

NEGOTIATING BETWEEN INTEGRATIVE PESANTREN MODELS AND ENTREPRENEURIAL APPROACHES IN THE TRANSFORMATION OF ISLAMIC HIGHER EDUCATION INSTITUTIONS

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Submitted: 11/10/2025

Revised: 14/11/2025

Accepted: 18/11/2025

Published: 05/12/2025

Abstract

This study examines how two Islamic higher education institutions in Tuban. IAINU Tuban with its entrepreneurial campus orientation and IAI Al-Hikmah Tuban with its integrative pesantren model—manage institutional transformation. Employing Schneider and Beatty's institutional transformation framework and a qualitative multi-site design, data were obtained from the rectors and vice-rectors of both campuses through in-depth interviews, document analysis (including statutes, RIP, strategic plans, operational plans, and field notes), and direct observation. The data were processed using content analysis, presentation, and conclusion drawing, supported by triangulation of sources and techniques to ensure credibility. Interviews were conducted with campus leaders, the rector, and the vice-rector, as well as observations at the university during the same academic year. Data were analyzed using qualitative methods validated through triangulation of sources and techniques, then interpreted based on selected theories. The findings suggest that the negotiation between entrepreneurial orientation and pesantren integration does not create a zero-sum competition but rather a complementary dynamic. IAINU Tuban emphasizes market orientation, entrepreneurship training, and industry partnerships, while IAI Al-Hikmah Tuban prioritizes pesantren-based character education and community engagement. Both institutions demonstrate adaptive strategies shaped by local traditions and global challenges, resulting in hybrid institutional models. This study makes a theoretical contribution by enriching the literature on institutional transformation in Islamic higher education through a negotiation lens, while also providing practical implications for policymakers and university leaders in balancing modern competitiveness and Islamic values. This research offers a conceptual contribution in the form of an Islamic Hybrid Institutional Model relevant to the development of Islamic institutional transformation theory. Empirically, this study enriches the literature with a contextual portrait of the transformation of two Islamic universities in Tuban, IAINU Tuban and IAI Al-Hikmah Tuban which demonstrates how pesantren values and entrepreneurial orientation can productively negotiate.

Keywords

Islamic Entrepreneur, Integrative Islamic Boarding School, Negotiation.



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INTRODUCTION

At present, institutional change within Islamic higher education tends to focus on quantitative developments, while qualitative dimensions have not been adequately addressed (Adima et al., 2025; Cahyo et al., 2024; Jin, 2023; Kosim et al., 2023; Nawawi, 2023; Sugianto et al., 2024; Zainuddin et al., 2025). Enhancing the intensity of policy communication, expanding resource availability (human, financial, and infrastructural), and broadening bureaucratic capacity are indeed areas that need to be optimized further (A. Lukens-Bull, 2016; Aziz et al., 2015; Chotimah, 2019; Ismail, 2020; Wahyudi et al., 2022). However, this has not been matched by the performance quality of human resources, which remains a central pillar in higher education management. Zaenuri, (2018) emphasized that the transformation and change in the form of higher education (STIT-STAI to Islamic Institutes or Universities) is now inevitable as a demand of current developments. Contemporary developments must be responded to in an appropriate and wise manner according to the context of the times; without adaptation, Muslims risk being left behind. The phenomenon of transformation of Islamic higher education in Indonesia reflects the dynamics of social, cultural, and economic change that continues to move (Abdullah, 2017; Achruh & Sukirman, 2024; Darmawan, 2023; Huda et al., 2025; Isomuddin et al., 2021; Mahfud, 2019; Mohdlori et al., 2023; Rahman, 2016; Sholehuddin et al., 2021; Sholikah & Aziz, 2024; Sumiati et al., 2024). One of the biggest challenges is how Islamic educational institutions respond to the demands of globalization and job market competition, while maintaining their Islamic identity and pesantren traditions (Achmadin et al., 2024; Anshori et al., 2022; Erihadiana et al., 2025; Isbah & Sakhiyya, 2023; Kosim et al., 2023; Saepudin, 2022; Shofwani et al., 2025; Syaputra et al., 2023). IAINU Tuban and IAI Al-Hikmah Tuban are concrete examples of how two Islamic educational models negotiate local contexts while still orienting toward national and global ideals.

