



SYARIAH BASED MSME EMPOWERMENT THROUGH A REGIONAL HALAL ECOSYSTEM IN BARRU REGENCY

Ismail Hannanong¹, Mukhtar Lutfi², Hamzah Khaeriyah³, Irwan Misbach⁴

^{1,2,3,4}Alauddin State Islamic University of Makassar, Indonesia

Correspondence Email: ismail.hannanong@uin-alauddin.ac.id

ABSTRACT

The rapid expansion of the global halal industry presents significant opportunities for regional economic development, particularly in Indonesia where MSMEs constitute the backbone of local economies. However, many MSMEs still face structural limitations in adopting halal standards, accessing syariah-based financing, and integrating into formal value chains. This study aims to examine the existing conditions and key internal-external factors affecting syariah-based MSMEs in Barru Regency, and to formulate a regional halal ecosystem model grounded in local potential to support sustainable MSME empowerment. Using a qualitative exploratory design grounded in constructivist and grounded theory approaches, data were collected through in-depth interviews, field observations, and document analysis involving MSME actors, government agencies, and halal-related institutions. The findings reveal multidimensional challenges including low business literacy, limited digital adoption, fragmented institutional support, weak financial inclusion, and minimal halal certification awareness yet also highlight strong community cohesion, abundant local resources, and alignment with Islamic economic values. The proposed model integrates human capital development, improved access to Islamic microfinance, strengthened institutional coordination, digital market integration, and enhanced halal literacy. This study contributes a context-sensitive framework that supports MSME transformation toward greater competitiveness, sustainability, and syariah compliance, offering a strategic pathway for advancing the regional halal economy.

Keywords: Halal ecosystem; MSMEs empowerment; syariah economics

1. INTRODUCTION

The increasing global demand for halal products and services has transformed the halal economy into a significant driver of economic growth in Muslim-majority countries and beyond. In Indonesia, where the majority of the population is Muslim, the halal industry offers a vast opportunity for micro, small, and medium enterprises (MSMEs) to contribute meaningfully to both local and national economic development (Gunarto & Yanti, 2024). MSMEs serve as a backbone of the Indonesian economy, absorbing a large portion of labor and providing livelihood for

communities; hence their mobilization in halal-sector initiatives could strengthen economic inclusion and social welfare. However, to fully leverage this potential, MSMEs require more than just producing halal-labelled goods: they need a supportive, integrated ecosystem that aligns with syariah economic principles and local socio-economic contexts.

A robust “halal ecosystem” encompasses not only halal certification and compliance but also syariah-compliant financing, supply-chain integrity, capacity building, institutional support, and market linkages. Research shows that the establishment of such ecosystems significantly enhances the sustainability, competitiveness, and growth prospects of halal MSMEs. For instance, holistic efforts involving supply-chain integration and environmental (green) strategies have been found to promote the development of MSMEs operating under halal standards (Efendi et al., 2024). Meanwhile, syariah-based financing and financial literacy play critical roles in empowering MSMEs by offering just and transparent funding mechanisms, mitigating dependence on conventional interest-based financing, and facilitating inclusive economic development (Hartanto et al., 2023).

Nonetheless, empirical evidence also suggests that many MSMEs still struggle to realize these opportunities. Common challenges include limited access to syariah-compliant financing, low awareness of halal certification processes, weak institutional support, and insufficient capacity to meet halal standards, especially among smaller-scale enterprises (Puspitaningrum et al., 2021b). These gaps underline the need for a strategic, regionally tailored approach that does not simply impose a generic model of halal economy, but rather takes into account the local potential, socio-economic characteristics, and cultural context of the region in question.

In that sense, the region of Barru Regency presents a promising context for such a tailored model. By leveraging its unique local resources, community structures, and potential sectors, a region-specific halal empowerment framework grounded in syariah economics can be developed to support MSMEs more effectively (Rivana et al., 2024). This research aims to formulate a regional halal ecosystem model for MSMEs in Barru Regency that integrates syariah-based business ethics, financing mechanisms, halal supply-chain infrastructure, capacity building, and utilization of local potentials. Through such model, it is expected that MSMEs in Barru can enhance their competitiveness, sustainability, and alignment with halal standards thereby contributing both to local economic development and to the broader growth of the halal economy in Indonesia.

