

Building a halal MSME incubator in a heritage district: A qualitative single-case study of the Kauman Solo halal culinary area



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ABSTRACT

This study explores how the Kauman Solo Halal Culinary Area contributes to strengthening the halal ecosystem and improving the performance of MSMEs, as well as formulating an Islamic value-based incubation model. The approach used is qualitative phenomenological with a single case study design. Informants were selected purposively and through snowball sampling, including JPH regulators/authorities, area/community managers, MSME actors, and financial-philanthropy partners (Bank Syariah Indonesia as a distributor, Jamkrindo Syariah as a guarantor, and BAZNAS as a qardhul hasan supporter). Primary data were collected through semi-structured in-depth interviews (45–90 minutes in length), field observations, and document reviews; all informants provided informed consent and were anonymized. Data analysis followed the Miles & Huberman process (reduction–presentation–conclusion) with the help of NVivo 12 for thematic coding (open–axial) and node mapping. The validity of the findings was ensured through triangulation of sources and methods, limited member checking, and audit trails. The results show that: (i) the region encourages increased readiness for halal certification, digital adoption, and market access for MSMEs; (ii) the three-stage incubation model (pre-incubation–core–acceleration) effectively closes the capability gap; (iii) the region's collective financing scheme—a collaboration between BSI, Jamkrindo Syariah, and BAZNAS—accelerates inclusive capacity expansion. The study offers a conceptualization of the "Halal Heritage Hub" as a framework for replication in other regions, along with policy implications for strengthening the halal ecosystem.

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INTRODUCTION

The global halal industry continues to grow; the SGIE 2023/24 report recorded consumer spending of USD 2.29 trillion in 2022, projected to increase to USD 3.2 trillion by 2027 ([Dinar Standard, 2023](#)). This is driven by a Muslim consumer base of approximately 1.9 billion and a strengthening halal lifestyle that demands standardization from upstream to downstream ([Dinar Standard, 2023](#); [Gunawan & Maryono, 2022](#); [KNEKS, 2019](#)). In Indonesia, domestic halal consumption is increasing, and the Government, along with stakeholders, has emphasized a strategy for strengthening the halal value chain through the 2019 – 2024 Sharia Economic Masterplan, updated in the 2023 – 2029 Indonesian Halal Industry Master Plan (MPIHI), which targets acceleration towards becoming a Global

Halal Hub through strengthening the value chain, infrastructure (Halal Industrial Zones (KIH), laboratories, logistics), financing-regulation, and brand awareness (KNEKS, 2019, 2023). In the food sector the locomotive of the Muslim friendly tourism ecosystem the performance of halal food services has been shown to contribute to visitor retention and destination image (Han et al., 2021; Sthapit et al., 2025), while halal assurance in the supply chain demands traceability and audit/laboratory (Tieman, 2011; van der Spiegel et al., 2012).

However, strengthening Indonesia's halal value chain still faces obstacles. First, producer awareness of halal certification (from upstream to downstream) is relatively low; studies report halal issues such as ingredient mixing, distribution of unsafe meat, use of non-halal components, and label manipulation (Haryono & Handayani, 2018). Second, halal supply chain management is suboptimal because labels often only target the final product, and process standards between countries have not been harmonized (Zuhri, 2019). Third, structural obstacles include the limited availability of halal-certified products, suboptimal cost/service regulations (e.g., the basis for The Halal Product Assurance Organizing Body (BPJPH) service fees), suboptimal utilization of the Halal Information System, and limited competent human resources (Rahmawati et al., 2022). Consequently, the competitiveness of Indonesian products lags: the share of halal exports to OIC countries and the global market remains low; Domestically, the accumulation of new certifications is approximately 3.4 million products out of an estimated 30 million potential products, while in the Small, and Medium Enterprises (SME) sector, only 1.13 million actors have been certified out of a total of approximately 4.3 million (BPJPH, 2023; BPS, 2022). Several global reports still position Indonesia more as a significant market than a top halal producer.

