, the workers involved come from the surrounding community, especially parents of students, so that the community earns additional income while participating in the foundation's social activities. In addition, the management of services from the community is able to create a form of empowerment based on community participation. However, formal cooperation between the foundation and MSMEs actors in the surrounding area has not yet been institutionalised.

The foundation plans to develop concrete steps towards more structured economic empowerment in the future, including: a) Establishing a foundation canteen with raw materials purchased from the nearest grocery store. b) Opening a service for storing and selling food or products made by the surrounding community. These steps reflect a form of community based empowerment, in which the foundation acts as a facilitator of the local economy. This is in line with the opinion of Kurnia and Susanto (2021), who state that religious social institutions can strengthen the economic independence of the community through productive cooperation and social activities oriented towards mutual welfare.

Programmes of the Al Islam Sidoarjo Foundation in Supporting the Community Economy

The educational and social programmes run by the Al Islam Foundation are not only spiritually oriented, but also have a real economic impact on the surrounding community. This is achieved by providing moral support and business opportunities for MSMEs by providing them with space to sell their goods in the area surrounding the foundation. Although the financial contribution is not large, the community feels helped by the religious and educational activities, which indirectly boost the economy. Several programmes run by the Al Islam Foundation have also had an impact on increasing the economic activity of the surrounding community. The educational and social programmes run by the Al Islam Foundation are not only spiritually oriented, but also have a real economic impact on the surrounding community.

Several flagship programmes include:

Table 1. Flagship programmes of the Al Islam Sidoarjo Foundation

Programmes Name	Activity Description	Participants	Activity schedule
Al-Islam Al-Qur'an Education Park (TPQ)	Qur'an education program for children aged 6–18 years, divided into six classes.	10–15 students per class, (totals 85 students).	Every afternoon, 3:30–5:00 PM; uniforms and books provided for free.
Madrasah Diniyah Al Islam	Advanced Qur'anic education for students who have mastered reading the Qur'an.	Two classes, with 15–20 students per class.	5:30–7:15 PM; begins with congregational Maghrib prayer.
Al Islam Drum Band	Extracurricular drumband activity to develop teamwork and musical skills.	42 children, aged 9–17 years.	Every Saturday night, 7:30–9:00 PM; instruments provided by the foundation.
Banjari Training	Religious music training (Banjari	20–25 children, aged 10–17 years.	Every Wednesday night, 7:30–9:00 PM.

Programmes Name	Activity Description	Participants	Activity schedule
	percussion ensemble).		
Regular Sunday Evening Recitation	Fiqh study session for the general public.	Open to all community members.	Every Sunday night; led directly by the head of the foundation.
Qurban and Orphan Donations	Annual social activity held during 10-13 Dzulhijjah, involving animal sacrifice and charity.	Orphans and underprivileged community members.	Conducted annually; animals and donations provided by benefactors.
Prophet Muhammad Love Assembly	Regular shalawat and tahlil gathering held every *Jumat Legi* (special Friday night).	About 250 regular attendees, over 500 during the Prophet's Birthday celebration.	Every *Jumat Legi*; Prophet's Birthday attended by hundreds of worshippers.
Mass circumcision	Annual free circumcision program for the local community.	Boys from low income families in Sidoarjo.	Held annually; funded by donors and the foundation's management.

Source: Interview with the management of the Al-Islam Foundation in Sidoarjo, September 18, 2025.

These various activities are a source of excitement and local economic activity, because during the event many MSMEs actors sell their goods around the foundation area. This phenomenon is in line with the results of research by Fitriani et al. (2025), which explains that the activities of Islamic boarding schools and religious institutions are able to trigger the growth of local MSMEs through regular and massive socio-religious interactions. In addition, the students and parents who come every day also become regular consumers of their products, creating a circular economic effect. Furthermore, the religious activities organised by the Al Islam Bukit Kismadani Sidoarjo Foundation not only have an impact on the spiritual aspect of the community, but also have a multiplier effect on the surrounding economy. Whenever there are major events, such as Islamic holidays or large scale religious gatherings, vendors of food, beverages, and daily necessities experience a significant increase in income.

The Role of the Al Islam Sidoarjo Foundation in Local Economic Empowerment

The foundation recognises the importance of the socio economic role of institutions in improving community welfare. The Al Islam Bukit Kismadani Sidoarjo Foundation plays a role in empowering the local economy by providing access and opportunities for the community to sell goods in the foundation's environment, as well as involving the community in business

activities. Through various educational and social activities, the foundation contributes to job creation, increased family income, and the strengthening of the micro economy in the Bluru Kidul area and its surroundings. The foundation's management views the socio economic role of this institution as very important, not only as a centre for religious education, but also as a centre for community empowerment that helps improve the welfare of residents and reduce unemployment. This principle of empowerment is in line with the findings of Kurnia and Susanto (2021), who emphasise that religious social institutions can strengthen community economic independence through productive partnerships and continuous moral support. The businesses run by these MSMEs actors contribute to increasing their economic income while also helping to meet household needs.