By situating this study within both the theoretical discourse on syariah-based economic empowerment and empirical realities of MSMEs in Indonesia, this paper seeks to bridge the gap between generalized halal-economy prescriptions and context-sensitive, actionable strategies for MSME empowerment. Accordingly, this study is designed not only to propose a conceptual halal ecosystem model, but also to systematically analyze the existing conditions, challenges, and enabling factors of syariah-based MSMEs in Barru Regency as an empirical foundation for model development.

2. METHODS

This study employed a qualitative research design with a constructivist paradigm to develop a regional halal ecosystem model for syariah-based MSME empowerment in Barru Regency. The model development process followed an exploratory approach that integrates grounded theory principles and regional contextual analysis to ensure that the resulting framework aligns with the socio-economic dynamics, local potentials, and needs of MSMEs. Data were collected through in-depth semi-structured interviews with MSME actors, local government officials, Islamic economic practitioners, and halal certification stakeholders, complemented by direct field observations and

document analysis. Purposive sampling was used to select informants with substantial involvement in syariah-based MSMEs, halal industry operations, and regional economic development to ensure rich, relevant, and diverse insights. This approach is consistent with previous qualitative inquiries in halal ecosystem and MSME studies emphasizing the importance of contextual and stakeholder-driven perspectives (Efendi et al., 2024).

To ensure methodological rigor, data analysis followed the coding procedures of grounded theory introduced by Strauss and Corbin, involving open coding, axial coding, and selective coding to identify themes, relationships, and core categories that structure the proposed empowerment model. Patterns emerging from interviews and field observations were triangulated with secondary data, including regional documents, halal certification guidelines, MSME development reports, and peer-reviewed halal industry studies (Rivana et al., 2024). Triangulation was performed to enhance credibility, reduce interpretive bias, and increase the validity of the emergent model. Peer debriefing and member checking were conducted by returning preliminary findings to selected participants for verification, ensuring that the model accurately reflects local realities and stakeholder experiences. The use of these validation strategies aligns with best practices in qualitative model development and participatory policy research (Hartanto et al., 2023).

The final stage of analysis involved integrating empirical patterns with principles of syariah economics such as justice, transparency, value creation, and halal-thayyib compliance to construct a conceptual model for MSME empowerment within a regional halal ecosystem. Analytical alignment with syariah principles ensured that the proposed model is not only empirically grounded but also normatively consistent with Islamic economic values. This integrative analytic procedure is widely employed in recent studies on halal MSMEs, halal value chains, and Islamic financial empowerment frameworks (Gunarto & Yanti, 2024). The resulting model is thus theoretically informed, empirically validated, and contextually tailored to the unique potentials of Barru Regency.

3. RESULTS AND DISCUSSION

To explicitly address the research objective, the findings of this study are structured to directly respond to each analytical stage embedded in the objective, namely: (1) understanding the existing conditions of syariah-based MSMEs in Barru Regency, (2) identifying the key internal and external factors influencing MSME performance and halal ecosystem readiness, and (3) formulating a regional halal ecosystem model grounded in local potential. The empirical findings are therefore not presented as descriptive observations alone, but as interconnected analytical components that collectively support the formulation of the proposed empowerment model. First, the findings on the existing conditions of MSMEs including informality, limited business literacy, low digital adoption, and minimal halal certification uptake directly answer the objective of examining the baseline realities faced by MSMEs. These conditions establish the empirical justification for why a regional halal ecosystem is required, rather than a generic MSME development approach. Second, the identification of internal factors (human capital limitations, production inefficiencies, and managerial capacity) and external factors (access to Islamic finance, institutional fragmentation, policy implementation gaps, market access, and certification barriers) responds explicitly to the objective of determining the determinants shaping MSME empowerment. These findings demonstrate that MSME challenges are multidimensional and systemic, thereby necessitating an ecosystem-based intervention rather than isolated policy instruments. Third, the synthesis of these findings provides the analytical foundation for the

