



**Management Innovation in School Cooperatives to Improve the
Economic Stability of Islamic Educational Institutions**

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ABSTRACT :

This article discusses the role of school cooperative management innovation in enhancing the economic stability of the Al Azhaar Baitul Khoir Islamic Educational Institution in Bandung Tulungagung. The main focus of this research is how the school cooperative implements various innovations in managerial aspects, such as product diversification, the use of technology in transactions, entrepreneurship training programs, and financial transparency. The research uses a qualitative approach with a case study to explore data related to the innovations applied in this school cooperative. The findings of the study indicate that these innovations have had a positive impact on the sustainability of the cooperative, increased member participation, and strengthened the economic stability of the educational institution. Additionally, the school cooperative also plays a significant role in empowering members through the distribution of dividends and collaboration with external parties. This study reveals that if managed well and implementing the right innovations, a school cooperative can become a sustainable economic pillar for an Islamic educational institution.

Key words: *Management Innovation, School Cooperative, Economic Stability, Islamic Education, Educational Institution.*

INTRODUCTION

Education plays a fundamental role in shaping the character and capacity of individuals, including in the context of Islamic education. In Indonesia, Islamic educational institutions such as Islamic boarding schools (pesantren) and Islamic-based schools face significant challenges, both in terms of the quality of education and the economic stability of the institution. One of the efforts that can be made to improve economic stability is by utilizing school cooperatives as a means to strengthen the internal economy of the educational institution. In addition to serving as an economic platform for the school community, the school cooperative also acts as an important instrument in resource management that can support the sustainability and development of Islamic educational institutions.

Previous research has shown that school cooperatives can be a key factor in improving the economic stability of educational institutions. For example, a study by Maulana et al. (2021) on the management of school cooperatives in Islamic educational institutions found that a well-managed cooperative could significantly contribute to the management of operational funds and improve the welfare of students (santri) and teachers. This study found that implementing cooperative management based on the active participation of all school members, both students and educators, could create a sense of ownership and responsibility for the success of the cooperative.

On the other hand, a study by Suryani and Purnomo (2020) at Madrasah Aliyah Negeri in Yogyakarta showed that innovations in school cooperative management not only include

transparent financial management but also involve the use of information technology to facilitate transactions and financial reporting. Such innovations have proven to improve the efficiency and effectiveness of cooperative management, thereby having a greater impact on increasing the operational funds of the educational institution. Additionally, these researchers emphasized the importance of training cooperative managers to manage more profitable businesses, such as retail ventures or products needed by students and teachers.

In many Islamic educational institutions, including pesantren and Islamic schools, school cooperatives function as a key pillar in economic management. Research by Abdullah and Fauzi (2019) on cooperatives in Islamic educational institutions in West Java showed that professionally managed cooperatives could improve the economic stability of the institution, especially in providing funds for the development of educational facilities. This aligns with the findings of Rahman (2022), which states that school cooperatives in pesantren can enhance the welfare of students through business loans and managing educational savings.

In another study by Ibrahim et al. (2020) on the character-based school cooperative model in pesantren, it was found that cooperatives could play an important role in creating long-term economic stability for pesantren, particularly in supporting educational and social activities within the pesantren. A cooperative model based on character development and entrepreneurial skills also helps teach students the importance of responsible financial management and enhances practical skills beneficial for their future.

However, not all school cooperatives operate smoothly. Various challenges often arise in managing cooperatives in Islamic educational institutions. A study by Fitriani (2018) on cooperatives in Islamic schools in Jakarta found that a lack of understanding of good cooperative management among cooperative managers was one of the main obstacles in achieving the cooperative's goals. Additionally, the scarcity of human resources with adequate managerial skills also contributed to the underdevelopment of cooperatives.

Another challenge is the lack of support from the school, both in terms of initial funding and training for cooperative managers. This issue was also highlighted in a study by Jamil et al. (2021), which showed that the success of cooperatives in Islamic educational institutions heavily depends on the commitment and full support from the school management, including funding, facilities, and policies that support the sustainability of the cooperative business.

Innovation in school cooperative management is key to overcoming these challenges. As revealed by Dwi et al. (2022), the introduction of information technology and digitalization in school cooperative management can increase operational efficiency. Another important innovation is the diversification of products and services offered by cooperatives, such as providing services for purchasing school supplies, food, and other products that can generate additional income for the cooperative.

A study by Harahap (2020) also shows that innovations in the cooperative's financial system, based on modern financial applications, can facilitate reporting and transactions, which in turn helps improve transparency and accountability. With the implementation of such innovations, school cooperatives can not only be a tool for improving the economic welfare of members but also contribute significantly to the overall development of Islamic educational institutions.