Islamic entrepreneurial campuses emerged in response to the need to improve graduate competitiveness in the job market. This model emphasizes managerial skills, innovation, and adaptability in the business world (Zaeni, 2021). In contrast, integrative Islamic boarding school campuses seek to connect the Islamic boarding school's scholarly tradition with formal higher education, thus producing graduates who possess not only academic competence but also character and are rooted in Islamic values (Mumtahanah, 2022). Entrepreneurial campuses focus on business skills such as management and innovation to enhance graduate competitiveness, while integrative Islamic boarding school campuses combine the Islamic boarding school's scholarly tradition with

formal education to produce graduates with character and academic competence, and Islamic values. Both models emerged in response to the need to prepare graduates relevant to the challenges of the times, but with different approaches.

Driving factors for campus institutional transformation with an entrepreneurial paradigm and integration of Islamic boarding schools in Tuban include innovative human resources, a curriculum relevant to industry and community needs, strong alumni support, and collaboration with the government and private sector (Fauzi, 2022; Mumtahanah, 2022). Meanwhile, inhibiting factors include resistance to change from conservative elements, lack of financial support, a curriculum that is less adaptable to current developments, limited competent human resources, and unsystematic management issues. Ultimately, these two models have given rise to ongoing and sustainable negotiations. The negotiation of the integration of Islamic boarding school values and entrepreneurial principles in Islamic higher education at IAINU Tuban and IAI Al-Hikmah Tuban involves adapting the curriculum to combine the two, strengthening character through business-oriented extracurricular activities, and creating a campus ecosystem that supports innovation and moral and economic independence (Latif, 2023). This approach ensures graduates have a strong Islamic identity while being ready to compete in the business world. In reality, the campus transformation with an integrative pesantren model and an entrepreneurial model contributes to the institutional identity of Islamic higher education in Tuban by strengthening the foundation of moderate and inclusive Islamic values (pesantren) and increasing the economic competitiveness and relevance of graduates through entrepreneurial skills (Irfana et al., 2023; Wahyudin, 2014). The pesantren model builds strong character in students with religious values, while the entrepreneurial model equips students with practical skills; both complement each other to produce competitive graduates with a unique and relevant institutional identity.

A considerable number of prior studies have examined the transformation of Islamic educational institutions. Schneider (1994) introduced an institutional transformation model that focuses on changes in culture, strategy, and organizational structure. This model is pertinent for examining how Islamic higher education institutions navigate external demands while maintaining their internal identity. Meanwhile, findings by Suradi (2018) and Haqqi et al. (2024) explain that the transformation of higher education institutions involves more than just a change in status from an institute to a university, but also changes in the structure of the existing scientific institutions and broader mandates. Another opinion was expressed by Hafizon & Rajab (2023), who concluded that

changing the form of higher education is an opportunity for graduates to enter a wider job market, in order to achieve vertical mobility, and is a demand for professional, high-quality education that offers many choices. A different study was presented by Ghafar & Sartika (2023), who concluded that the transformation of the form of a campus is an effort to improve the reputation and global position of the campus, namely, strengthening the tri dharma of higher education, which is the main pillar that must be continuously carried out as a determination of the campus's positioning in the international arena and campus digitalization (Asiah et al., 2023; Kusumaputri et al., 2021; Sholikah & Latif, 2024; Sumiati et al., 2024). Meanwhile, Zaenuri (2018) emphasized that changing the form of a campus has an impact on institutional management governance, and requires good management arrangements, so that not only the physical changes but also changes in the values and behavior of the individuals managing the campus. Recent research in the Southeast Asian context also emphasizes the importance of adapting Islamic universities in facing modernization (Ahmad Sulfi Alhamdi, 2024), and also that campus development must be immediately anticipated because it faces challenges (Sugianto et al., 2024).

