

Acceleration of Financing and Implementation of Sharia Economy in Tourism Development of Kauman Solo Halal Culinary Area

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Abstract

The halal industry is a positive trend in food, fashion, and tourism. In Indonesia, one of the priorities of the halal industry is the Halal Culinary Area (KKH) Kauman Solo. The designation of this area is to form a halal value chain ecosystem with the characteristic of applying Sharia economic principles in the form of financing without elements of usury, maisir, gharar, haram and dzalim assisted by related stakeholders. This study aims to determine the role of stakeholders regarding strategies and handling obstacles, the characteristics of KKH Kauman Solo tourism and Sharia principles in financing. The research is descriptive qualitative with primary data sources from observations and interviews and added data analysis of the Creswell model. The results show that several stakeholders have an important role in the development of KKH Kauman Solo such as the Surakarta City Government, Bank Indonesia Surakarta, Sharia Economic Community, BPJPH, Kauman UMKM Association, BUMN and Private. There are 79 UMKM members of the Kauman Solo Association, a home-based UMKM that offers merchandise in front of the house for tourists visiting the KKH Kauman area. Another characteristic is that more than 80% already have halal certification from BPJPH. The constraints of lack of capital, administrative documents and qualified human resources are expected to be a common concern. Some of the Sharia principles used in capital and development are loan contracts from cooperatives owned by MSMEs.

Keywords: Halal Culinary, Financing Acceleration, Sharia Economy

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1. INTRODUCTION

The global halal industry is currently showing a positive trend. This can be seen from the total spending of global Muslim consumers in each sector of the halal industry, Muslim-friendly tourism, Muslim *fashion*, media/entertainment, cosmetics and pharmaceuticals. The record shows that the trend of halal food and halal fashion has the largest spending rate at an average of 74% but there is a decline in pandemic conditions due to the difficulty of movement at that time. The *State of Global Islamic Economy Report (SGIE)* 2020/2021 states that there will be 3.5% growth in 2024 in the halal food sector. This is also in line with the increase in the global Muslim population, which also increased to around

1.9 billion adherents in 2019 and will increase twice as fast in the future (Wijaya & Moro, 2022).

Indonesia needs to transform to become a developed country, including economic transformation. One of the economic transformations is the strengthening of the leading halal industry sector to ensure economic growth in Indonesia develops well. (LPPI Stability Magazine Team, 2019).

The halal trend is important for Muslim citizens because of the obligation to consume halal things both goods and services. The purpose of the halal label is to become a motor of economic growth, a field of creativity and productivity for young generations so that it can be used as a source of prosperity for the people. (Priantina & Mohd Sopian, 2023).

The halal industry has been an issue that has been circulating for a very long time but the nature of halal certification used to be *voluntary* and since Law number 33 of 2014 it is *mandatory*. From 2019 to 2034 is the implementation of the staging of halal certification obligations for business actors. The *mandatory* nature passed by this law makes all goods and services circulating in Indonesia must be halal certified. It started in 2021 with the obligation of the food and beverage industry until 2024 for small and micro businesses. (Hasan, 2014).

Data from the Central Statistics Agency (BPS) states that there are 7,415 large and medium-sized food and beverage companies and more than 1.69 million MSME producers in the food and beverage industry. Halal certification in 2020 illustrates that there are 252,987 products certified in 7,043 companies. (Setiawan, 2021).

The overview of the halal certification map states that by 2023 all food and beverages must be halal certified. Halal culinary in the field of food and beverages is one of the tourism developments as well. So that it will make it easier for Muslim tourists to find the food they need. Halal food and beverages become a business value especially if they are in tourist attractions (Riyaz, 2023).