In response, national policy encourages the development of halal zones as a vehicle for upstream-downstream integration. In addition to Halal Industrial Zones (KIH) and halal themes in Special Economic Zones (SEZs), Halal Culinary Zones (KKH) are being developed as quick wins to accelerate the adoption of the Halal Product Assurance System (SJPH) and halal literacy at the point closest to consumers (KNEKS, 2019, 2023). KKHs are defined as strategic areas for the production, distribution, and sale of food and beverages that adhere to halal, safe, and healthy principles and are professionally managed through the synergy of The National Committee for Sharia Economy and Finance (KNEKS), BPJPH, the Ministry of Health, the Ministry of Cooperatives and SMEs, and regional (KNEKS, 2023). Several KKHs are already operational, including Kauman Solo, Taman Sari (Bandung), Matraman (Jakarta), and Sempur (Bogor), as well as KHAS zones on campuses. KKH functions as an integration node: ensuring process traceability and certainty of halal (Tieman, 2011; van der Spiegel et al., 2012), strengthening Micro, Small, and Medium Enterprises (MSME) capacity (incubation, financing, Halal Product Assurance (PPH) assistance), while increasing certification literacy and adoption at the actor and consumer levels. Furthermore, the crowdfunding/crowd-farming model demonstrates the potential for public-private-community collaboration to strengthen local food ecosystems and supply chains (González-Azcárate et al., 2023), which is relevant for adaptation in KKH business design.

Based on the MPIHI 2023 – 2029 roadmap and the urgency of the culinary subsector, this study focuses on the Kauman Solo KKH (Halal Heritage Hub) as a case study to: (1) analyze the economic contribution of KKH at the regional/national level; (2) map effective incubation mechanisms (PPH assistance, SJPH certification, financing, partnerships); and (3) formulate a regional business model integrated with the halal value chain (Han et al., 2021; Sthapit et al., 2025; Tieman, 2011; van der Spiegel et al., 2012).

RESEARCH METHOD

Methods

This study employs a qualitative, exploratory design with a phenomenological approach to capture the lived experiences underlying incubation practices and business-development patterns in a halal culinary cluster (Creswell, 2013; Moleong, 2014; Patton, 2015). Evidence was generated through multi-site direct observation and semi-structured interviews (Creswell, 2013; Patton, 2015), with informants selected purposively and via snowballing until thematic saturation (Guest et al., 2006; Noy, 2008; Patton, 2015) and analyzed inductively using descriptive procedures consistent with qualitative research standards (Creswell, 2013; Miles et al., 2014). The empirical setting is Kauman, Solo City,

Central Java, purposively chosen as a culture-based halal-area pilot with substantial tourism-driven culinary diversity, providing a relevant context for examining incubation dynamics. Primary data were drawn from observations and interviews with representatives of Bank Indonesia's Solo Regional Office, the Head of the Kauman MSME Community, the Head of the National Board of Zakat (BAZNAS) Solo, the Solo Branch of Bank Syariah Indonesia, and the Regional Management of the Surakarta Islamic Economic Community (MES). In contrast, secondary data comprised stakeholder agreements, scholarly literature, and official reports/publications from Bank Indonesia, the Ministry of Cooperatives and SMEs, the Ministry of Industry, BPJPH, KNEKS, and MES; credibility was enhanced through source- and method-triangulation within an inductive, phenomenological logic (Creswell, 2013; Moleong, 2014; Patton, 2015).

Data Analysis

This study uses data analysis with a data analysis technique approach according to Miles et al. (2014), namely by carrying out 3 three. Important stages: 1) Data reduction; 2) data presentation; and 3) conclusions. In addition to using the analysis techniques above, this study also uses a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, which is carried out by categorizing various aspects that are included in the internal and external data in the Kauman Solo Halal Culinary Area. After that, various existing aspects are analyzed in several stages, such as the SWOT Analysis Diagram and SWOT Matrix shown in Figure 1.