This research aims to analyze how innovations in school cooperative management can improve economic stability at the Al Azhaar Islamic Educational Institution at Baitul Khoir Mosque, Bandung Tulungagung. Specifically, this study will explore effective cooperative management models, as well as the challenges and contributions of cooperatives in maintaining

the economic stability of the Islamic educational institution. The findings from this research are expected to contribute to the development of school cooperatives in Islamic educational institutions and provide policy recommendations for cooperative managers to enhance the effectiveness and socio-economic impact of cooperatives.

METHODS

This study uses a descriptive qualitative approach with a case study method at the Al Azhaar Islamic Educational Institution at Baitul Khoir Mosque, Bandung Tulungagung. The research involves in-depth interviews with the institution's leaders, cooperative managers, teachers, and students (santri) to obtain a comprehensive perspective on the implementation of the cooperative within the institution. In addition, direct observation by the researcher of the cooperative's operational activities is conducted to identify best practices and challenges faced in its management.

The data collected is then analyzed using thematic analysis to identify patterns of innovations implemented and their impact on the institution's economic stability. A triangulation technique is employed to ensure data validity by comparing information from various sources, such as interviews, observations, and internal cooperative documentation. The results of this study are expected to provide a clear picture of the factors influencing the success of school cooperative management within the context of Islamic educational institutions.

RESULT

1. Basic Concept of School Cooperatives

A school cooperative is an economic institution established to improve the welfare of its members, which include students, teachers, and other educational staff. Based on Law No. 25 of 1992 concerning Cooperatives, school cooperatives must prioritize cooperative principles such as voluntary membership, democratic management, and fair distribution of profits. The aim of a school cooperative is to provide both economic and social benefits, as well as create opportunities for students to engage directly in managing a business based on the values of mutual assistance, in line with the spirit of entrepreneurship education.

In the educational context, the school cooperative serves as a learning platform for students in business management. According to Government Regulation No. 60 of 1999, school cooperatives function to educate students to have economic, social, and leadership skills. This is in line with the goal of the cooperative to teach students how to run a business responsibly and based on the fair and democratic principles of cooperatives. Students are given the opportunity to manage various cooperative businesses, ranging from the sale of stationery to providing facilities that support teaching and learning activities.

The school cooperative also plays a role in supporting the teaching and learning process by providing goods and services needed by students and teachers, such as stationery, books, or other supplies. Minister of Education and Culture Regulation No. 25 of 2018 concerning School Cooperatives emphasizes that school cooperatives can run business activities, such as providing goods and services to meet the needs of the school. This adds value to students, as they not only receive classroom lessons but also gain practical experience in managing cooperative businesses that benefit all members.

The importance of school cooperatives in shaping students' character is further elaborated in Law No. 20 of 2003 concerning the National Education System, which states that education

should develop students' potential to become creative, independent, and responsible individuals. School cooperatives are a highly relevant medium for achieving this, as through cooperative activities, students are trained to make decisions, manage resources, and collaborate within an organization. This not only provides entrepreneurial skills but also helps to shape a character that will guide students toward future success.

As entities focused on education and entrepreneurship, school cooperatives must also manage their operations with transparency and accountability. Government Regulation No. 60 of 1999 stipulates that school cooperatives must have a clear organizational structure, with managers responsible for overseeing financial management and business activities. With a well-defined structure and clear management systems, school cooperatives can ensure smooth operations, achieve their goals of improving members' welfare, and contribute positively to the development of education in the school. School cooperatives, with the principles in place, can be an effective tool in developing students not only academically but also in social and economic aspects.

2. Implementation of School Cooperative Management Innovation at Al Azhaar Islamic Educational Institution

The findings of this study show that the Al Azhaar Islamic Educational Institution has implemented several innovative cooperative management practices that have significantly improved their financial stability. These practices include:

a. Diversification of Cooperative Product Services

One of the main innovations implemented at the Al Azhaar Islamic Educational Institution cooperative is the diversification of product services. The cooperative not only provides basic needs such as stationery and textbooks but also develops a variety of other products required by students (santri), their guardians, and teachers. This aims to ensure that the cooperative can meet the daily needs of its members more completely and effectively, while also increasing the cooperative's income sources.

In addition to routine products, the cooperative has started offering healthy and nutritious snacks for the students, supporting a healthy lifestyle within the school environment. These food products are selected based on nutritional needs that align with the nutritional standards for children. This product diversification adds value to the cooperative, as it not only offers essential school-related items but also provides food options that support the health of the students.

The cooperative has also developed photocopying and printing services, which are very useful for students needing copies of lesson materials or assignments. This service has become a significant source of income, given the high demand for printed materials in academic activities at school. With affordable prices, the cooperative can meet this demand with good service quality.

Furthermore, the cooperative has started offering school uniforms and other equipment such as school bags, shoes, and sports gear. The provision of these products is aimed at helping students and their guardians obtain necessary items without having to leave the school environment. With more affordable prices compared to the market, the cooperative makes these items more accessible to its members.