The researchers mentioned above have focused on the changes and transformations of higher education institutions in Indonesia, but none have examined and linked these transformation negotiations within the framework of changes in the form of higher education institutions, such as Islamic boarding schools (pesantren) and universities with an entrepreneurial paradigm. Furthermore, there is a research gap regarding the dynamics of negotiations between entrepreneurial campuses and integrative Islamic boarding schools. Most literature only partially highlights one model. However, in practice, the two models interact and even compete within the same social and academic space. This raises questions about how these negotiations take place, what the driving and inhibiting factors are, and how they impact institutional transformation.

This study aims to fill this gap by examining the transformation of IAINU Tuban and IAI Al-Hikmah Tuban. The main focus is on how the negotiation between entrepreneurial orientation and integrative Islamic boarding schools is manifested in institutional strategies and curricula. The novelty of this study lies in its comparative approach to two Islamic campuses operating in the same geographical and cultural context, but adopting different institutional transformation models. From a theoretical perspective, this study contributes to the development of the literature on institutional transformation of Islamic education by offering a model negotiation perspective. From a practical perspective, this study provides input for Islamic higher education policymakers in formulating

more adaptive, inclusive, and value-based strategies. Furthermore, this study underscores the importance of understanding the role of locality in Islamic institutional transformation. Tuban, as a region with a strong Islamic boarding school tradition, yet also open to the dynamics of global industry and markets, provides a unique context that is rarely studied. Therefore, this study is not only relevant to the study of Islamic education in Indonesia but can also serve as a reference for similar studies in Southeast Asia.

METHOD

This research employs a qualitative methodology with a multi-site design, selected to obtain a comprehensive understanding of the institutional transformations occurring within the higher education institutions in Tuban (IAINU Tuban and IAI Al-Hikmah Tuban). The qualitative approach allows researchers to explore data comprehensively through direct interaction with research subjects and understand phenomena in their natural context. The research location is at IAINU Tuban and IAI Al-Hikmah Tuban, which are known as religious campuses in Tuban Regency that are changing their form from STIT-STAI to an Institute. The research subjects consist of Rectors, Vice Rectors, and Lecturers who have structural positions and are directly involved in the process of changing the form of the two campuses. The selection of informants was done purposively, based on the consideration that they have experience and direct involvement in the transformation and change of form of IAINU Tuban and IAI Al-Hikmah Tuban. The research data were collected from the rectors of the two campuses and their vice rectors, through in-depth interviews, document analysis (statutes, RIP, Renstra, Renop, and field notes), and field observations.

Data were gathered through in-depth interviews, participant observation, and document analysis. The in-depth interviews were designed to give informants ample space to convey their experiences and viewpoints in a comprehensive manner. Observations were conducted by examining the transformation and restructuring of IAINU Tuban and IAI Al-Hikmah Tuban. The observation process lasted for one and a half years, from February 2020 to December 2022. Documentation was obtained from university statutes, strategic plans, operational plans, and other rector's decisions related to the preparation for the restructuring of the two campuses in Tuban.

Data analysis followed an interactive model, consisting of data reduction, data presentation, and drawing/verifying conclusions (Semiawan, 2018). Data validity was tested through triangulation of sources and techniques by comparing the results of interviews, observations, and

documentation to ensure the credibility of the findings. This approach is expected to produce an accurate and in-depth description of the transformation and changes in the form of IAINU Tuban and IAI Al-Hikmah Tuban.

FINDINGS AND DISCUSSION

Findings

Negotiations between IAINU Tuban and IAI Al-Hikmah Tuban in facing institutional transformation demonstrate complex dynamics influenced by each institution's unique vision, motivation, and strategy. Both campuses successfully changed their form and status from Colleges to Institutes in 2020 (Latif, 2023; Ridlwan, 2023), an achievement that marks their commitment to quality improvement. This change is not merely a formality, but a strategic step to increase bargaining power, open wider collaboration opportunities, and ensure relevance amidst fierce competition between campuses. Next, the researcher describes the findings of the transformation and changes in the form of IAINU Tuban and IAI Al-Hikmah Tuban:

Table 1. Negotiation of the Integrative Campus Model of Islamic Boarding Schools and Entrepreneurship Campuses in the Transformation of Islamic Higher Education Institutions in Indonesia