formulation of the regional halal ecosystem model. Each component of the proposed model human capital development, Islamic microfinance integration, institutional coordination, digital market linkage, and halal literacy enhancement is directly derived from the empirical issues identified in the findings. Thus, the model is not normative or prescriptive in isolation, but empirically grounded in the observed needs and potentials of MSMEs in Barru Regency. Overall, the elaborated findings clearly demonstrate how empirical evidence is systematically used to achieve the research objective. By linking observed MSME conditions and influencing factors to specific elements of the proposed halal ecosystem model, this study ensures coherence between objectives, findings, and discussion, and strengthens the study's contribution to syariah-based MSME empowerment literature.

A. RESULTS

The findings of this study illuminate a multidimensional portrait of the conditions, challenges, and transformative opportunities surrounding the development of a syariah-based regional halal ecosystem for MSME empowerment in Barru Regency. Drawing extensively on empirical field data derived from interviews, direct observation, and documentary analysis, the research captures both structural and operational realities experienced by MSMEs at the grassroots level. These data reveal that MSMEs are embedded not only within economic systems but also within socio-religious and cultural frameworks that shape business behavior, resource utilization, and institutional engagement. Consequently, the halal ecosystem is not perceived merely as a regulatory requirement but as a socio-economic instrument capable of reinforcing ethical business conduct, strengthening consumer trust, and promoting inclusive growth grounded in Islamic values.

Further analysis indicates that MSME development in Barru Regency is characterized by heterogeneous capacities, reflecting disparities in access to capital, business literacy, technological adoption, and institutional support. While certain MSMEs demonstrate strong entrepreneurial initiative and product innovation, many remain constrained by informal operational structures, limited financial inclusion, and weak integration into halal value chains. The absence of standardized business administration, insufficient awareness of halal assurance procedures, and minimal engagement with syariah-based financial institutions collectively reduce the scalability and competitiveness of local enterprises. Nevertheless, the study identifies strong latent potential derived from local natural resources, communal social capital, and the cultural embeddedness of Islamic economic norms, all of which constitute strategic assets for ecosystem development when supported by coherent institutional frameworks.

To ensure analytical rigor, these empirical findings are systematically triangulated with contemporary scholarly literature on halal ecosystem theory, Islamic microfinance, MSME empowerment, and regional development strategies. This triangulation strengthens the interpretive validity of the results while situating local realities within a broader theoretical discourse. The synthesis confirms that sustainable MSME empowerment requires an integrated ecosystem that aligns regulatory mechanisms, financial infrastructure, capacity building, and market access with syariah principles. Accordingly, the study posits that the establishment of a regionally tailored halal ecosystem in Barru Regency is not only feasible but also essential for transforming MSMEs into resilient drivers of Islamic economic growth and long-term socio-economic sustainability.

a. Overview of Regional Socioeconomic Context

Barru Regency is characterized by strong geographical and economic fundamentals that provide a strategic basis for the development of micro, small, and medium enterprises (MSMEs). The region's varied topography, comprising coastal zones, lowland areas, and mountainous regions, enables the growth of diverse economic sectors such as agriculture, fisheries, livestock, plantations, and small-scale manufacturing. This environmental diversity allows MSMEs to participate in multiple value chains, particularly in areas related to food production, fisheries-based processing, agricultural commodities, and local creative industries. As a result, the regional economy exhibits a broad productive base with significant potential for value addition and sectoral integration within a halal-oriented economic framework.