Strategies in the development of the implementation of the Halal Industrial Zone in which there is an integrated Halal Culinary including in areas that are full of cultural values and a good business community (Izhar Ariff Mohd Kashim et al., 2023).. Kampung Kauman Solo is one of the Solo area tourist destinations that has cultural value and has a wealth of typical culinary tourism in Solo so this has the opportunity as one of the priority halal culinary tourism destinations. For better implementation, it is important to develop and strengthen partners in launching this desire. Some of the parties that must collaborate are business actors, local governments, empowerment institutions, Islamic financial institutions to the community in a *halal value chain* (HVC) ecosystem. Bank Indonesia has an important role through programs for halal food to get better such as *Integrated Farming with Technology and Information*, Export-Oriented Horticulture Business Network and Sharia Creative Industry, which includes the formation of Halal Culinary Village. (Komite Nasional Keuangan Syariah, 2018).

Cooperation between stakeholders will make the breadth of marketing of products owned by MSMEs

within the scope of Kampung Kauman Solo. The Islamic economy has a very high value with total expenditure reaching \$1.9 T and the most generated from the food and beverage industry, reaching 60%. (Amalia et al., 2024).. The food and beverage industry also contributes 36.4% of the total national GDP. Research by Fadllan & Maufiroh (2023) mentioned the potential of halal tourism to improve the local economy in Pamekasan through collaboration between the government and the community. The acceleration of financing and the application of Islamic economics in the halal culinary tourism area can further increase the economic benefits and sustainability of halal tourism in Pamekasan.

The Sharia Economic Community (MES) has a commitment to support government programs in the successful development of MSMEs by providing periodic technical assistance so that Kauman Solo MSMEs also become MSMEs that are ready to pilot the development of Halal Culinary Tourism-based MSMEs in Indonesia. In the process, MSMEs conduct financing through banks and grow consistently, including the target is MSMEs in the Kauman Solo Halal Culinary Tourism Area in 2021 MSME financing increased by 8.98% to 75.07 trillion. As a form of implementing Sharia economic values (LPPOMMUI, 2022).

While Darsono et al. 2022) explained that the implementation of halal tourism encourages economic growth by applying Sharia economic principles in financing and developing halal culinary tourism areas. This has the potential to increase economic growth and attract more visitors, in line with the overall goal of promoting halal tourism. The development of Halal Culinary Tourism areas can be accelerated through the application of Sharia-compliant financing mechanisms. Solehudin & Ahyani (2024) Integrating local wisdom and Islamic principles, Setanggor Halal Tourism Village offers products that meet the principles of Sharia Economics. The result is that the acceleration of financing in line with Sharia law can further enhance the development of Halal Culinary Tourism areas, ensure compliance with Islamic principles and encourage economic growth in the community.

The community must move quickly, especially those who are part of food and beverage MSMEs to realize the mandate of the Law and the development of halal culinary but must focus and understand the procedures including financing. The process of

financing MSMEs through Islamic banking in 2022 reached a lift of IDR 38 T and this grew to 18.55% of the total financing of IDR 191.29 T. This is also confirmed by the net NPF value of 0.74% and BSI cash coverage increased to 157.93%. (Maskuroh, 2023).

The halal industry is one of the derivatives of Islamic economic activity. There are several challenges facing Islamic banking in order to become its duty in financing the Islamic economy in Indonesia. (Team Majalah Stabilitas LPPI, 2019). The financing process is an important stage for the community in receiving facilities for providing funds from Islamic banks. A special feature in the financing process is the existence of a contract and the values of Islamic teachings in it and there is no content of *usury*, *maisir*, *gharar*, *haram* and *dzalim* elements (Rahmayati, 2019).

Research on halal tourism business compliance with Sharia principles was conducted by Solehudin & Ahyani (2024) highlighted the importance of complying with Sharia principles and ethical standards in all aspects of halal tourism business operations by referring to local regulations and fatwas to ensure Sharia compliance in halal tourism activities. Riyaz (2023) conducted research with the application of Islamic economic principles, such as financing in halal culinary tourism areas, which can support sustainable growth. Ibn Khaldun's dynamic cycle model emphasizes the importance of policies that are aligned with sharia values to encourage economic development.

Financing in Islamic banking began to recover after the pandemic and improved performance was also shown by total Islamic banking financing and total Islamic banking funds which experienced a positive trend at 957 billion US dollars and 1,188 billion US dollars. In addition, the health assessment of Islamic banks has also improved with the value of *return on equity (ROE)* and *return on assets (ROA)* experiencing a fairly rapid improvement. (Addury, 2023).