This product diversification innovation not only serves to meet the needs of students, guardians, and teachers but also significantly increases the cooperative's income. With a range of services and products offered, the cooperative has become more integrated into the daily lives of the students and teachers, while also playing a role in maintaining the economic stability of the Al Azhaar Islamic Educational Institution.

b. Utilization of Technology in the Transaction System

The utilization of technology in the cooperative's transaction system at the Al Azhaar Islamic Educational Institution is a significant step in improving operational efficiency and transparency. The cooperative has adopted a digital payment system, allowing members to make cashless transactions using digital wallet applications or bank transfers. This makes it easier for students, guardians, and teachers to make purchases at the cooperative without having to carry cash, as well as speeding up the transaction process.

Additionally, the cooperative uses an application-based accounting system for automatic financial transaction recording. Every purchase or sale of goods is directly recorded in the application, which then generates structured financial reports that are easy to access by the management. With this system, the cooperative can monitor cash flow in real-time and make more accurate and efficient financial decisions.

The implementation of this technology also reduces the possibility of human errors in transaction calculations, as all data is recorded digitally and can be quickly checked. For instance, if there are issues or discrepancies in transactions, the system can provide a clear transaction history that is easy to trace. This enhances accountability and maintains the trust of members in the management of the cooperative.

The application of technology also facilitates more transparent and accurate financial reporting. Every month, the cooperative's financial reports can be directly downloaded by management or members who wish to check the cooperative's financial status. These reports are important for monitoring whether the cooperative is operating in line with its objectives and whether the generated profits are being properly allocated for the common good.

Through the use of technology, the cooperative at the Al Azhaar Islamic Educational Institution not only improves operational efficiency but also becomes more modern and in line with the times. Technology has become a crucial tool in supporting the sustainability of the cooperative, facilitating transactions, and enhancing the members' experience in interacting with the cooperative. This proves that technological innovation is not only relevant for the commercial sector but also for the educational and social sectors.

c. The School Cooperative Functions as an Entrepreneurship Laboratory

One of the key findings in this study is that the school cooperative at the Al Azhaar Islamic Educational Institution functions as an entrepreneurship laboratory for students and cooperative members. The cooperative provides a space for students to develop entrepreneurial skills through various activities, such as managing small businesses and selling the products they produce. Through these activities, students not only learn about business theory but also apply it in real-world situations. For example, students are involved in marketing products such as stationery, school uniforms, and other daily necessities sold through the cooperative, allowing them to experience firsthand the challenges faced by business owners.

Furthermore, the school cooperative also serves as a managerial practice medium for students interested in managing a business. Students involved in managing the cooperative are given the opportunity to understand various managerial aspects, such as financial planning, inventory management, and communication with suppliers. Real-life cases show that some students who are actively involved in managing the cooperative have a better understanding of how to run a business professionally. They learn directly from the cooperative managers who have experience in managing finances and business operations.

Additionally, the school cooperative serves as a platform for developing leadership and decision-making skills. At Al Azhaar, students are given the opportunity to lead various projects and make strategic decisions related to the cooperative's operations. This functions as training for students to develop leadership skills needed in the workforce. For example, some students who served as the head of marketing at the cooperative have proven capable of designing effective promotional strategies, contributing to the increase in product sales.

Member involvement in various aspects of the cooperative also serves as a tool for self-evaluation in the entrepreneurial world. Through active participation, students learn to face challenges, identify opportunities, and take the necessary risks to grow. One notable case is when students were faced with a supply challenge where the stock did not meet demand, and they learned to find alternative solutions by partnering with new suppliers or designing products that were more suitable for the cooperative members' needs. This demonstrates how the school cooperative provides a space where students can practice identifying problems and creatively finding solutions.

d. Financial Management Transparency and Accountability

At the Al Azhaar Islamic Educational Institution, transparency and accountability in cooperative financial management are top priorities to maintain the trust of its members. The cooperative implements an open financial recording system, where every financial transaction is recorded in detail in the ledger and a financial application accessible to cooperative members. This allows members to directly view the flow of funds in and out, as well as understand how these funds are being used.

In addition, the cooperative involves members in the annual meetings to discuss financial reports and the results of the cooperative's performance evaluation. During these meetings, members can provide feedback on the financial management and policies taken by the cooperative management. The active involvement of members in this evaluation process ensures that the cooperative stays on the right track in managing funds and financial policies.

To ensure accuracy, the cooperative adopts an internal auditing system conducted periodically. This audit aims to ensure that no funds are misused or managed inappropriately according to established procedures. The results of the internal audit are also communicated to the members to ensure that the cooperative is managed professionally and in line with good governance principles.