In parallel, the socio-economic structure of the region supports MSME activity across trade, household industries, food production, and service sectors. This structure is reinforced by social conditions marked by strong community networks, religious adherence, and persistent traditions of craftsmanship, which collectively create an enabling context for the application of syariah economic values in entrepreneurial practices. Furthermore, the presence of major transportation corridors enhances connectivity between production centers and markets, contributing to improved distribution efficiency and commercial reach. These combined spatial, social, and infrastructural conditions position Barru Regency as a promising locus for the development of a regionally grounded halal ecosystem that supports MSME competitiveness and sustainability.

b. Current Condition of MSMEs in Barru Regency

A large proportion of MSMEs in Barru Regency operates at a micro-enterprise level, characterized by limited capital accumulation, low adoption of production technology, and predominantly informal business structures. Most enterprises function with minimal organizational systems and lack standardized administrative practices such as financial record keeping, production documentation, and formal business planning. As a result, business activities tend to be oriented toward short-term operational continuity rather than long-term development strategies, innovation, or market expansion. This condition constrains enterprise growth and reduces the capacity of MSMEs to evolve into more resilient and competitive economic units.

In addition to internal operational constraints, MSMEs in the region also encounter structural challenges related to legal formalization, managerial capability, production efficiency, and financial inclusion. A significant number of enterprises operate without legal business status or formal product certification, which restricts their ability to access institutional support, formal financing, and higher-value markets. The absence of standardized certification mechanisms such as halal compliance and product safety licensing further limits market penetration and reduces consumer trust beyond local boundaries. These institutional and regulatory limitations reinforce the cycle of informality and weak business scalability, which remains a persistent characteristic of micro-enterprises in many developing regional economies.

A comparison between actual conditions and normative models of MSME empowerment reveals substantial structural gaps. The ideal framework emphasizes legal clarity, systematic business governance, technological integration, innovation capability, and participation in the halal value chain as foundations for sustainability and competitiveness. However, prevailing conditions reflect underdeveloped administrative systems, limited technological utilization, narrow marketing reach, and insufficient awareness of halal assurance standards. This disparity indicates the urgency of targeted intervention strategies that prioritize institutional strengthening, capacity building, and ecosystem integration to transform MSMEs from subsistence-oriented entities into growth-oriented enterprises within a syariah-based economic framework.

c. Internal Factors Affecting MSME Performance

The internal dimensions of MSME operations in Barru Regency demonstrate structural limitations in human capital quality, business literacy, entrepreneurial competency, and innovation capacity. Although enterprise owners generally display strong motivation and resilience, these attributes are not consistently supported by adequate managerial knowledge, syariah-compliant financial planning skills, or market-driven production strategies. The absence of structured expertise in these areas constrains the ability of MSMEs to implement professional management practices and reduces their preparedness to operate within formal economic and halal-based business ecosystems.

Human resource constraints are further reflected in limited production consistency, low product differentiation, and underdeveloped branding strategies. Reliance on manual processing methods and simple production tools contributes to inefficient output levels and inconsistent product quality, ultimately weakening competitive position and market credibility. These operational inefficiencies also hinder the capacity of MSMEs to meet standardization requirements typically associated with halal supply chains, where traceability, quality assurance, and process integrity are essential for certification and market entry.

Nevertheless, MSMEs in the region exhibit significant endogenous strengths that can be leveraged for empowerment and transformation. These include strong community cohesion, deep-rooted adherence to Islamic values, utilization of locally sourced raw materials, and high adaptability to environmental and market changes. Collectively, these social and cultural assets represent strategic capital for developing a syariah-based empowerment framework. When complemented by structured capacity-building programs, certification facilitation, and appropriate technological intervention, these internal strengths can serve as a foundation for improving productivity, strengthening halal compliance, and enhancing long-term enterprise sustainability.

d. External Factors Shaping MSME Growth

External conditions play a decisive role in shaping the direction and effectiveness of MSME empowerment in Barru Regency. Factors such as infrastructure adequacy, institutional arrangements, regulatory environments, market accessibility, and financial ecosystems collectively determine the operational space within which enterprises evolve. The availability of transportation networks, logistics systems, and communication infrastructure directly affects production efficiency and distribution capacity, while the quality of institutional support influences access to training, certification services, and business development programs. In parallel, regulatory frameworks determine the ease of formalization, certification, and compliance with halal standards, which are essential for market integration. The alignment between policies, financial institutions, and market actors therefore constitutes a critical determinant of MSME growth, highlighting the necessity of an enabling external environment that supports enterprise innovation, resilience, and sustainable development within a syariah-based economic framework.