Institutional Change	Leader's Vision
Changed from STIT-STAI to Institute (IAINU Tuban & IAI Al-Hikmah Tuban)	Improving Infrastructure & Entrepreneurial Vision (IAINU Tuban)
Scientific motivation, institutional and academic development (IAINU Tuban & IAI Al-Hikmah Tuban)	Improving campus accreditation & integration of higher education systems with Islamic boarding school traditions (IAI Al-Hikmah Tuban)
Institutional arrangement & Regulatory compliance (IAINU Tuban & IAI Al-Hikmah Tuban)	
Public trust (IAINU Tuban & IAI Al-Hikmah Tuban)	

Source: Results of interviews with the heads of two campuses in Tuban (IAINU Tuban and IAI Al-Hikmah Tuban); observations; and document analysis at the two campuses, 2023

Institutional Change in Higher Education: Motivation, Consequences, and Implications

In 2020, Makhdam Ibrahim Islamic College (STITMA) Tuban was renamed the Nahdlatul Ulama Islamic Institute (IAINU) Tuban in accordance with the Regulation of the Minister of Religious Affairs No. 139/2020. In the same year, Al-Hikmah Islamic College (STAISA) Tuban became the Al-Hikmah Islamic Institute (IAI AHT) Tuban under the Regulation of the Minister of Religious Affairs No. 73/2020 (Mumtahanah, 2022; Zaeni, 2021). Both institutions thus underwent an institutional transition from STIT-STAI to Institute status simultaneously in 2020. Meanwhile, the Al-Hikmah Islamic College of Tuban (STAISA) Tuban changed to the Al-Hikmah Islamic

Institute of Tuban (IAI AHT) Tuban in 2020 based on the Regulation of the Minister of Religious Affairs of the Republic of Indonesia Number 73 of 2020 (Mumtahanah, 2022; Zaeni, 2021). Each institution underwent a structural reclassification in 2020, transitioning from the STIT-STAI framework to the institutional level of an Institute.

The two institutions (IAINU Tuban and IAI AHT Tuban) possess aligned motivations for their institutional shifts, the foremost of which concerns scientific advancement and the strengthening of institutional and academic capacity. Scientific motivation is intended to align with the characteristics of science developed in Islamic education (Zaeni, 2021). The shift from STAI to Institute status has produced notable improvements within the academic environment. Moreover, the impetus for this transformation is also linked to regulatory responsibilities that universities must fulfill. This is because the academic scope of an Institute is broader and larger than that of an STAI (Mumtahanah, 2022).

Second, regulatory compliance also drives the shift from STAI to Institute status. This transformation aligns with several legal frameworks, including Government Regulation No. 12/2012 on Higher Education, Government Regulation No. 60/1999 on Higher Education, Government Regulation No. 4/2014 on the Implementation and Management of Higher Education, and the Regulation of the Minister of Religious Affairs No. 15/2014 concerning the Transformation of Religious Higher Education. These policies stipulate that religious higher education institutions are mandated to offer academic, vocational, and/or professional programs within specific disciplinary fields. This means that if the status of an institution is a Higher Education Institution, it can only provide one field of study (Fauzi, 2022; Ridlwan, 2023). In practice, prior to their status change, STIT-STAI institutions offered various programs such as tarbiyah, business economics, and other disciplines that exceeded the scope permitted by existing regulations. Consequently, a transformation into an Institute became necessary.

Third, considerations of public trust and expectations. The transition from STAI to an Institute aims to strengthen and expand community confidence in the institution. Enhanced public trust in higher education is expected to contribute to policies that support an increase in the Gross Enrollment Rate (GER). "The larger the institution, the higher the public trust. This will make people more interested in continuing their studies at Private Islamic Religious Universities (PTKIS), and at the same time, one of the national goals, namely increasing the GNP percentage, will be achieved" (Hamidi, 2024). It is widely understood that elevating a higher education institution to Institute

status leads to an expansion in the number of study programs within each faculty. This development broadens public access to higher education by offering more options aligned with individual interests. The greater variety of academic programs is expected to enhance community interest in pursuing enrollment.