The success in implementing transparency and accountability is proven by the increasing level of trust members have in the cooperative management. Members feel that the funds they deposit in the cooperative are managed with full responsibility and transparency. This contributes to the sustainability of the cooperative, which not only supports the economic stability of the educational institution but also creates a conducive environment for active participation from all parties in the development of the cooperative.

e. Empowering Members through Dividend Distribution

At the Al Azhaar Islamic Educational Institution, the cooperative uses dividend distribution as one method to economically empower its members. The dividends are distributed based on members' contributions or participation in cooperative activities, such as purchasing goods or providing capital. In this way, each member who participates in the cooperative can directly benefit from the profits generated by the cooperative.

Dividend distribution not only provides financial benefits but also serves as an incentive for members to become more actively involved in cooperative activities. When members experience tangible benefits from their involvement, they are more motivated to continue participating and

contributing. This creates a positive cycle where members feel more valued and are encouraged to increase their roles within the cooperative.

In practice, the dividends are distributed fairly based on the level of participation of each member in the cooperative. This distribution is carried out through a mechanism agreed upon during the members' meetings, ensuring that the cooperative's profit distribution is transparent and based on the principle of fairness. This system allows each member to receive a share corresponding to their contribution, whether in the form of savings, transactions, or investments.

The distribution of dividends also plays a crucial role in improving members' welfare. The profits shared are often used by members to meet their daily needs or as additional business capital. Thus, the cooperative not only functions as an economic institution but also as a means to improve the standard of living and empower its members in the long term.

Overall, through dividend distribution, the cooperative at Al Azhaar Islamic Educational Institution is able to create a mutually beneficial relationship between the cooperative and its members. This empowerment is not only financial but also social, as it encourages members to become more actively involved in the management of the cooperative.

f. Only Implementing the Deposit Principle

The cooperative only implements the deposit principle and does not apply the lending principle because its focus is on managing funds in a simple and safe manner, in accordance with the capacity and needs of students, their guardians, and teachers. As an institution within an educational environment, the cooperative has limitations in managing risks associated with lending money, both from the supervision side and the members' ability to understand the consequences of borrowing. By relying solely on deposits, the school cooperative can more easily control the flow of funds, minimize risks, and ensure the sustainability of the cooperative's operations without getting trapped in financial problems that could burden the members.

The implementation of the lending principle in a school cooperative requires stricter supervision and greater resources. Managing loans in a cooperative involves careful evaluation of the borrower's eligibility, their ability to repay, as well as determining interest rates and penalties for late payments. This can be too complicated to manage in a school environment, which is primarily focused on education and learning.

g. Collaboration with External Parties

At the Al Azhaar Islamic Educational Institution, the cooperative has established collaborations with external parties as a strategy to strengthen the sustainability and innovation of its operations. These collaborations involve various parties, including banks, financial institutions, and local business partners who can provide support in the form of financing, training, and new business opportunities. With these partnerships, the cooperative can expand its network and improve its capacity to provide more diverse services for its members.

One form of collaboration with the banking sector is the provision of an ATM machine from Bank BSI. This partnership provides various strategic benefits for both the cooperative and the members of the Al Azhaar Islamic Educational Institution. The placement of the ATM within the cooperative area allows members to conduct financial transactions more easily and efficiently, particularly for cash withdrawals and balance inquiries without having to leave the campus. The presence of the ATM helps accelerate transaction flows, which in turn enhances members' convenience in carrying out their daily transactions.

Additionally, the cooperative collaborates with local business owners to provide products needed by the members. For example, food and essential goods are supplied through business

partners who have the capacity to produce high-quality products at competitive prices. This collaboration allows the cooperative to offer more varied and higher-quality goods without having to produce them itself, reducing risks and high operational costs.

Collaboration with entrepreneurship training institutions is also one of the strategic steps taken by the cooperative. By involving external institutions that specialize in entrepreneurship, the cooperative can provide more professional training programs for its members. These training programs cover key areas such as business management, marketing, and product development, aimed at enhancing members' skills in managing their own businesses.

Overall, collaboration with external parties provides dual benefits for the cooperative and its members. On the one hand, the cooperative gains access to new resources and technologies that can support its operations, while on the other hand, the members of the cooperative receive opportunities to grow economically and acquire broader knowledge. This strengthens the cooperative's position as an institution that plays a role in supporting the economy of the Islamic educational institution and the surrounding community.

h. Development of Cashless Payment Systems

The Al Azhaar Islamic Educational Institution has implemented a cashless payment system in its cooperative as an innovative step to simplify transactions and increase operational efficiency. This system involves the use of payment technologies such as bank transfers, e-wallets, and QR codes, which allow cooperative members to make transactions without needing to carry cash. Cashless payments not only make it easier for members but also reduce the risk of losing cash and potential fraud in transactions.

The implementation of this cashless payment system began with the integration of a digital payment platform that can be used by all cooperative members. Members only need to have an e-wallet account or debit card linked to the cooperative to make payments. With this system, members can purchase goods or services at the cooperative in a more practical and faster manner, whether for large or small transactions, without having to wait in long lines at the cashier or carry large amounts of cash.