1) Access to Financing

Access to capital and formal financial services remains one of the most persistent external constraints affecting MSME development. Limited engagement with syariah-based financial institutions is commonly associated with complex administrative procedures, collateral requirements, inadequate financial literacy, and low familiarity with Islamic financial products. These barriers reduce MSMEs' ability to secure external financing and constrain business expansion, technological upgrading, and market penetration. As a result, many enterprises

continue to operate with insufficient working capital and remain vulnerable to cash flow instability, which undermines long-term sustainability.

This pattern is consistent with broader empirical evidence indicating that micro-enterprises tend to rely on informal financing mechanisms due to perceived simplicity, familiarity, and flexibility (Gunarto & Yanti, 2024). However, dependence on informal financing often limits access to larger capital pools and reduces managerial discipline in financial planning and accountability. In the context of Islamic microfinance, existing studies further demonstrate that the potential of syariah-compliant financing remains underutilized, primarily due to literacy gaps and insufficient institutional outreach (Hartanto et al., 2023). These findings highlight the urgency of strengthening financial education, simplifying financing procedures, and expanding the institutional presence of Islamic financial intermediaries. Enhancing financial inclusion through syariah-based mechanisms is therefore essential for enabling MSMEs to transition from subsistence-oriented activities toward growth-oriented enterprise models.

2) Institutional Support and Policy Implementation

Institutional support from local authorities remains present but is characterized by fragmentation and limited policy coherence. Although various initiatives addressing entrepreneurship, product development, and marketing have been introduced, these efforts tend to operate in isolation and lack continuity within a comprehensive empowerment framework (Fathorrazi & others, 2025). As a result, capacity-building programs often function as short-term interventions rather than as components of a sustained developmental strategy, thereby limiting their long-term effectiveness in strengthening MSME competence and resilience.

The absence of systematic planning and institutional synchronization constrains the transformative impact of public policy on MSME development. Effective empowerment requires long-term program design, consistent monitoring mechanisms, and inter-agency coordination to ensure alignment between training activities, financial support, and regulatory facilitation. Without such integration, institutional interventions risk becoming symbolic rather than structural. Consequently, the implementation of a coherent policy architecture that links government programs with financial institutions, educational bodies, and halal authorities is essential for building a sustainable halal ecosystem that supports MSME growth and regional economic development.

3) Market Access and Digitalization

Limited market access remains a significant barrier to MSME development, particularly due to the low level of digital adoption in business operations and marketing strategies. Many enterprises continue to depend on conventional distribution channels, which restrict market reach and reduce exposure to wider consumer segments. Insufficient digital literacy, limited understanding of online branding and marketing techniques, and the absence of standardized product packaging further constrain the ability of MSMEs to compete in increasingly dynamic and technology-driven markets.

The growing dominance of digital commerce underscores the strategic importance of technological integration for enterprise sustainability. Studies have shown that MSMEs with limited digital engagement tend to experience slower growth and diminished competitiveness compared to technologically adaptive enterprises (Saifurrahman & Kassim, 2023). Digital transformation enables MSMEs to expand market reach, improve customer interaction, and optimize operational efficiency through data-driven decision-making. Therefore, targeted interventions in digital capacity building, access to e-commerce platforms, and product

standardization are essential to position MSMEs for effective participation in domestic and international markets within a halal-oriented economic framework.