In the context of Islamic economics, Jannah et al. (2024) also emphasise that Islamic educational institutions such as Islamic boarding schools have a moral responsibility to create economic independence for the community through entrepreneurship and Sharia-based training. The Al Islam Sidoarjo Foundation reflects this value by providing space and support for the community to develop their businesses independently. The foundation is open and does not restrict community business activities as long as they are within the corridor of Islamic ethics and norms. This policy provides market guarantees for MSMEs actors around the foundation's environment. The foundation considers the existence of MSMEs as an important part of supporting the community's economy. The religious activities carried out by the foundation indirectly increase the attractiveness and number of buyers for MSMEs actors. In the context of the community economy, it emphasises that Islamic-based institutions play a strategic role in strengthening the community's economy through the application of sharia principles and the spirit of independence (Almadani, 2021). This principle is evident in the Al Islam Foundation, which fosters the value of business blessings through mutually beneficial cooperation between the institution and surrounding businesses. The community not only gains additional income but also obtains social legitimacy from economic activities within a religious environment.

Every major event, such as the Maulid Nabi celebration, which was attended by more than 500 worshippers, had a direct economic impact on the community. After the event, the foundation also provides financial assistance to the congregation. In addition, routine activities at the foundation involving many students or children encourage new business ideas among MSMEs actors, such as menu adjustments, product variations, and service improvements to meet the tastes of children and the community. The difference between MSMEs supported by the foundation and those that are not is not very significant. However, there is an unwritten policy between the Al-Islam Foundation and MSMEs actors around the foundation's environment that encourages students, teachers, and staff to shop at nearby MSMEs stalls. This policy is realised by allowing MSMEs actors to sell in the area around the foundation without prohibiting students from buying food at these stalls. It also does not impose regulations that restrict the economic activities of the surrounding community.

This shows that there's a link between social and religious activities and the community's economic activities, where the foundation acts as a social hub that indirectly

drives the local economy. All the students, staff, and parents at the Al Islam Foundation actively participate in driving the local economy. The students are usually given pocket money every afternoon by their parents, ranging from Rp5,000 to Rp10,000 each time they leave for school at the foundation. The money is used to buy snacks such as chiki, pentol, ice cream, and stationery sold by local MSMEs. When the children are studying, the guardians who are waiting often buy food and drinks at stalls around the foundation. Such as rujak cingur, gado-gado, meatballs, chicken noodles, and basic necessities. Major activities such as regular recitations, mass circumcisions, the Majelis Cinta Nabi (Prophet's Love Assembly), and the Maulid Nabi (Prophet's Birthday) celebration, which are attended by hundreds of worshippers, also increase the turnover of MSMEs actors around the foundation. Religious institutions play a dual role, not only in shaping spiritual character but also as centres for microeconomic growth. The Al-Islam Foundation reflects this through activities that stimulate the local economy, particularly by increasing demand for local SMEs products and services (Maharati, 2024).

MSMEs Entrepreneurs' Views on the Role of the Al Islam Sidoarjo Foundation

Interviews with MSMEs entrepreneurs revealed that they feel greatly assisted by the activities organised by the foundation. They regard the Al Islam Foundation as a social partner that supports the sustainability of small businesses without imposing restrictions or rules that limit their freedom of movement, with open access to business and no specific restrictions on sellers in the vicinity of the foundation. Most MSMEs actors stated that their income tends to increase every year as the number of students and activities carried out by the foundation increases. These MSMEs actors certainly experience an increase in turnover during major events. Similarly, stationery and snack vendors will reap additional profits during TPQ and Diniyah activities. Thus, this inclusive policy creates a conducive economic climate, where MSME players are free to sell their products, such as snacks, drinks, stationery, and other daily necessities, to students, teachers, and the surrounding community.

However, in running their businesses, MSMEs actors also face a number of challenges, such as : 1) competition between traders, 2) decline in income during formal school holidays, which last for about one to two weeks each semester. This is because the foundation also suspends its activities at the same time, when formal schools are also on holiday. This shows that the sustainability of their businesses is highly dependent on the dynamics of the foundation's activities and the number of active students. The foundation's efforts to build cooperation with the surrounding community reflect a form of community-based economic empowerment. Although it does not yet have a written agreement with MSMEs actors, the foundation has driven economic activity through internal business units such as the rental of tents and sound systems, which involve local residents as workers. This involvement shows that the foundation functions not only as an educational and social institution but also as a driver of micro economy in its community. This is in line with the explanation that the existence of religious institutions, especially Islamic boarding schools, has a strategic role in encouraging the development of community micro enterprises through integrated social,

economic, and spiritual activities. This is similar to the KH Muhammad Syawir Dahlan Islamic boarding school in Pangkep, which also faces fluctuations in turnover due to the cycle of religious activities and certain seasons (Dahlan et al., 2023).