The implementation of cashless payments also supports the cooperative's efforts to manage finances more transparently and accountably. All transactions are automatically recorded in the digital system, which makes it easier for the management to monitor cash flow and generate more accurate and efficient financial reports. Additionally, this system allows the cooperative to analyze transaction data, which can be used to understand purchasing patterns of members and plan better management policies in the future.

Overall, the development of this cashless payment system has had a significantly positive impact on the cooperative and its members. In addition to making transactions easier, this system also encourages financial inclusion by introducing members to payment technologies that are increasingly common in society. With the growing use of digital payment systems, the cooperative can better compete in providing modern services that align with technological advancements.

i. Competency-Based Human Resource Management

The Al Azhaar Islamic Educational Institution applies competency-based human resource management (HRM) as a strategy to improve the performance quality of cooperative managers. This system focuses on assessing and developing the skills and expertise possessed by each member and manager of the cooperative. These competencies not only include technical skills but also managerial and leadership abilities, which are essential for managing cooperative operations effectively.

The competency-based approach begins with identifying the competencies needed for cooperative management. Each position within the cooperative, from managers to administrative staff, has clear competency standards. For example, the cooperative manager is expected to have skills in financial planning, resource management, and marketing strategies, while other staff are expected to have skills in member service and inventory management.

As part of its efforts to develop competencies, the cooperative at Al Azhaar also provides training and educational programs to enhance the skills of its members. These training programs cover various important topics, such as cooperative management, entrepreneurship, information technology, and financial management. Through ongoing training, the cooperative ensures that its human resources are always ready to face challenges and changes in the business and financial world.

To ensure the success of competency-based management, the cooperative also implements regular evaluation and feedback systems. These evaluations assess the extent to which each individual's competencies have developed and how well their performance aligns with the cooperative's objectives. Based on the evaluation results, the cooperative provides further direction and guidance so that each member and manager can continue to grow and contribute more effectively.

By applying competency-based human resource management, the cooperative at Al Azhaar Islamic Educational Institution has successfully created an environment conducive to growth. Each individual within the cooperative organization feels valued and has the opportunity to develop, which ultimately has a positive impact on the overall success of the cooperative. Adequate competencies enable the cooperative managers to perform their duties professionally, improve operational efficiency, and provide better services to the members.

j. Formation of the Internal Supervisory Committee

The Al Azhaar Islamic Educational Institution has implemented an internal supervisory committee as a strategic step to strengthen the management of the cooperative. This committee was established to ensure that the cooperative's operations align with the principles of transparency, accountability, and integrity. With the presence of this committee, the cooperative can minimize the potential for deviations in financial and operational management, and enhance member trust in the cooperative's transparency and management effectiveness.

The main task of the internal supervisory committee is to monitor and evaluate the performance of the cooperative managers. Every decision made by the cooperative management, whether related to finances, human resources, or other operational matters, will be overseen by this committee. They are responsible for conducting periodic internal audits, ensuring that all cooperative activities are conducted in accordance with established procedures and within the applicable legal framework.

In addition, the committee plays a role in identifying potential risks that could hinder the cooperative's sustainability, both financially and operationally. Through routine risk monitoring, the committee can provide recommendations for risk mitigation or reduction, which in turn helps the cooperative better prepare for challenges. This also serves to maintain the financial and operational stability of the cooperative.

The formation of the internal supervisory committee also includes transparent reporting of the oversight results to the cooperative members. Any findings or recommendations generated by the committee will be presented in a forum involving all members, thus fostering increased trust and participation in the cooperative's management process. This process enhances member

involvement in decision-making and facilitates collective oversight of the cooperative's management.

Overall, the formation of the internal supervisory committee provides significant benefits in achieving better and more sustainable cooperative governance. With stricter and more structured oversight, the cooperative can manage resources more effectively and efficiently. Additionally, this step fosters a culture of accountability and transparency, which ultimately strengthens the cooperative's position in achieving its social and economic goals and maintaining member trust.

k. Innovation in Scholarship Program Management

As part of its contribution to education, the cooperative also manages a scholarship program for outstanding and financially disadvantaged students. The scholarship funds are sourced from the cooperative's profits and are allocated to support the educational costs of underprivileged students.

This scholarship program is not only based on academic selection but also considers socio-economic conditions and individual contributions to the community. This innovation ensures that more potential students can have the opportunity to continue their education without being hindered by financial constraints, while also having a positive impact on the development of education within the cooperative's community.