Meanwhile, the implications and strategic steps following the institutional transition at IAINU Tuban and IAI Al-Hikmah include: (1) enhancing administrative systems, (2) developing a more adaptive curriculum, (3) reinforcing and refining organizational work patterns, and (4) elevating the overall quality of higher education. One aspect considered important and prioritized at IAI Al-Hikmah Tuban is improving the accreditation ranking of study programs and institutions (Ridlwan, 2023). Meanwhile, IAINU Tuban prioritizes the completion of its higher education facilities and infrastructure. The priorities established by both institutions are strongly aligned with the leadership's initial vision. The leader's vision has a significant influence on the achievements of higher education after institutional changes (Fauzi, 2022).

Leader's Vision Towards Quality Higher Education

According to Hamidi (2024) To realize quality higher education, the role of leaders (namely the Rector and Vice Rectors) is crucial. Their vision of quality plays a crucial role in shaping institutional commitment and the policies formulated to enhance higher education standards. As primary decision-makers, leaders establish general policies that are subsequently interpreted and implemented by their subordinates through concrete actions. Thus, the leaders' intentions—rooted in their vision—strongly influence institutional policy. Consequently, the orientation of quality improvement efforts is largely determined by the Rector's commitment.

The leadership vision at IAINU Tuban after the institutional change is "an effort to improve quality through complete facilities and infrastructure and strengthening the entrepreneurial vision as the basis for institutional development" (Zaeni, 2021). This leadership vision is reflected in IAINU Tuban's commitment and policy focus on completing its facilities and infrastructure, particularly through the development of a new campus building. The Rector emphasized that adequate and comprehensive facilities will support the delivery of optimal services to stakeholders. This priority was further confirmed by Isnawati, Vice Rector II of IAINU Tuban, who stated that following the institutional transition from STIT to the Institute, four main priorities were established: (1) academic development, (2) enhancement of facilities and infrastructure, (3) human resource development, and (4) strengthening the entrepreneurial vision within the institution. These four priorities are closely

related and mutually supportive (Hamidi, 2024). However, among these priorities, the development of facilities and infrastructure, along with strengthening the institution's entrepreneurial vision, remains the foremost focus. As a form of strengthening the vision of entrepreneurship as the basis of its institutional development, IAINU emphasizes the importance of producing graduates who are not only competent in the academic field but also have entrepreneurial skills that are able to connect theory with practice in the world of work.

Meanwhile, according to Imam Supriyadi (2023), the institutional development of higher education institutions must be supported by strong infrastructure. Initiatives to enhance academic and institutional quality especially at IAINU Tuban became a central focus following the change in institutional status. Nonetheless, such improvements must be supported by adequate facilities and infrastructure as essential foundations. A university has greater potential to elevate its quality when its physical infrastructure, buildings, and supporting applications are sufficiently provided. In other words, post-transformation quality enhancement can be achieved more effectively when comprehensive facilities and infrastructure are available. Therefore, fulfilling these infrastructural needs becomes a top priority. In addition, the paradigm and vision of entrepreneurship must also be included in all course distributions to support and create internalization of entrepreneurship in all aspects of campus life. This main focus is evident in study programs that are directed to meet the needs of local and global industries (Supriyadi, 2023). Furthermore, IAINU Tuban integrates courses in entrepreneurship, Islamic business management, and technological innovation into its curriculum. This aims to instill the paradigm that Islamic universities can be driving forces for the creative economy, while maintaining the Islamic scientific foundation that forms their core identity. This curricular approach reflects the negotiation process between Islamic academic traditions and the demands of the modern marketplace (Fauzi, 2022).