Financing based on sharia principles in practice consists of several things related to the economic point of view, where the financing includes productive financing consisting of liquidity financing, accounts receivable and capital inventory. In addition, there is consumptive financing such as *mudharabah* principles and *musyarakah* principles, sale and purchase financing based on *murabahah*, *istishna* and *salaam*

principles, lease financing with *ijarah* and *ijarah al vomia bit-tamlik* principles. (Child et al., 2022).

This research will describe the financing system and describe the understanding used in financing based on sharia principles, especially in the Kauman Solo Halal Culinary Tourism Area.

2. RESEARCH METHODS

This research belongs to the category of field research with the characteristic of going directly to the research location to obtain the necessary data. This research is descriptive and qualitative in nature to provide a description of knowledge systematically, accurately, and according to the reality of the problem. The stages that will be carried out by researchers are to make observations in the field related to the role of Islamic banking in accelerating the development of the Kauman Solo Halal Culinary Tourism Industry.

Data sources are primary data obtained from sources through interviews or direct observation in the field and secondary data obtained as additional and supporting data from related documents such as national/international journal publications, scientific papers, books and expert opinions related to the discussion in the study.

Moleong in Sari (2023) Data analysis is carried out to write down the results of the discussion and draw conclusions. by organizing data into categories, breaking it down into units, synthesizing, compiling into patterns, and choosing which ones are important. This includes data reduction, data presentation (*data display*), conclusion drawing and verification which must be done in a structured manner.

3. RESULTS AND DISCUSSION

The existence of laws that provide protection and guarantee halal products in Indonesia has long been awaited by Muslims. In Islamic sharia in Indonesia, the command to consume halal products is very firmly regulated in the Qur'an and the Prophet's Hadith, and is the main concern of the scholars. The concept of Islamic economics was introduced to the public in 1991 when Bank Muamalat Indonesia was established, which was then followed by other financial institutions. At that time each Islamic financial institution conducted socialization with its efforts, so it will be a heavy burden when knowing that the socialization of the Islamic economic system can only be successful if it is done in a structured and sustainable manner.

Realizing this, Islamic financial institutions came together by inviting all interested parties to form an organization, which with joint efforts would carry out a structured and continuous socialization program for the community. This organization was later named "Sharia Economic Society", with members from Islamic financial institutions, educational institutions, non-profit institutions, companies and even individuals.

Efforts to accelerate the implementation of halal culinary and the application of Islamic economics, it is necessary to do many things that are also followed by many parties in the success of the acceleration program for the application of Islamic economics in the development of halal culinary tourism.

3.1. Stakeholders Involved

a. Surakarta City Government

The Surakarta city government is an entity that has location licensing, financing, and regional infrastructure development, and also assists in the promotion and publication of government strategic programs. The presence of the Surakarta city government makes it easy to develop the halal industry later.

b. Bank Indonesia

It is a central bank that is independent in carrying out its duties and authorities, with a vision to become the leading digital central bank that contributes significantly to the national economy and is the best among *emerging markets* countries for advanced Indonesia. One of BI's missions is to develop Islamic economics and finance at the national level to the regional level, so this focuses on the economic field of assisting MSMEs in business development at the central and regional levels.

c. Sharia Economic Society (MES)

Sharia Economic Society is a non-profit organization that aims to develop and ground the sharia economic system as an economic system that is fair and based on Islamic sharia principles. The nature of MES is to be a forum that is recognized as a reference and followed for efforts to accelerate the development and application of the economic system and sharia business ethics in Indonesia. MES is currently an inclusive forum that gathers all available resources and builds synergies between stakeholders to build and develop Islamic economics.

In its vision, namely the Islamic economy and finance that contributes significantly to the national economic ecosystem, it has a program in 2021-2023, namely supporting Indonesia to become the centre of Islamic economy and finance in the world. Increasing sharia business also has a main indicator, namely the contribution to the increase in Sharia business.