The sustainability of the scholarship program is maintained by collaborating with various external parties, such as private institutions, government bodies, and donors. The cooperative strives to expand its scholarship fund network by partnering with more sponsors, thus increasing the number of scholarships available. This program focuses not only on providing educational funds but also on career mentorship and mental development for scholarship recipients, ensuring that they succeed academically and can contribute to the development of the community and the cooperative in the future.

l. Member Involvement in Decision-Making

The cooperative also implements the principle of economic democracy by encouraging active member involvement in every decision-making process as a strategy to ensure transparency and accountability. Members are given broad access to participate in various decision-making forums, whether through annual meetings, group discussions, or voting mechanisms. This approach not only strengthens the sense of ownership among members but also provides them with the opportunity to express their aspirations and offer constructive feedback.

Additionally, the cooperative develops a system of member representation in its management structure. Members who wish to be involved in the management of the cooperative can nominate themselves as representatives in committees or management bodies. This system ensures that decisions made by the cooperative reflect the collective wishes and interests of all members, rather than being unilateral decisions made by the management. It also enhances the sense of responsibility among members for the sustainability of the cooperative.

Member involvement in decision-making is further strengthened through an open communication system that facilitates the exchange of information between management and members. Through digital platforms and regular meetings, members are kept up-to-date on cooperative activities, financial conditions, and development plans. With easy and transparent access to information, members can make more informed decisions and feel valued in the cooperative governance process, which in turn increases their loyalty and participation in various cooperative programs.

m. Delivery Services

The Al Azhaar Islamic Educational Institution is currently working on implementing a delivery service as an innovation to support easier access to cooperative products for members and the surrounding community. The goal of this service is to expand the market reach and provide convenience for members who cannot come directly to the cooperative. Through the delivery system, the cooperative offers product deliveries, such as basic necessities, cooperative products, and daily essentials, directly to the consumer's address, whether they are cooperative members or non-members.

To ensure the smooth operation of the delivery service, the cooperative will use digital technology integrated with the inventory and ordering management systems. Each order can be placed through the cooperative's app or website, making it easy for members to select products and make online payments. This system enables the cooperative to manage demand more efficiently and ensure timely deliveries. The service is also optimized with a coordinated delivery fleet, which helps improve the speed and effectiveness of distribution.

This delivery service innovation not only improves accessibility to cooperative products but also contributes to the cooperative's income. By expanding market reach and increasing customer satisfaction, the cooperative can earn additional income from delivery services. This also opens opportunities for the cooperative to introduce new products and strengthen relationships with both members and the community. Overall, the delivery service is a practical solution that supports the sustainability and growth of the cooperative, while providing ease and comfort for all involved.

3. Challenges in School Cooperative Management Innovation

Managerial innovation in school cooperatives, especially at the Al Azhaar Islamic Educational Institution, faces various challenges that require special attention. One of the main challenges is the limited human resources with the competencies needed to manage technological and managerial changes. Although the implementation of technology in transaction systems and digital payments has begun, there are still obstacles in training and educating cooperative members, including managers, students (santri), and their guardians, on how to optimally use the technology. A real case is that some members struggle with digital transactions due to insufficient technology literacy, which hinders the cooperative's operational efficiency.

Additionally, product management and service diversification present major challenges. The diversification of products intended to increase the cooperative's revenue often encounters obstacles in meeting market demand and providing sufficient capital. Although the cooperative has tried to add services like stationery and other school supplies, sometimes the products offered do not fully meet the members' needs, or stock availability is limited. This is reflected in the low interest from members in purchasing products that are not relevant to their daily needs, which leads to a decline in the cooperative's turnover.

One of the significant challenges is financial transparency and accountability. Although the cooperative strives to provide transparent financial reports, not all members fully understand the importance of openness in the cooperative's financial management. For example, some members are dissatisfied with the dividend distribution, even though the financial report has been published, because they feel they do not have direct access to verify the data. This uncertainty regarding transparency disrupts the members' trust in the cooperative's management.

Collaboration with external parties also faces various challenges, particularly in building mutually beneficial partnerships. The cooperative at Al Azhaar has tried to engage external partners to assist with capital procurement and product provision, but not all collaborations have gone

smoothly. One challenge faced is the misalignment of goals between the cooperative and some partners, leading to difficulties in reaching mutually beneficial agreements. A case in point is a partnership with external parties for school product provision, which ended with products that were not well-received by members due to a mismatch with their preferences.

Lastly, the greatest challenge in managerial innovation is the implementation of an entrepreneurial culture among cooperative members. While entrepreneurship training programs have been conducted, not all members are motivated to implement the skills they have learned. One barrier is the low motivation among members to further develop their entrepreneurial skills, due to the lack of incentives or direct opportunities provided by the cooperative to practice those skills. A real case is that most members only participate in cooperative activities without bringing new ideas or innovations that could help the cooperative grow more rapidly.