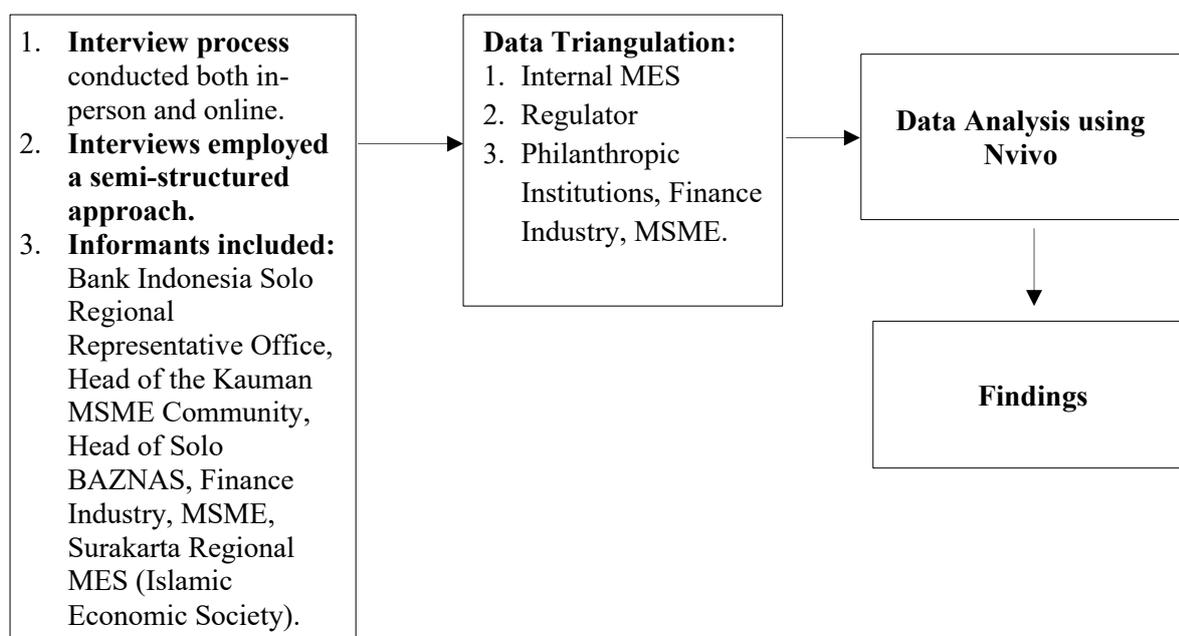


Figure 1. Data collection flow.

RESULT AND DISCUSSION

This research has three objectives: (1) analyzing the economic contribution of the Halal Culinary Area (KKH) to regional and national economic performance; (2) identifying and describing the incubation mechanisms implemented in the area (PPH assistance, SJPB certification, financing, and partnerships); and (3) developing an integrated, evidence-based business model for the KKH. The researcher will conduct intensive and comprehensive interviews, starting from the concept stage to the implementation of the halal area development. The interviewed sources consisted of three parties: the regulator, in this case, Bank Indonesia; the internal area, namely the MES Solo Regional Management, the Kauman Solo Community; and business actors. The third party consists of the partners BAZNAS, Jaminan Kredit Indonesia (Jamkrindo) Syariah, Pegadaian Syariah, and Bank Syariah Indonesia. The data collection process was carried out through semi-structured interviews with the aim of providing freedom for sources to convey information about the halal area. In addition, to enrich the perspective

on the research object, the researcher also added various relevant previous studies to produce an appropriate and in-depth analysis related to the Halal Culinary Area.

Halal Value Chain

The halal industry is a strategic growth engine that adds value across goods and services and drives national economic expansion (Julistia et al., 2021). In response, the government promotes a strengthened halal value chain (HVC) ecosystem (Waharini & Purwantini, 2018). The HVC aligns upstream–downstream activities with Sharia requirements (Subianto, 2019), and prioritizes five sectors: halal food and beverages, Muslim fashion, agriculture, Muslim-friendly tourism, and Islamic finance.

Managerially, the HVC integrates trade, tourism, and finance while adapting to shifting behaviors, cultures, and lifestyles (Muslihati, 2020). Normatively grounded in the Qur’anic prohibition of unlawful products in *Al-Baqarah 2:173*, HVC success rests on end-to-end standardization from sourcing and production to packaging, distribution, and marketing. MSMEs are pivotal yet hampered by capital, market access, and halal literacy; targeted incubation links them to a standardized HVC. The Kauman Solo Halal Culinary Area exemplifies a node-based model that integrates production, distribution, education, and certification within a controlled geography, showcasing sustainable HVC implementation (Soleh, 2022).

Halal Certification

Indonesia’s halal ecosystem is anchored by Law No. 33 of 2014 on Halal Product Assurance (JPH) and Government Regulation No. 39 of 2021, which require products entering, circulating, and traded in Indonesia to be halal certified. This framework not only protects consumers but also pushes producers to maximize added value and competitiveness; it applies to Muslims and the public alike and carries implications for import–export flows. To administer JPH, the government established BPJPH under the Ministry of Religious Affairs (Sudarmono, 2022).