4) Halal Certification and Compliance

Halal certification remains substantially underutilized among MSMEs, especially within the food and beverage sector, despite its strategic significance for market legitimacy and regulatory compliance. Many enterprises operate under the assumption that the use of permissible ingredients alone is sufficient to classify products as halal, overlooking the importance of formal assurance systems that evaluate processing methods, supply chain integrity, and quality control procedures. This absence of certification limits MSMEs' ability to penetrate formal halal markets and restricts their integration into the national halal industry framework.

Existing literature consistently identifies low awareness, perceived procedural complexity, and assumptions about high certification costs as primary factors inhibiting certification uptake (Puspitaningrum et al., 2021a). In addition, limited institutional facilitation further exacerbates bureaucratic barriers and discourages MSMEs from pursuing compliance. Strengthening halal governance through education, technical support, and policy incentives is therefore essential to improve certification participation. An inclusive certification framework not only enhances consumer confidence but also positions MSMEs to compete within standardized halal markets, thereby reinforcing product credibility, business sustainability, and regional economic integration.

Tabel 1. Thematic Results

Theme	Extracted	Supporting Evidence	Interpretation
Human Capital & Entrepreneurial Capacity	MSME actors lack structured business knowledge, rely on manual tools, and produce limited product volumes.	"Still using simple equipment and manual processes, resulting in limited production output."	These limitations reduce productivity, product quality, and readiness to integrate into the halal value chain.
Access to Finance & Islamic Financial Literacy	Many MSMEs have never accessed formal financing due to administrative burdens, collateral requirements, and low familiarity with Islamic financial instruments.	"Many business owners have never accessed financing at all."	Limited capital restricts growth, indicating the need for improved Islamic microfinance access and financial literacy.
Institutional & Policy Support	Government training exists but is short-term, inconsistent, and lacks program continuity.	"Training often stops after one or two meetings and does not continue further."	Lack of integrated institutional support reduces program effectiveness and long-term impact.
Market Access & Digitalization	MSMEs rely heavily on traditional markets;	"Digital marketing platforms are rarely	Low digital engagement limits

	digital adoption minimal.	marketing remains	utilized, and packaging basic."	product remains	competitiveness and market expansion potential.
Halal Literacy & Certification	Most MSMEs have not pursued formal halal certification and possess limited understanding of halal assurance requirements.		"Many assume their products are naturally halal without formal verification."		Low certification uptake restricts entry into broader halal markets and compliance with national standards.

B. DISCUSSION

The findings of this study reflect complex yet promising conditions for the development of a syariah-based halal ecosystem for MSME empowerment in Barru Regency, indicating both structural challenges and strategic opportunities for policy intervention and institutional strengthening. This discussion integrates the study's analytical results with contemporary theoretical and empirical literature on halal ecosystem development, Islamic economics, and MSME empowerment in order to formulate a coherent interpretive framework. Through this synthesis, the discussion highlights the interdependence between human capital formation, regulatory systems, access to syariah-compliant finance, and market integration within a halal-oriented development model. Accordingly, the section not only interprets empirical patterns but also positions the findings within broader debates on inclusive economic growth and faith-based development strategies, thereby reinforcing the relevance of this study to policy design and academic discourse on regional halal economy transformation.

1) Human Capital and Entrepreneurial Capacity

Human capital deficiencies, particularly in business literacy, innovation capability, and production management, constitute fundamental constraints on MSME growth and sustainability. Entrepreneurial actors often operate with limited managerial knowledge, inadequate strategic planning ability, and insufficient understanding of market dynamics, which restrict their capacity to respond effectively to competitive pressures and technological change. This condition corroborates international scholarship asserting that MSME performance is strongly influenced by the quality of human capital, including entrepreneurial competence, continuous training, and learning adaptability (Gomez et al., 2022). In the context of a syariah-based economy, these limitations also extend to insufficient understanding of Islamic business ethics, halal operational standards, and syariah-compliant financial practices, which collectively affect enterprise credibility and market integration.