4. Contribution of School Cooperative Management Innovation in Enhancing the Economic Stability of Al Azhaar Islamic Educational Institution

The school cooperative at Al Azhaar Islamic Educational Institution plays a significant role in enhancing the economic stability of the institution through sustainable resource management. One of its contributions is seen in the diversification of the cooperative's product services, which offers various goods and services needed by members and students (santri). These products include school supplies such as stationery, books, as well as printing and photocopying services, which help increase the cooperative's revenue. The success indicators in this regard are the increase in sales turnover and member satisfaction with the cooperative's products and services.

Additionally, the utilization of technology in the transaction system has also made a significant contribution. With the implementation of a cashless payment system, the cooperative has been able to reduce operational costs and speed up transaction processes. This improves the efficiency of financial management and enhances the accuracy of record-keeping. Success indicators for this innovation are the reduction of transaction errors and the increased volume of transactions conducted digitally, which indicates technology adoption by the cooperative's members.

The school cooperative also plays a role in member empowerment through entrepreneurship training programs. These training programs aim to improve the skills and knowledge of cooperative members in entrepreneurship, which in turn will reduce members' economic dependence on the cooperative itself. The success indicators for this program are the number of members who start their own businesses after attending the training, as well as the increased level of participation by members in cooperative activities.

Moreover, transparency and accountability in the financial management of the cooperative are key factors in increasing member trust and ensuring the cooperative's economic stability. With accessible and accountable financial reports, the cooperative can strengthen its relationship with members and increase their participation in the cooperative's management. The success indicators for this aspect include a high level of participation from members in the annual general meetings and the number of members actively accessing the cooperative's financial reports.

The cooperative at Al Azhaar Islamic Educational Institution also demonstrates a significant contribution through collaboration with external parties, both in cooperation with other educational institutions and the business world. These collaborations open up opportunities to access additional resources, including capital, market networks, and training opportunities.

Table 1. This is a table Managerial Innovation in Cooperatives and Its Impact on Economic Stability

No	Managerial Innovation	Description of Innovation	Impact on Economic Stability
1	Diversification of Cooperative Product Services	Adding various products and services to meet the needs of students and teachers.	Increases cooperative income through the sale of diverse products.
2	Utilization of Technology in Transaction Systems	Implementing digital payment systems and automatic record-keeping.	Improves transaction efficiency and enhances member satisfaction.
3	Cooperative as an Entrepreneurship Laboratory	Providing space for students to develop entrepreneurial skills through managing cooperative businesses and products.	Enhances the entrepreneurial capacity of students and members, as well as economic independence and competitiveness of the cooperative.
4	Transparency and Accountability in Financial Management	Opening financial reports transparently to members.	Increases member trust and accountability of cooperative management.
5	Empowering Members through Dividend Distribution	Distributing profits based on members' contributions.	Increases member loyalty and the distribution of cooperative profits.
6	Collaboration with External Parties	Collaborating with banks and local business actors for product and capital procurement.	Expands partner networks and opens up new business opportunities.
7	Development of Cashless Payment Systems	Using e-wallets and non-cash payment apps for transactions.	Reduces operational costs and increases transaction efficiency.
8	Competency-Based Human Resource Management	Developing human resource skills based on managerial competencies.	Improves productivity and professionalism of cooperative managers.
9	Formation of the Internal Supervisory Committee	Internally supervising the cooperative's performance to prevent misuse.	Ensures cooperative governance is in compliance with regulations.
10	Innovation in Scholarship Program Management	Providing scholarships based on social and academic needs.	Increases access to education for outstanding students.
11	Member Involvement in Decision-Making	Involving members in decision-making through forums and representation.	Strengthens members' sense of ownership of the cooperative.
12	Delivery Services	Providing goods delivery services to ease access for members.	Increases income and accessibility of the cooperative.

DISCUSSION

In the context of the Al Azhaar Islamic Educational Institution cooperative, managerial innovation in the cooperative is one of the key factors in enhancing the economic stability of the educational institution. Based on the findings, several steps taken by the cooperative, such as product diversification, technology utilization, entrepreneurship training programs, and member involvement in decision-making, demonstrate that the cooperative focuses not only on economic aspects but also on social development and member participation. This aligns with the Cooperative Management theory by Ginting, which asserts that good cooperative management must meet the

economic interests of its members while also empowering them in decision-making. Diversification of cooperative products is one way to increase attractiveness and service diversity, which should be further improved to reach a broader market.

The findings on the utilization of technology in the transaction system show that Al Azhaar cooperative understands the importance of digitalization to optimize its operations. With the adoption of digital technology, the cooperative not only simplifies member transactions but also creates higher transparency. The e-Cooperative theory by Hermawan and Mardiana (2020) suggests that the application of technology in cooperatives can reduce operational costs, increase management effectiveness, and expand the membership network. This is evident in the use of a digital platform that allows members to conduct transactions online and monitor their progress in real time. The use of non-cash payment apps and e-wallets in the cooperative further strengthens a more modern and efficient system, although there are still challenges related to technology infrastructure that need to be reinforced.