Theologically, the obligation to consume lawful and good products is rooted in the Quran Surah *Al-Baqarah/2:168*:

“O mankind! Eat from what is lawful and good on earth, and do not follow the footsteps of Satan. Indeed, Satan is a clear enemy to you.” (Departemen Agama RI, 2011), and reinforced by hadith warnings about the harms of consuming the unlawful (*al-Naisaburi, 1998:391*). In *fiqh*, early scholars such as Abu Ishaq al-Syatibi in *Al-Muwafaqat fi Usul al-Syariah* outline standards for determining halal and their benefits. Contemporary product innovation, however, demands wise and selective consumer and producer responses (Sudarmono, 2022).

Beyond regulation and certification logistics, sustaining a robust halal ecosystem also depends on internalized ethics and spirituality. Evidence from traditional market traders in Surabaya shows that spiritual capital significantly shapes trading behaviors aligned with halal principles (Soleh, 2022). Hence, institutional enforcement must be complemented by the cultivation of ethical–spiritual values within business practices.

Halal Area

A halal area is a co-located business community of goods and services designed to maintain integration across halal sub-sectors covering Islamic/green-oriented infrastructure, hygienic production, pollution prevention, affordable inputs, energy efficiency, reciprocal inter-firm linkages, and consolidated public services and marketing (Sukoso et al., 2020). In the Indonesian Sharia Economy Masterplan (MEKSI) 2019–2024, a halal area is defined as a centralized entity in which manufacturing, distribution, and services related to halal products are integrated; it also serves as an incubation platform that equips business actors with management, production, and marketing capabilities under area management guidance.

Actors in halal areas pursue economic and social gains while improving environmental performance through synergistic operations and standardized practices integrating product standards, technology, science, intellectual property, and economics (Sukoso et al., 2020). At a broader scale, this concept becomes a Halal Industrial Area regulated by Permenperin No. 17/2020, which sets criteria such as dedicating all or some plots to halal producers, providing integrated distribution facilities for

to one word or another. Researchers believe that this classification is essential to help them conclude what is relevant, meaningful, and implementable in the management of halal culinary areas.

The researcher then determined one of the most important words, namely the word "halal," which is relevant to the other two words, "sharia" and "area." The aspect of "sharia" which is often mentioned is closely related to the partnership process with sharia institutions, both commercial, in this case, Bank Syariah Indonesia, and Jamkrindo Syariah, as well as social, financial institutions, namely BAZNAS. The partnership process can produce financial financing facilities (capital) based on social contracts, such as *Qardhul Hasan*, and working capital assistance in the form of supporting equipment, such as packaging presses.

Then, the "area" which contains aspects of the community that is the party responsible for the area management process, consists of the preparation of the area development system, the resulting programs, and relevant technical training to support the improvement of the quality and capacity of business actors in the halal area. In addition, it also includes the development of an economically valuable area ecosystem to attract more partners and visitors.

Contribution of the Kauman Halal Culinary Area (KKH) to the Economy

Leong (2013), stated in his research that a special area designated for economic development significantly contributes to regional economic growth. This also aligns with observations on the Kauman Solo KKH, which has made a significant contribution to the regional economy, particularly in strengthening the MSME and tourism sectors. Based on data from the BPS Kota Surakarta (2024), the wholesale and retail trade and accommodation and food and beverage (F&B) sectors as the closest proxies for culinary/souvenir activities, contributed 22.03% and 6.51%, respectively, to Surakarta's GRDP in 2023 (a combined 28.54%). The accommodation and food and beverage sector also recorded the highest annual growth of 11.6% (year-on-year) in the same year, when the city's Gross Regional Domestic Product (GRDP) at Current Market Prices (ADHB) reached IDR 60.49 trillion (BPS Kota Surakarta, 2023).

Unpublished internal data indicate that MSME turnover in the area increased by approximately 35% in the initial post-development phase. This finding is indicative and is triangulated with official indicators. The consistency of these two sources strengthens the indication that the development of the halal culinary area is correlated with increased local economic activity.