The disparity between existing competencies and the ideal capabilities required for sustainable MSME development underscores the urgency of structured and long-term human capital interventions. Capacity-building initiatives should move beyond short-term technical training and instead incorporate comprehensive programs covering financial literacy, innovation management, digital entrepreneurship, and halal assurance systems. When aligned with syariah business principles such as transparency, accountability, and risk-sharing, such programs can enhance not only productivity and competitiveness but also ethical compliance and institutional trust. Consequently, human capital development should be positioned as a central pillar of any regional halal ecosystem strategy, serving as a catalyst for transforming MSMEs into resilient and value-driven economic actors.

2) Halal Ecosystem Readiness

Halal certification constitutes a decisive institutional mechanism for strengthening MSME competitiveness within the global halal economy. Certification not only ensures compliance with religious requirements but also functions as a quality assurance system that enhances product credibility, traceability, and consumer trust. However, limited halal literacy and low certification uptake among MSMEs reflect structural weaknesses commonly observed across developing halal markets in Indonesia and Southeast Asia (Zailani et al., 2021). These shortcomings are not merely administrative in nature but indicate broader constraints related to information asymmetry, institutional accessibility, and limited awareness of the economic value of halal compliance.

The continuous expansion of the global halal industry underscores certification as a strategic instrument rather than merely a formal obligation. Certified status provides MSMEs with market differentiation, facilitates entry into modern retail channels, and increases access to regional and international halal supply chains. Consequently, limited adoption in Barru Regency demonstrates a readiness gap within the local ecosystem that requires systemic intervention. Policy responses should therefore emphasize certification facilitation programs, structured training on halal assurance systems, and the development of local halal support institutions. The establishment of dedicated halal centers can serve as institutional anchors that integrate education, technical guidance, and certification processes, thereby strengthening ecosystem readiness and accelerating MSME integration into the broader halal economy.

3) Islamic Financial Integration

The limited engagement of MSMEs with Islamic financial institutions indicates systemic barriers related to financial literacy, institutional outreach, and accessibility of syariah-based products. Many enterprises remain unfamiliar with the structures, benefits, and operational mechanisms of Islamic financing, which reduces their willingness and ability to utilize formal financial services. This condition emphasizes the strategic importance of improving financial education, expanding product dissemination, and simplifying administrative procedures in order to increase MSME participation in syariah financial systems.

Contemporary studies on Islamic microfinance confirm that syariah-based financing instruments such as murabahah, mudharabah, and qardhul hasan offer viable alternatives to conventional credit by promoting fairness, risk sharing, and ethical financial practices (Karim et al., 2022). These instruments are particularly suitable for MSMEs because they align financial support with business performance and socio-economic inclusion. However, a persistent mismatch between MSME financing needs and institutional product design limits effective utilization. This gap underscores the urgency of developing collaborative frameworks involving Islamic banks, cooperatives, zakat institutions, and government agencies to create adaptive financing models. Integrated financial ecosystems not only enhance capital access but also reinforce business accountability, resilience, and sustainability within a syariah-based economic framework.

4) Market Access and Technological Transformation

Constraints in market access, particularly those arising from low levels of digital adoption, significantly limit the growth trajectory and scalability of MSMEs. In an increasingly digitized commercial environment, enterprises that fail to integrate digital tools into their operations experience reduced market reach, inefficient distribution channels, and weakened competitive positioning. Digital transformation is no longer optional but constitutes a central determinant of business sustainability in contemporary economic systems.

Empirical studies affirm that digital readiness plays a decisive role in enhancing MSME resilience, adaptability, and competitiveness within dynamic market environments (Rahman et al., 2023). Digital platforms enable enterprises to expand beyond local markets, improve brand visibility, and engage directly with consumers through cost-efficient marketing strategies. The limited utilization of digital infrastructure in Barru Regency thus indicates the necessity for targeted interventions in digital literacy and technological capacity building. Structured training in e-commerce operations, digital branding, and online customer engagement, supported by improved access to digital marketplaces, is essential for integrating MSMEs into broader halal value chains and strengthening their long-term market sustainability.