The Islamic economic community must provide Islamic economic and financial education to the halal industrial area community. Sustainable programs and training also need to be carried out by the Islamic economic community.

d. BPJPH

The Halal Product Guarantee Organization (BPJPH) of the Ministry of Religious Affairs is an echelon I unit under the Ministry of Religious Affairs. One of BPJPH's authorities is to set norms, standards, procedures, and JPH criteria, accept and revoke halal certification and halal labels on products, conduct education and publication of halal products and cooperate with domestic and foreign institutions in the field of organizing JPH.

One of the domestic activities carried out is collaboration to strengthen the implementation of JPH with stakeholders ranging from ministries/institutions, local governments, community business associations, and so on. BPJPH continues to synergize with stakeholders to strengthen the role and implementation of JPH.

BPJPH helps the process of accelerating halal certification and strengthening the halal ecosystem in Indonesia which aims to realize Indonesia's goal as the world's number one producer of halal products...

e. Kauman UMKM Association

There are 50 businesses with interests in the culinary sector such as *coffee shops*, restaurants, catering, snacks, solo specialties, herbal medicine businesses; and so on. This association has existed for a long time so the family is close, harmonious, good and compact among fellow MSMEs. However, the administration is still not perfect, including some of the infrastructure owned by MSMEs so business management is not running optimally. Kauman MSMEs are located in the city centre adjacent to Jalan Slamet Riyadi and close to Solo city icons such as the grand mosque, Surakarta palace, North Square, and Surakarta

government buildings so that they have easy access.

f. State-owned and Private

The form of support from BUMN and the private sector for the development of the halal area is by helping the supporting infrastructure needs of the area. With the procurement of carts, table chairs, governance and shape of the area, as well as other supporting needs.

3.2. Government Policy on Halal Product Guarantee in Indonesia

The discussion of halal food and beverages has always been an important part of the literature, such as the books of Fiqh, Hadith, Tafsir, and Sufism. This shows some of the importance of halal and haram products to be regulated in binding positive law, especially for Muslim businesses and consumers in Indonesia.

This very important law has not been seriously considered by scholars and the government, at least until the reform era, when the government has been in place for several terms. Muslims in Indonesia for a long time lived in doubt with no guarantee of the products they consumed, even though the 1945 constitution guaranteed the freedom of every citizen to embrace their respective religions and to worship according to their religions and beliefs.

To ensure that every religious believer can worship and carry out their religious teachings properly, the state is obliged to provide protection and guarantees about the halalness of products consumed and used by the community. Because religious teachings (Islam) require that a believer consume halal food and drink.

Provisions regarding the halal label have been regulated in various laws and regulations before the birth of Law No. 33 of 2014 concerning JPH, it's just not adequate. Halal label provisions are scattered in various laws and regulations, such as in Law No. 23 of 1992 concerning Health, Law No.7 of 1996 concerning Food, Law No.6 of 1967 concerning Basic Provisions for Animal Husbandry and Animal Health, and Law No. 8 of 1999 concerning Consumer Protection.

Article 30 of Law No. 7/1996 on Food states that every person who produces or imports into the territory of Indonesia food packaged for trade is obliged to include a label on, in, and/or on food packaging. The label as intended must contain at least

information regarding product name, list of ingredients used, net weight or net contents, name and address of the party producing or entering food into Indonesian territory, *information about halal*, and expiration date, month, and year. (Komite Nasional Keuangan Syariah, 2018).

The provisions of the halal label are further regulated in the Decree of the Minister of Health of the Republic of Indonesia Number 82/Menkes/SK/I/1996, amended by Decree Number 924/Menkes/SK/VIII/1996 concerning the Inclusion of Halal Writing on Food Labels. Article 2 states that *halal writing can be included* on food labels. Furthermore, it is explained in Article 3 paragraph 2 a stated, that Food Products as referred to in paragraph (1) must meet the requirements of halal food based on Islamic law. But this ministerial regulation is not binding, business actors may include labels, but not necessarily. It's just that producers who have included halal labels on their product packaging must refer to the halal rules determined by Islamic Sharia.