In line with these findings, the competitiveness and turnover of MSMEs in the Kauman Solo KKH show an increasing trend. From a market perspective, strengthening local/tourism demand, as reflected in the highest growth in the accommodation and food and beverage sector (11.6% year-on-year), a 3.42 point increase in the Room Occupancy Rates (ROR) for star-rated hotels, and the influx of visitors to key destinations, expands the effective market for KKH operators. Institutionally, the Surakarta City Government has been conducting training/incubation for halal culinary MSMEs since 2022 and facilitating SJPH certification (dataset from the Department of Cooperative, Small, Medium Enterprises, and Trade (KUKMP) Office). The mayor's inauguration of the program demonstrates political will to maintain the area's sustainability. Triangulation between market indicators and policy support confirms that post-regional structuring has led to an increase in the competitiveness and turnover of MSMEs in the Kauman Solo KKH (BPS Kota Surakarta, 2023, 2024).

In addition to market insights and policy support, the Kauman KKH also contributes to inclusive job creation, particularly opening opportunities for women entrepreneurs. This aligns with the employment structure, where female workers relatively dominate the accommodation and food and beverage category (BPS Provinsi Jawa Tengah, 2024). From a supply chain perspective, many Kauman MSMEs use halal-certified raw materials, in line with the city Government's facilitation of SJPH certification. This is consistent with findings that ingredient content is a key driver of halal purchase intention, while certification without consumer literacy on the halal process has little impact (Aslan, 2023). Therefore, ongoing education and training in the region are strategic steps to strengthen demand and compliance among actors, and to strengthen cross-authority governance so that it can be replicated to maintain sharia integrity at the regional level (Susanti et al., 2024)

MSME Incubation Method in the Halal Culinary Area

Inamdar & Afroze (2024), stated that business incubation is a public or private development process that fosters companies from idea generation to startups, providing comprehensive assistance to help them grow and succeed. Incubators offer resources, including physical space, capital guidance, shared services, and networking opportunities. Incubators also provide guidance, business assistance, and monitoring services.

The Micro and Small Enterprises (MSE) incubation method at KKH Kauman follows pre-incubation, core incubation, and then acceleration stages, in line with the commonly used incubation process framework: initial readiness/needs assessment mapping to design specific interventions, followed by intensive mentoring, and the scale-up/market access stage (Sohail et al., 2023). The core stage focuses on halal supply chain management and halal audit simulations (with mentors) in accordance with best practices for maintaining end-to-end halal integrity. Certification audits and laboratory verification have proven crucial for halal assurance (Tieman, 2011; van der Spiegel et al., 2012).

Strengthening Sharia-compliant finance for MSMEs is also relevant, as numerous cross-country studies show that Islamic banking is relatively more involved in financing MSMEs and can generate revenue from this segment, supporting the sustainability of small businesses (Disli et al., 2023).

For packaging based on regional heritage values and brand storytelling, research shows that well-managed brand heritage and storytelling can strengthen equity/loyalty, particularly for culinary products centered on a specific destination (Dias & Cavalheiro, 2022; Urde et al., 2007).

In the acceleration phase, partnerships with modern markets and hotel chains (including Sharia-compliant ones) and participation in national and international halal exhibitions effectively expand MSME networks and distribution channels. International evidence confirms that trade shows boost MSME networking and operational performance, while the integration of the halal supply chain with the halal tourism industry is positively correlated with performance and growth (Gerschewski et al., 2020; Suseno et al., 2023). Digitalization (adoption of e-commerce/digital transactions) is a key driver of MSME performance in emerging markets. Current frameworks demonstrate that appropriate adoption, supported by sound policies, can improve MSME performance and readiness for scale-up (Indiani et al., 2025; Joensuu-Salo et al., 2018).

Thus, the three-phase design at the Kauman Community Learning Center (KKH), which integrates technical aspects, Islamic values, and digitalization, aligns with international findings and is worthy of replication in other regions with adaptations to local contexts (Sohail et al., 2023).

Islamic Value-Based Business Model in the Halal Culinary Area

The development of the Kauman Solo Halal Culinary Area adopts a business model rooted in Islamic values and local wisdom. The central concept developed is the “Halal Heritage Hub,” which integrates religious tourism, halal culinary, and education about halal products. This model not only focuses on the economic aspect but also on social and cultural transformation that supports the area's sustainability.