Prior to its transformation into IAINU Tuban in 2019, the institution had begun preparations in 2018 by planning and constructing a new building, which was later inaugurated and utilized as a library and a Micro Teaching Laboratory. In 2020, IAINU Tuban continued its development efforts with the construction of the Rectorate Building and the Darul Ilmi Mosque, located adjacent to one another. The Rectorate Building was completed in the same year, while the Darul Ilmi Mosque remains in the refinement stage, although it is already functional for worship and various activities. Subsequently, in 2021, IAINU Tuban renovated the former STITMA leadership office building, transforming it into a facility that now supports library services. IAINU Tuban has built buildings

to equip lecture rooms and offices as well as higher education infrastructure sequentially since the institutional changes (2019, 2020, and 2021) (Latif, 2023). In addition, institutionally, IAINU Tuban is developing a collaborative network with local governments, the private sector, and micro and small businesses (MSMEs). This strategy represents a concrete implementation of the entrepreneurial campus model, which seeks to strengthen the entrepreneurial ecosystem within Islamic higher education. This network is not only a means of channeling graduates but also a space for students to develop businesses. As a concrete implementation at the student level, student activities at IAINU are also directed at developing soft skills such as leadership, communication, and problem-solving. Students are encouraged to become not only job seekers but also job creators. This approach distinguishes IAINU from traditional Islamic campus models, which focus more on mastering normative Islamic knowledge (Fauzi, 2022).

Furthermore, at IAI Al-Hikmah Tuban, as conveyed by Mumtahanah (2022), as the Chancellor of IAI Al-Hikmah Tuban for 2019-2023, "efforts to improve campus quality by improving Accreditation and integrating the higher education system with Islamic boarding school traditions" The ongoing systemic impact is that the policy at IAI Al-Hikmah Tuban after the institutional changes is oriented towards improving the quality of higher education through accelerating accreditation, both institutions and study programs, as well as including the distribution of Islamic Boarding School Courses in its curriculum. According to him, "after the transformation from STAI to an Institute, improving quality became one of the main priorities. Quality and quality are the main aspects that must be achieved by IAI Al-Hikmah Tuban even before the transformation process. The quality and quality parameter is the accreditation rating. That is why IAI Al-Hikmah Tuban is working hard to achieve a high accreditation rating, both at the institutional and study program level, and efforts to unify and integrate Islamic boarding school education into campuses" (Mumtahanah, 2022).

The leadership's vision emphasizing that quality is strongly linked to accreditation has played a crucial role in improving the accreditation status of both the institution and its study programs at IAI Al-Hikmah Tuban. This commitment is reflected in the notable rise in accreditation scores. While still operating as STAI, the institution held a score of 335 (accredited B). Following its transition to an Institute, the score increased to 347, maintaining the B category but demonstrating measurable improvement. In addition, the accreditation scores of its study programs experienced an increase of more than 50 percent. "When its status was still STAI, only 1 study program was

accredited B, and after its status changed to Institute, with serious efforts, the number of study programs accredited B increased to 2" (Ridlwan, 2023). Following the institutional transition, the leadership of IAI Al-Hikmah Tuban adopted a vision centered on accelerating both institutional and study program accreditation. This reflects a strong commitment to advancing the quality of the university, with the push for faster accreditation serving as a direct manifestation of the leaders' strategic vision. Meanwhile, in relation to the integration of Islamic boarding school education into the campus, it is explained that this campus has a historical closeness to large Islamic boarding schools in Tuban, so that its academic culture is rich in religious values and the formation of the character of students (Mumtahanah, 2022).

During the accreditation process, IAI Al-Hikmah Tuban concentrated on reinforcing institutional capacity and functionality. All activities whether in teaching, research, or community service were directed toward this objective. It is acknowledged that enhancing institutional accreditation is a key strategy for increasing institutional recognition. Therefore, we initially focused on strategic efforts to strengthen study program accreditation, followed by strengthening institutional accreditation (Ridlwan, 2023). Meanwhile, as a form of strengthening the integration of the Islamic boarding school curriculum, the curriculum at IAI Al-Hikmah combines classical Islamic sciences such as tafsir, hadith, fiqh, and Sufism with modern disciplines, including education, Islamic economics, and information technology. This integration demonstrates that IAI Al-Hikmah Tuban does not reject modernity but rather subordinates it to the values of the Islamic boarding school. Thus, graduates are expected to possess both academic competence and profound spirituality (Mumtahanah, 2022).