In addition, the foundation's social concern is also evident through the provision of basic food supplies and gifts ahead of Eid al-Fitr, as well as the distribution of sacrificial meat on Eid al Adha. These socio-religious activities not only reflect the values of solidarity and social awareness, but also strengthen the emotional bond between the foundation and the small business community. On important occasions such as the Prophet's Birthday Muhammad, the foundation also provides financial assistance and food to the community and worshippers in attendance. These activities create significant local economic circulation, as during the events many MSMEs actors experience increased sales from visitors. More than just material assistance, the foundation also plays a role in providing non-material support through an educational and religious environment. Daily interactions around the foundation provide added value to the community in the form of religious knowledge, business ethics, and social values that strengthen the character of MSMEs actors.

The Socio Economic Impact of the Al Islam Foundation in Sidoarjo

The existence of the Al Islam Bukit Kismadani Foundation has a dual social and economic impact on the surrounding community. From a social perspective, the foundation strengthens religious values and solidarity through education and religious activities. From an economic perspective, the foundation acts as a centre of activity that creates employment opportunities and increases community income. Community involvement in activities such as the construction of the foundation's building, management of business units, and participation in social activities demonstrates a participatory economic model based on spirituality. This supports Almadani's (2021) view that Islamic boarding schools have great potential to become centres for community economic development through productive and independent religious activities. Islamic educational institutions with sustainable socio-economic activities can be the driving force for improving community welfare (Rofi'i, 2024).

The Al Islam Bukit Kismadani Foundation demonstrates a similar practice, where all religious activities serve as catalysts for local economic improvement. In this case, every religious activity, such as TPQ, madrasah diniyah, and banjari training, creates new business opportunities and strengthens social relations between the foundation's administrators and the community. Religious based empowerment practices such as this are also in line with Maharati's (2024) view that Islamic boarding schools and institutions contribute to the local economy through routine activities such as accepting new students or social activities that encourage consumption among the surrounding community. Similarly, Nur's (2023) findings show that Islamic microfinance institutions such as Baitul Mal wat Tamwil (BMT) play an important role in supporting small community businesses through the principles of mutual assistance (ta'awun) and Islamic economic cooperation.

Thus, the Al Islam Sidoarjo Foundation not only functions as an Islamic educational institution, but also as an economic empowerment agent that plays an active role in

revitalising the micro-business sector in its neighbourhood. Through various forms of support, both in the form of inclusive policies that give MSMEs actors the freedom to do business around the foundation, as well as social assistance such as the provision of basic foodstuffs ahead of Eid al-Fitr, sacrificial meat during Eid al-Adha, and compensation on the anniversary of the Prophet's birthday, the foundation has succeeded in fostering a harmonious socio economic climate. Additionally, the educational and religious environment provides moral guidance and Islamic knowledge that strengthens the character of business actors. Overall, the existence of the Al Islam Bukit Kismadani Sidoarjo Foundation has made an important contribution to the empowerment of the surrounding community, both economically, socially and spiritually. The synergy between spiritual and economic values is a tangible manifestation of Islamic based empowerment that encourages the creation of sustainable community welfare.

CONCLUSION

The Al Islam Bukit Kismadani Sidoarjo Foundation plays a strategic role in community economic empowerment through three main dimensions: social, spiritual, and economic. Socially, the foundation strengthens community solidarity through educational and religious activities. Spiritually, the foundation instils Islamic values such as honesty and blessing in economic activities. Economically, the foundation acts as a catalyst for local economic growth by creating demand for MSME products through flagship programmes such as TPQ, Madrasah Diniyah, drum bands, and regular religious activities. The relationship between the foundation and MSME actors is informal but effective, providing access and sales opportunities without restrictive barriers. The foundation's programmes, especially major events such as Maulid Nabi, generate significant income for MSMEs, with students, teachers, and parents becoming regular consumers who create a sustainable circular economy effect. The foundation also demonstrates its commitment through inclusive policies, social assistance in the form of basic food supplies and sacrificial meat, and community involvement in the foundation's business units. Overall, the Al Islam Bukit Kismadani Sidoarjo Foundation has successfully achieved synergy between spiritual and economic values, proving that religious educational institutions can be effective centres for microeconomic growth and promote sustainable community welfare.

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