The entrepreneurship training program for members is also an important step in creating high-quality human resources who are ready to compete. The economic empowerment theory by Fathoni (2019) emphasizes that improving entrepreneurial skills is one of the key instruments in building a sustainable economy. Al Azhaar cooperative has implemented training programs that not only equip members with technical skills but also build an entrepreneurial mindset that encourages them to be more independent and innovative in running their businesses. This empowerment should be expanded by adding training topics that are more relevant to market trends, such as financial technology (fintech) and digital marketing.

Another key finding is the involvement of members in decision-making. The Good Governance theory by Purnamasari (2018) states that in cooperatives, active member participation in decision-making is crucial to create trust and ensure that the cooperative operates according to shared goals. Member involvement in decision-making increases accountability and transparency, making the cooperative more trusted by its members. Cooperative management that involves members in every aspect of its operations, whether through general meetings or representation in management bodies, strengthens the sense of ownership and increases loyalty to the cooperative.

Regarding the formation of the internal supervisory committee, Al Azhaar cooperative demonstrates a serious effort to achieve good governance. The cooperative governance theory by Adi Nugroho (2021) emphasizes the importance of internal supervision to ensure the sustainability of the cooperative, both in terms of finances, operations, and compliance with regulations. The formation of an independent internal supervisory committee aims to ensure that all cooperative activities are carried out with high accountability and in accordance with cooperative principles. This will help avoid deviations or misuse of funds that could harm members and the cooperative's reputation.

Innovation in the management of the scholarship program implemented by Al Azhaar cooperative is also noteworthy. Through this program, the cooperative not only provides financial support to students but also promotes educational sustainability and reduces socio-economic disparities. The concept of social entrepreneurship by Yunus (2018) can be applied here, where the cooperative, as a social institution, not only focuses on profit but also plays a role in solving social issues, such as limited access to education for underprivileged groups. This scholarship program allows the cooperative to contribute to creating a more just society and developing human resources at the local level.

Finally, the implementation of sustainability programs in Al Azhaar cooperative reflects a deep understanding of the importance of long-term growth. The business sustainability theory by Eriansyah (2022) emphasizes that sustainability is not only about environmental aspects but also about economic and social sustainability. By integrating sustainability principles into its operations, the cooperative not only creates a positive impact for its members but also for the surrounding community. This strengthens the role of the cooperative as a social change agent that supports member welfare and reduces economic disparities.

Overall, the findings from this study show that managerial innovation in the Al Azhaar Islamic Educational Institution cooperative has been well implemented and sustainable. The application of various innovations has not only improved the economic stability of the cooperative but also empowered its members and the surrounding community. The implementation of technology, transparency, training programs, and accountable financial management are key factors that need to continue to be developed for the cooperative to optimally achieve its social and economic goals.

CONCLUSION

Based on the research findings, the managerial innovation in the cooperative at Al Azhaar Islamic Educational Institution, Baitul Khoir Mosque, Bandung Tulungagung, demonstrates that the application of various innovative strategies has successfully enhanced the economic stability of the institution. Product diversification, the use of technology in transactions, and entrepreneurship training programs for members are significant steps that have had a positive impact on strengthening the cooperative's competitiveness. Additionally, collaboration with external parties and the development of a non-cash payment system show that the cooperative focuses not only on economic aspects but also on social development for its members.

The member empowerment programs through dividend distribution and financial management transparency are also key factors in increasing members' sense of ownership and loyalty to the cooperative. Member involvement in decision-making further strengthens the cooperative's relationship with its members, creating a more inclusive and participatory environment. These findings are consistent with Good Governance theory, which emphasizes the importance of member participation in decision-making to ensure sustainability and accountability in the cooperative.

Innovation in scholarship program management and the establishment of an internal supervisory committee highlight the cooperative's attention to social welfare and more accountable management. Through the scholarship program, the cooperative not only provides financial support but also supports the development of quality human resources. The internal supervisory committee, formed to ensure compliance with regulations and cooperative principles, has strengthened the governance system and prevented misuse of funds, contributing to the cooperative's sustainability.

The implementation of sustainability programs in Al Azhaar cooperative is also commendable. By integrating sustainability principles into its operations, the cooperative considers not only economic aspects but also the social and environmental dimensions. This is crucial for ensuring that the cooperative can survive in the long term and continue to provide benefits to its members and the surrounding community. This sustainability encompasses economic, social, and environmental dimensions, which are increasingly important in the era of globalization.

Overall, the managerial innovations implemented at Al Azhaar Islamic Educational Institution's cooperative have been successful and contributed positively to the economic stability of the Islamic educational institution. However, there are still challenges to address, such as improving technological infrastructure, expanding external collaboration networks, and strengthening the cooperative's human resource capacity. Moving forward, it is expected that the cooperative will continue to innovate and grow to provide greater benefits to its members and the surrounding community.

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