The ministry responsible for JPH is the Ministry of Religious Affairs. To follow up on various regulations regarding halal labels that are scattered in various laws and regulations, in 2001 the Ministry of Religion issued Decree of the Minister of Religion No. 518 concerning Guidelines and Procedures for Examining and Determining Halal Food, Decree No. 519 concerning the Implementing Agency for Halal Food Examination, and Decree No. 525 concerning the Appointment of Perui as the Implementing Agency for Halal Label Printing. Based on the Decree of the Minister of Islam No. 519, the government explicitly appoints the Indonesian Ulema Council (MUI) as the implementing agency for examining food that is declared halal, which is packaged for trade in Indonesia.

But, long before being appointed by the government as a halal guarantor institution, on January 6, 1989, the Indonesian Ulema Council (MUI) formed the Indonesian Ulema Council Food, Drug and Cosmetics Assessment Institute. (Heryani, 2022). The establishment of LPPOM was motivated, among other things, by the emergence of the lard case in 1988. The issuance of the Minister of Religious Affairs Decree (KMA) 518 of 2001 and KMA 519 of 2001, further strengthens MUI as a halal certification institution and conducts examinations/audits, determines fatwas, and issues halal certificates.

In carrying out the halal certification task, LPPOM MUI has issued various regulations, both regarding the organization and human resources, as well as technical provisions regarding the registration process, stages of examination, certificate issuance, supervision, and so on. From 2005 until December 2011, LPPOM MUI has issued at least 5896 halal certifications, with the number of products reaching 97,794 items from 3561 companies. This figure will certainly be binding if added with halal certificates issued by LPPOM MUI regions which are now spread across 33 provinces in Indonesia.

The process of implementing halal certification, LPPOM MUI cannot stand alone, because the affairs of food and medicine products involve many parties. So LPPOM cooperates with cross-departments and agencies, such as the Food and Drug Supervisory Agency (Badan POM), Ministry of Religion, Ministry of Agriculture, Ministry of Cooperatives and SMEs, Ministry of Trade, Ministry of Industry, Ministry of Marine Affairs and Fisheries, Ministry of Tourism and Creative Economy and several universities in Indonesia. LPPOM MUI has also been followed by halal abroad, which now reaches 39 institutions from 23 countries. (Heryani, 2022).

Although the provisions on halal product certification in Indonesia have been widely published, especially those implemented by LPPOM MUI, with various advantages and disadvantages, this is felt to be inadequate when compared to the number of products circulating in Indonesia and the development of the global economy. The existing laws and regulations are also considered not to provide legal certainty and legal guarantees to Muslims to recognize halal food and other products. So therefore it is considered very necessary to have strong and binding legislation.

In addition, certainty about halal certification is also awaited by the international business world. The international trading system requires certainty regarding halal certification so that they can adjust their products to be marketed in Indonesia. Thus, this JPH not only aims to provide peace for Muslim consumers but also has a positive economic impact on business actors, so that their products are in demand. Producing countries will export their products to Muslim-populated countries including Indonesia. So in international trade "halal label/mark" on their products has become one of the important instruments to gain market access to strengthen the

competitiveness of their domestic products in the international market.

From this background of thought, the Minister of Religious Affairs, who at that time was held by M. Maftuh Basyuni, persistently sought support, especially from the Ulama and Kyai. Among the ulama who took part and gave full support was KH. MA. Sahal Mahfudh, the caretaker of Maslakul Huda Pati Islamic Boarding School, is also a NU figure. Thanks to tireless political efforts, although through a long process, almost 8 years from the submission of the bill until its enactment, Muslims finally have the JPH Law. This law is referred to by many as a sweet gift and memento from President SBY because it was passed only a few days before the government changed to President Jokowi. The JPH Bill was passed into law at a plenary meeting of the House of Representatives today Thursday, September 25, 2014, at the Nusantara Building, Jakarta (25/9). The plenary meeting was chaired by Prio Budi Santoso, and acclamation approved the JPH Bill into law. (Komite Nasional Keuangan Syariah, 2018).