Kauman Solo Mosque, located in the area, is a center of well-organized religious activities. Each business actor will receive assistance on various muamalah values through a weekly curriculum. This is to support the strengthening of business actors' understanding of Islamic values.

Conceptually, the business model in the Solo Halal Culinary Area is then integrated using the Business Model Canvas. The Business Model Canvas (BMC) is a framework introduced by Osterwalder & Pigneur (2010), which presents how a business organization creates, delivers, and captures value from a product or service (Khodaei & Scholten, 2024). This BMC process refers to nine elements: Value Proposition, Segments, Customer Relationships, Channels, Key Resources, Key Activities, Partners, Costs, and Revenue (Massa et al., 2017).

The researchers then identified the business model canvas in the halal culinary area to map out what aspects are important in the business process (Table 1).

The financing scheme for business development at the Kauman Solo KKH is implemented collectively on a regional basis, beginning with each MSE estimating capital needs. The regional manager then compiles and submits the estimates to Bank Syariah Indonesia (BSI) as a financial partner.

Two central schemes are used: profit-sharing (*mudharabah*) and sale-purchase (*murabahah*). Both contracts are standard practices for MSME financing. *Murabahah* is predominantly used for working capital/retail financing, while *mudharabah* is relevant for partnership-based financing when governance and risk profiles are favorable (Disli et al., 2023; Meslier et al., 2020; Moosa, 2023). To mitigate default, Jamkrindo Syariah acts as a guarantor (*kafalah*), in line with the practice of guaranteeing MSME financing based on sharia contracts (Ali et al., 2019). On the social financing side, BAZNAS supports area maintenance costs through Zonline Islamic Funds (ZISWAF) under the *qard al-hasan* contract, which is an effective micro/ultramicro financing instrument supported by good governance (Alim, 2015; Mohd Thas Thaker et al., 2021; Ülev et al., 2023).

Table 1. Business model canvas in the halal culinary area.

| Element | Description |
|-------------------------------|--|
| Key Partners | Local Government, Bank Indonesia, KNEKS, BPJPH, Tourism & UMKM Office, Kauman UMKM Community, halal raw material vendors, sharia cooperatives, sharia fintech, LPPOM MUI, academics, sharia financial institutions |
| Key Activities | Halal business incubation, sharia management training, collective halal certification, halal culinary events, regional promotion, community strengthening, digitalization of transactions and promotions |
| Value Propositions | Certified halal culinary tourism area, safe, comfortable, family-friendly, halal education center, improving the local economy, incubation space for sharia MSMEs |
| Customer Relationships | Personal approach, loyal customer community, business assistance, halal education, community-based CRM, visitor loyalty program |
| Customer Segments | Halal culinary UMKM actors, local/national tourists, Muslim families, halal lifestyle communities, religious tourists, and the public seeking halal culinary. |
| Key Resources | Strategic area land, halal certified tenants, area infrastructure (food court, prayer room, playground), area management team, incubation system, community network, collective halal certification system |
| Channels | Regional social media, regional websites, halal culinary events, brochures, banners, partnerships with hotels and travel agents, halal influencers, halal marketplace, digital payment QRIS Syariah |
| Cost Structure | Area operational costs, halal training and certification, promotional events, area digitalization, community management, area facility costs, and manager honorariums |
| Revenue Streams | Monthly tenant rent, event and sponsorship fees, sales of area merchandise, parking and additional facilities, income from halal certification training/service programs |

Furthermore, areas can expand funding options through sharia-compliant crowdfunding, a scheme for shared facilities, working capital for MSMEs, and social campaigns, within a sharia-compliant framework and adequate oversight (Purwatiningsih et al., 2024; Rahman et al., 2020). The synergy between the Surakarta City Government, BSI, Jamkrindo Syariah, and BAZNAS, along with Islamic boarding school communities and MSMEs, creates a multi-layered funding ecosystem (commercial and social) that strengthens the region's resilience, scalability, and identity as a center for a sustainable Islamic economy.