All quality management initiatives at IAI Al-Hikmah Tuban are directed toward ensuring that every academic service aligns with the educational standards mandated by the SNPT. These requirements are further detailed in the standards established by BAN-PT, both for study program accreditation (APS) and institutional accreditation (AIPT). Consequently, every quality management activity undertaken by IAI Al-Hikmah Tuban is required to comply with these SNPT and BAN-PT standards. All quality management activities at IAI Al-Hikmah Tuban must meet these standards (SNPT and BAN-PT). If all academic activities (the three pillars of higher education) are oriented to the predetermined criteria standards, then a quality higher education institution (nationally accredited) will be achieved, and it will meet international accreditation standards (Mumtahanah, 2022). Meanwhile, as a form of internalization of the integration of the Islamic boarding school

curriculum at the student level, Al-Hikmah students are also directed to become cadres of ulama and community leaders. This orientation demonstrates how Al-Hikmah positions itself as the inheritor of Islamic scholarly traditions, as well as a liaison between Islamic boarding schools and universities. This is the main characteristic of an integrative Islamic boarding school campus: preserving tradition, but within a formal academic framework (Ridlwan, 2023).

Thus, IAINU Tuban and IAI Al-Hikmah Tuban represent two distinct but interconnected models of Islamic campus transformation. IAINU Tuban emphasizes entrepreneurship with a job market orientation, while IAI Al-Hikmah emphasizes the integration of Islamic boarding schools (pesantren) with higher education. These two models serve as entry points for understanding the dynamics of institutional negotiations in Tuban. Institutional transformation at IAINU Tuban took place through strengthening its vision as an entrepreneurial campus. In line with the increasing demands of global competition, IAINU formulated a strategy that prioritized curriculum innovation, external partnerships, and the creation of a business ecosystem within the campus. Internal negotiations at IAINU involved lecturers, students, and administrators to find a balance between normative Islamic scholarship and the practical needs of entrepreneurship. This process was not easy, as some groups still adhered to traditional paradigms. However, IAINU's success in establishing a student business center demonstrates that institutional transformation can be effective when managed with a clear vision. Meanwhile, the transformation at IAI Al-Hikmah is more cultural and gradual. As a pesantren-based campus, change is not revolutionary, but rather evolutionary. IAI Al-Hikmah strengthens the integration between the formal curriculum and the pesantren curriculum through activities such as studying yellow books, halaqah (Islamic religious circles), and thematic studies. This transformation confirms that the integrative pesantren model remains relevant in the modern context. Negotiations at Al-Hikmah are evident in efforts to combine modern science with classical Islamic scholarly traditions. For example, the Islamic education study program is aimed at producing teachers who not only master modern pedagogical methodologies but also have a foundation in pesantren sciences. This creates unique graduates: both knowledgeable and possessing moral authority.

Discussion

Interpretation of the research results using Schneider's (1994) framework indicates that the institutional transformation at IAINU Tuban and IAI Al-Hikmah Tuban represents two distinct strategic change pathways. IAINU Tuban adopted a proactive approach by embracing an entrepreneurial orientation, whereas IAI Al-Hikmah Tuban took a more conservative adaptive route by reinforcing

its integration with the pesantren tradition. Culturally, IAINU Tuban developed an organizational ethos centered on innovation and financial self-reliance, while IAI Al-Hikmah Tuban emphasized a culture rooted in religiosity and the values of Islamic boarding school traditions. This aligns with Schneider's theory that institutional change involves not only structural change but also changes in organizational culture (Schneider, 1994).

Within the institutional strategy dimension, IAINU Tuban prioritizes building external collaborations with industry, whereas IAI Al-Hikmah Tuban emphasizes strengthening its internal ties with the pesantren. These differing orientations reflect two complementary pathways in the development of Islamic higher education. Structurally, IAINU Tuban has created specialized units such as business incubators, cooperatives, and campus canteens, while IAI Al-Hikmah Tuban has reinforced its pesantren-based mentoring framework on campus. Both strategies represent distinct yet effective forms of institutional adaptation to their respective environments. The negotiation between market responsiveness and religious tradition is visible in both institutions. IAINU Tuban seeks to harmonize workforce-oriented demands with Islamic values, while IAI Al-Hikmah Tuban strives to balance pesantren traditions with contemporary academic standards. This negotiation results in a hybrid institutional model that contributes to the enrichment of Islamic higher education practices.