3.3. The Role of the Islamic Economic Society

The Islamic Economics Society abbreviated as MES, or as it is called in English The Society for Islamic Sharia Economy or in Arabic Al Ijtima' lil-Iqtishadi Al-Islamiy, was established on Monday, 1 Muharram 1422 H, coinciding with March 26, 2001 AD. MES founders are individuals, financial institutions, educational institutions, study institutions and business entities interested in developing Islamic economics. MES is based on Islamic Sharia, and is subject to the laws and regulations in force in the Republic of Indonesia so that it is open to every Indonesian citizen and legal entity regardless of religious beliefs. (Komite Nasional Keuangan Syariah, 2018).

Initially, the MES was established only in Jakarta with no plans to expand to the regions. It turns out that the activities carried out by MES provide interest for colleagues in the region to carry out similar activities. At that time it was agreed to allow colleagues in the region to use the name MES by adding the name of the region behind it. It was also agreed that between the management there is no coordination line let alone command.

Predictably, the development of Islamic economics in the region is increasingly widespread, and many regional MES-MES are established. Call it

MES West Java, MES South Sulawesi, MES Southeast Sulawesi, MES East Java, MES Malang Raya, MES Semarang, MES Surakarta, MES Pekalongan, MES Kudus etc. Socialization and public education activities about Islamic economics are increasingly having a positive impact on society and the Islamic financial industry of course.

The name of the MES and its increasingly active role led to more and more requests for permission to establish MES in other regions coming to Jakarta. So MES Regional colleagues urged that these MESs be united in one joint organization. Because the pressure was getting stronger, then in May 2006, precisely during the organization of Indonesia Sharia Expo I, MES held an Extraordinary National Conference of the Sharia Economic Community. It was agreed that all MES regions are willing to gather in one joint organization that is national. Agreed that the MES in Jakarta as the Central Board and assigned to compile the first bylaws of MES.

2008 was the first year for the Sharia Economic Society to hold a National Conference. It will finalize the organization's movements and steps in moving the community's economy towards sharia economy and making solutions to the country's economic problems.

Hopefully, in the future, the role of MES in socializing Islamic economics can be further enhanced. MES activists are those who are creative and have excellent programs. MES is a partner of the government (legislative and executive) and also Bank Indonesia in developing the Islamic economy. Together with the Indonesian Ulama Council to encourage the government to launch a national sharia economic movement. For this reason, the MES culture value needs to be further explored.

MES must also remain independent, not affiliated with any political party, but must continue to cooperate to be accepted by all parties. Alhamdulillah, with all its activities, MES has gained recognition in all circles of society, both from the ulama, practitioners, academics, government and legislature.

3.4. Distinctive Characteristics of Kauman Solo Halal Culinary Area

Kauman Village in Surakarta is an iconic village, one of the oldest and most historic in the Surakarta City Region. The Surakarta government, through the City Planning Office, recognizes this by establishing Kauman Village as one of the Cultural Heritage Areas (KCB) by Law Number 11/2010.

The Kauman Solo Halal Culinary Area has been around for a long time because the profession of residents of the Kauman area is trading, ranging from trading food, books, and clothes, to batik. Initially, the Kauman area was known as batik tourism which was close to the centre of Solo. The COVID-19 pandemic changed all community activities including the Kauman Solo area community which started opening shops but the government's recommendation to stay at home finally closed the shops and there was no stretch of trade at that time. Until the middle of 2020, residents changed their businesses by going online and marketing their businesses around the Kauman area. Kauman people who initially sold in shops finally switched professions to food and beverages.

The two reasons above make Kauman Village until now crowded with tourists, from local to outside the region. The arrival of these tourists directly or indirectly adds new sectors to the economy of the Kauman Village community. The economic potential that originally came from religious tourism and batik production has now expanded to the culinary tourism sector.