SWOT Analysis in Area Development

The development of the Kauman Solo Halal Culinary Area is a form of innovation in a community-based sharia economic area that has a significant contribution to the regional economy, especially in the tourism and halal MSME sectors. Based on the results of research and in-depth interviews, this area has several strengths that are its competitive advantages. One of them is its strategic

position in a heritage area that is full of historical and Islamic values, supported by multi-party synergy between the local government, Bank Indonesia, KNEKS, and the business community. In addition, a structured sharia-based business incubation system and a collective halal certification program make this area a good model for developing a halal value chain at the regional level (Soleh, 2022).

The researcher then conducted a SWOT analysis of the halal culinary area, as shown in Table 2.

Table 2. SWOT Analysis.

| Element | Strength | Weakness | Opportunity | Threat |
|------------------------------|---|--|--|---|
| Customer Segments | Focus on Muslim traveler segments, families, and halal lifestyle communities. | Youth market involvement is still limited | The halal lifestyle trend and the halal digital market continue to grow | Competition with general and non-halal culinary areas |
| Value Propositions | Halal certified culinary tourism area, safe, comfortable, and educational | Reliance on big events to attract visitors | Potential for national halal tourism development and Solo city branding program | Market saturation and price competition from foreign culinary players |
| Channels | Active community network, regional social media, event-based promotions | Digital literacy of senior business actors is still low | Integration into halal e-commerce and community-based digital promotion | Visitors drop if the event stops or trends shift |
| Customer Relationship | Personal approach, loyal community, sharia-based incubation program | Still manual-based and not yet systematic digital CRM | Implementation of digital CRM based on the community and Sharia platform | The variety of services and visitor experiences is not yet uniform |
| Key Activities | Structured halal business incubation, regular training, collective certification | Limited mastery of digital marketing and independent promotion | Holding digital halal culinary events, halal e-commerce training | Dependence on external CSR or government funding |
| Key Partnerships | Strong synergy with the local government, Bank Indonesia, KNEKS, BPJPH, community | Community financial independence is still weak. | Opportunities for collaboration with Sharia fintech, halal crowdfunding, and Sharia cooperatives | Potential reduction in CSR support and external program assistance |
| Cost Structure | Collective halal certification cost efficiency, cooperation financing scheme | Dependence on promotional costs and facilities from partners | Potential for developing productive zakat and community crowdfunding | Operational sustainability risk if external funding stops |
| Revenue Streams | Sources of income vary, including tenant rent, event fees, sponsorship, parking | Seasonal income fluctuations | Regional merchandise development, halal product e-commerce | The impact of macroeconomic or social conditions on visits |

However, the region faces several weaknesses. Dependence on seasonal events, low digital literacy, and less-than-optimal regeneration of young entrepreneurs are internal challenges. Limited

sources of independent funding and consistency of actors in maintaining halal standards are also issues that need to be anticipated to maintain the sustainability of the region (Gunawan & Maryono, 2022).

However, there are external threats that need to be anticipated, such as competition from non-halal culinary areas that are more aggressive in terms of promotion and the challenge of maintaining halal integrity amidst commercialization. In addition, the sustainability of this area is still greatly influenced by the support of government programs and external CSR, as well as fluctuations in socio-economic conditions, such as the impact of the pandemic (Rahmawati et al., 2022).

Thus, the regional development strategy needs to focus on strengthening the internal capacity of the community, regenerating young entrepreneurs, accelerating the digitalization of halal MSMEs, and diversifying funding sources based on the sharia ecosystem. This area can also be a model for replicating halal areas in other regions in Indonesia.

Area-Based Business Development Model

After seeing and analyzing, the study found that the development of the Halal Culinary Area requires a mature business model concept and a holistic and sustainable incubation method. In its implementation, there are various aspects that need to be considered and require cooperation from various parties. Based on this, the researcher then tried to formulate the existing findings into a development model for a halal area that can be a reference or example for other areas in developing an area. The area model is visualized as in Figure 3.