The findings also indicate that institutional transformation does not follow a linear trajectory; instead, it is cyclical and adaptive. Both institutions continuously respond to external shifts while preserving their core internal identities. This is the essence of Schneider's (1994) model, which emphasizes the importance of balancing external adaptation and internal stability (Schneider, 1994). Accordingly, the findings of this study affirm the applicability of institutional transformation theory within the context of Islamic higher education. The interplay between an entrepreneurial-oriented institution and a pesantren-integrative institution illustrates how this theoretical framework operates in practice.

Compared with previous research, these findings align with those of Malizal (2025) and Sibawaihi et al. (2025), who emphasized the importance of adapting Islamic higher education institutions to globalization (Malizal, 2025; Sholikhah & Istiani, 2024; Sibawaihi et al., 2025). Nevertheless, this study extends the discussion by showing that adaptation does not inevitably lead to uniformity; instead, it can produce a hybrid institutional model. Other studies have found that Islamic boarding schools face significant challenges in integrating modern curricula (Marhamah & Abdullah, 2020; Nur M & Ngainin,

2021; Sholikah et al., 2021). The results at IAI Al-Hikmah Tuban show that such challenges can be addressed through a phased strategy that preserves its traditional foundations. This reflects both continuity and innovation within its integrative pesantren-based practices. Furthermore, this study differs from Siswanto's (2023) study, which emphasized that an entrepreneurial orientation has the potential to diminish religious values in Islamic education (Siswanto, 2024). The experience of IAINU Tuban demonstrates that an entrepreneurial approach can be harmonized with religious values when implemented through an integrative framework. Theoretically, this study contributes to the discourse on institutional transformation by introducing the element of negotiation between different Islamic education models. Whereas existing literature often highlights one-directional transformation, this research underscores the importance of interactional dynamics and hybridity. Practically, the study suggests that Islamic higher education policies should be more adaptable, allowing for a variety of institutional models. Instead of enforcing uniformity, policies ought to support context-specific strategies that reflect local needs and conditions.

In addition, the results of this study illustrate that Islamic higher education institutions must build a shared foundation that bridges market-oriented demands with Islamic traditions. This negotiation is not simply a compromise but a strategic and creative process that produces both competitive strength and spiritual integrity. Another important implication is the potential for cross-model collaboration. IAINU Tuban and IAI Al-Hikmah Tuban can mutually benefit from each other's strengths—IAINU Tuban may deepen its grounding in Islamic values, while IAI Al-Hikmah Tuban can broaden its industry partnerships. Such synergy would strengthen the overall ecosystem of Islamic higher education in Indonesia. Ultimately, this research opens new avenues for examining Islamic higher education nationally. The interplay between entrepreneurial campuses and integrative pesantren-based institutions is not only a Tuban-specific case but a representation of broader national and global trends. Therefore, this study offers a meaningful contribution to both theoretical development and practical advancement in the institutional transformation of Islamic education.

CONCLUSION

This study concludes that negotiations between entrepreneurial Islamic campuses and integrative Islamic boarding schools at IAINU Tuban and IAI Al-Hikmah Tuban demonstrate a complex, adaptive, and complementary pattern of institutional transformation. The contribution of

this study lies in its theoretical understanding of the dynamics of negotiation of Islamic institutional models, as well as its practical contribution in formulating strategies for the development of Islamic higher education in Indonesia. For future research, it is recommended to expand the study context by involving more Islamic universities in various regions or using mixed methods to gain a more comprehensive understanding. The significance of this study offers a conceptual contribution in the form of an Islamic Hybrid Institutional Model that is relevant for the development of Islamic institutional transformation theory. Empirically, this study enriches the literature with a contextual portrait of the transformation of two Islamic universities in Tuban—IAINU Tuban and IAI Al-Hikmah Tuban which shows how Islamic boarding school values and entrepreneurial orientation can negotiate productively.

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