Kauman means the faithful and is synonymous with the village behind the grand mosque in an area. So with the spirit of the name Kauman and based on many MSMEs that began to emerge, a UMKM association was created in the Halal Culinary Area in Kauman Solo. Initially followed by 79 members and currently around 90 MSMEs. The uniqueness of the Kauman Solo Culinary Area is that the food and beverage MSMEs served are from home industries that do not have shophouses, carts or special areas to sell their wares. Another uniqueness is that the association of UMKM KKH Kauman Solo is a native resident who has an ID card and lives in Kauman Solo and also has an Islamic ID card or has products that are guaranteed halal.

The Kauman Solo Batik area was already established before the Kauman Solo Halal Culinary Area (KKH). So the KKH Kauman Solo Association temporarily joined the Batik area located in Kauman as well. Some of the considerations made are because KKH Kauman Solo is a home-based MSME and does not have a place to open a stall or have a large area to have a special area and this is a prominent characteristic. It is hoped that tourists who come to the Kauman Batik Village area shop there as well as be able to see various food and beverage products in the area and serve as souvenirs to their respective regions.

Tourists present in Kauman Batik Village or KKH Kauman Solo are travellers who visit the Surakarta palace, Alun-alun Kidul, Alun-alun Lor, and stop by the Surakarta Great Mosque, Pasar Klewer or other areas. The location of KKH is located in the city centre bordering Jalan Slamet Riyadi and close to the iconic city of Solo to the Surakarta government building so that it has easy access.

Paguyuban KKH Kauman Solo also organizes a festival called Pasar Keleman (Kulner Enak Halal Kauman) in Kampung Batik Kauman Solo which is held every Saturday along Jl. Wijaya Kusuma, Kauman, Pasar Kliwon Solo from 06.00-10.00 WIB. This market sells market snacks, food and drinks to revive the economy of the residents as well as to promote and attract the interest of the tourism village community to be better known. This market carries the concept of selling together from the terrace of the house.

1.1. Sharia Principles in Acceleration

79 initial MSMEs are members of the Kauman Solo KKH Association, which are home-based MSMEs that still have a mindset to sell only not as entrepreneurs. When met, the Chairman of the Association said that there are still many members who are chaotic in business management and management due to the lack of mindset as an entrepreneur.

Paguyuban KKH Kauman Solo has a distinctive feature that is different from other culinary paguyuban in the Solo area because it is located in Kauman as well as the inherent Halal in their paguyuban, so they also apply sharia principles. The sharia principles used both in the capital obtained are also sharia principles as well as the form of only halal products that are circulated.

The types of products sold are not only typical Solo food, but also snacks, drinks and speciality products that can be used as souvenirs to the area of origin. In terms of marketing, the products of the UMKM Association of Kauman KKH Solo are national and are accustomed to sending their products outside the city and have a large share. But in the process, there are major obstacles, namely related to capital. UMKM Pahuyuban KKH Kauman Solo emerged and was initiated by BI, by providing training related to UMKM. This was followed by BSI's collaboration with Syarikat Dagang Kauman

Cooperative, which provides a capital system for MSMEs.

Some types of contracts in the capital are borrowing money from cooperatives, which will have an admin fee. The rest also have other contracts if they borrow a certain amount with an agreement that the nominal amount of the loan will be paid after a few days. This type of contract is the safest type and MSMEs have estimated when they will be able to pay after the product returns.

Islamic banking involved in the capitalization process of the Kauman Solo KKH Association MSMEs is Bank Syariah Indonesia (BSI). Furthermore, BSI provides capital through one-door cooperatives owned by MSMEs. In addition, BI and BSI also prepare mature human resources for MSMEs by providing training. The types of training in finance and capital are related to governance and financial management, fostering *entrepreneurship*, including marketing training or providing innovations related to sharia fintech.

The existence of Islamic fintech in Indonesia has a role in supporting the increase in the inclusion of national Islamic financial products for the community, especially MSME business actors. The innovation of the financing model aims to provide alternatives for MSME business actors so that they can choose products that are by their core business and cash flow. (Sari, 2023).