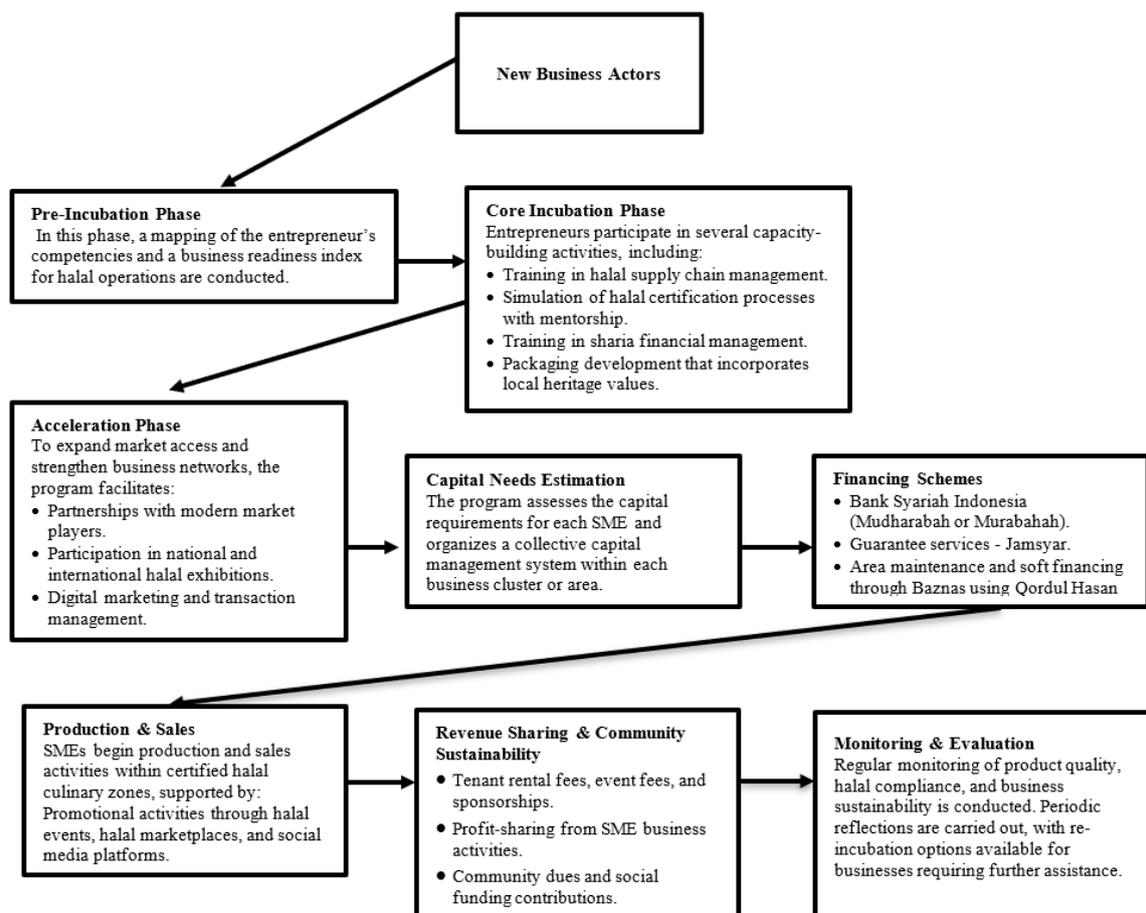


Figure 3. Halal area development model.

CONCLUSION

This study indicates that the Kauman Solo Halal Culinary Area contributes to the regional

economy, as evidenced by (1) higher MSME sales (omzet), (2) new job opportunities — including indications of greater participation by women, (3) progress in halal value-chain compliance (e.g., wider use of halal-certified inputs), and (4) greater adoption of Sharia-compliant digital payments. In addition, the three-stage MSME incubation (pre-incubation, core, acceleration) has improved business capacity, readiness for halal certification, and market access. The Islamic value-based business model implemented through the Halal Heritage Hub integrates economic, social, and cultural dimensions and supports an inclusive and sustainable halal ecosystem.

LIMITATIONS AND FUTURE RESEARCH

This study has several limitations. First, the scope of the study was limited to one area (Kauman, Surakarta), so caution is warranted when transferring the findings to other contexts. Second, some performance indicators (e.g., turnover, digital payment adoption, and certification progress) rely on informant statements and internal documents, potentially exposing them to reporting bias. Third, the relatively short time horizon for data collection limits the assessment of the dynamics of the business cycle and the sustainability of the incubation program.

Further research directions could include: (i) longitudinal studies to assess the resilience of the incubation model and its economic impact over time; (ii) comparisons between halal regions in other cities/regions; and (iii) quantitative complements—for example, estimating economic impact using an input-output approach or a counterfactual-based impact evaluation model—to strengthen the external validity of the qualitative findings.

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