3.5. Constraints and Strategies for Kauman Solo Halal Culinary Area

The development every year is with the arrival of tourists in the Surakarta area with the addition of some tourism areas as well. The priority of the Surakarta tourism area is cultural tourism in Surakarta Kasunanan Palace and Mangkunegaran Temple, Batik village in Kauman and Laweyan. In addition, there is religious tourism such as the Tomb of Habib Anis in Pasar Kliwon area, Surakarta Great Mosque and Sheikh Zayyed Mosque. There are also children and family tours such as Solo Safari and in the Balekambang Park area as well as culinary areas with typical Solo food at certain points in Solo.

This is what makes it important for MSMEs to be developed so that they can easily have an impact on the Solo area itself. MSMEs must be able to provide special characteristics that can be seen by the wider community such as products that must be certified, and halal labelling. Halal labelling of food products

can be determined from several aspects such as the ingredients used, processing, hygiene and so on. (Priyo Nugroho et al., 2022). Furthermore, in its development, the Solo culinary area is also faced with cooperation with stakeholders who support the development of the Solo halal culinary area, for example with BI, BSI, Solo City Government, Sharia Economic Society, Center for Halal Studies (PSH) UIN Raden Mas Said Surakarta.

Cooperation with PSH with the Kauman Solo KKH Association is related to the halalness of the products sold. The existing data shows that more than 80% of the members of the association have obtained halal certification from the BPJPH of the Ministry of Religion of the Republic of Indonesia since the training was conducted in May 2022 until now. In addition to the halal certificate obtained, members of the KKH Kauman Solo Paguyuban have also become halal assistants for halal products which can also help accelerate the process of halal products in Solo and its surroundings.

In its implementation, there are several obstacles faced in the form of:

- a. The Kauman Solo Halal Culinary Area is densely populated, making it difficult to access tourist arrivals.
- b. The concept of home (products on the terrace of the house) is not yet familiar in the general area, making it difficult to accept the share of the market.
- c. Completeness letters that are not fulfilled by MSMEs, which hampers several licensing processes, for example, NIB or to obtain halal certificates.
- d. *The mindset of* business actors who are still difficult to combine with the concept of entrepreneurship
- e. Lack of capital so product development tends to be static
- f. There is a lack of human resources when it comes to exhibitions or street food festivals so there is a lack of product promotion at Solo city *events*.

1. CONCLUSIONS

Halal Tourism Kauman Solo is the government's main area to make a halal area with other areas. Solo became the chosen place because of the uniqueness of its area which has a diverse cultural tourism area, religious tourism, and family tourism. Kauman Solo Halal Area was initiated in 2019 by the government

assisted by several stakeholders such as BI, BSI, Solo City Government, Sharia Economic Society, Center for Halal Studies (PSH) UIN Raden Mas Said Surakarta. Stakeholders also solve problems found in the field related to the development of MSMEs. Sharia principles are applied in terms of developing Kampung Halal Kauman Solo such as a capital financing system.

The development process of MSMEs incorporated in the Kauman Solo Halal Area is getting bigger and has encountered several obstacles, one of which is in financing. In practice, MSME financing is carried out by BSI which is channelled through the Kauman Solo Halal Area Association cooperative with sharia principles in it. In addition, the process of socializing the use of Islamic financing is intensively carried out by BSI and attended by MSMEs. The uniqueness of the Kauman Solo Halal Area is the type of home industry that has the concept of selling together from the terrace of the house. The number of 90 MSMEs that have Halal certification and there are human resources who are trained to become assistants in the Halal Product Process and Halal Supervisors, making it easier to invite other MSMEs to certify.

Stakeholders involved can improve collaboration through several things, such as training and development, assessing the needs of MSMEs, SWOT analysis, partnerships and collaboration, mentoring and guidance, and access to promotion. Continuous monitoring and evaluation of activities is also required, which is important in the management of any project, program, or activity. Continuous monitoring and evaluation of activities, this is important in the management of any project, program or activity. It helps ensure that the activity is proceeding according to plan, achieving the set goals, and allowing for necessary improvements if problems or discrepancies are found. Also instil a love and sense of belonging as an important role in various aspects of life, both at the personal, social, and organizational levels, so that what is expected in the development goals of this Halal Kauman culinary can be according to the planned goals.

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