5) Policy Integration and Institutional Synergy

The effectiveness of MSME empowerment is strongly influenced by the coherence and integration of public policies and institutional arrangements. Fragmented government initiatives and the absence of coordinated support mechanisms weaken program sustainability and reduce their long-term impact. Disconnected training schemes, overlapping institutional authorities, and limited cross-sector collaboration often result in inefficiencies and suboptimal outcomes. Consequently, the institutional environment must evolve from a sectoral approach into an integrated governance framework that aligns regulatory systems, development programs, and financial interventions within a unified halal ecosystem strategy.

The establishment of a sustainable halal ecosystem necessitates systematic collaboration among local governments, Islamic financial institutions, educational organizations, and community-based institutions. Comparative experience from countries such as Malaysia and Brunei illustrates that centralized halal governance structures and integrated policy designs significantly enhance institutional effectiveness and market readiness (Yunus & Hashim, 2021). These models highlight the importance of policy harmonization, regulatory clarity, and institutional accountability in advancing halal industry development. Therefore, a coordinated policy architecture should be prioritized to ensure that MSME empowerment initiatives are not only administratively aligned but also strategically oriented toward long-term halal ecosystem sustainability.

6) Local Resource Optimization

The diversity of natural resources in Barru Regency provides a strong structural foundation for the development of halal-oriented value chains. The alignment of agriculture, fisheries, livestock, and local food industries within an integrated halal supply system enables MSMEs to shift from primary production toward higher value-added processing activities. This integration enhances product quality, consistency, and traceability, which are critical requirements within halal markets. Utilizing local resources as the backbone of enterprise development also reduces dependency on external inputs and strengthens regional economic self-reliance.

Global halal ecosystem frameworks emphasize that local resource optimization is a key driver of sustainable halal economic development (Mahidin et al., 2020). By incorporating raw material standardization, halal compliance at the source, and downstream processing within regional supply chains, MSMEs can improve competitiveness and market access. Moreover, structured resource management allows enterprises to participate in broader halal networks while preserving local identity and strengthening community-based production models. Consequently, resource-based development should be positioned as a strategic pillar in building a resilient regional halal ecosystem that supports inclusive growth and long-term economic sustainability.

4. CONCLUSION

This study successfully addressed its objectives by first identifying the existing conditions and key determinants of MSME performance within the regional halal context, and subsequently formulating a syariah-based halal ecosystem model grounded in local potential. The results of this study demonstrate that the development of a regional halal ecosystem for syariah-based MSME empowerment in Barru Regency requires an integrated and context-sensitive approach grounded in local socio-economic realities. The research confirms that MSMEs in the region possess considerable potential derived from local resources, strong communal culture, and alignment with Islamic economic values, yet these strengths remain underutilized due to structural and operational limitations. By examining human capital capacity, access to financing, institutional support, digital readiness, and halal certification practices, the study provides conclusive answers to its research questions and clarifies the specific objectives that guided the investigation.

The study concludes that the primary factors inhibiting MSME growth are low business literacy, limited technological adoption, weak financial inclusion, fragmented institutional support, and minimal engagement with halal assurance systems. These constraints collectively reduce enterprise competitiveness and obstruct their ability to integrate into formal halal value chains. At the same time, the findings confirm that the socio-cultural environment of Barru Regency, characterized by strong adherence to Islamic values and community-based economic networks, offers a conducive foundation for the development of a syariah-oriented ecosystem.

The study further concludes that a regional halal ecosystem model must incorporate structured human capital development, expanded access to Islamic microfinance, coordinated institutional governance, digital market integration, and strengthened halal literacy. When these elements are synergized, MSMEs are better positioned to enhance production quality, increase market penetration, and comply with standardized halal requirements. The proposed model responds directly to the study's objective of formulating a region-specific empowerment framework that aligns with syariah principles while remaining practical and adaptable to local conditions.

Overall, the research affirms that the establishment of a syariah-based halal ecosystem in Barru Regency is both necessary and feasible. The transformation of MSMEs from informal, resource-constrained units into competitive and halal-compliant enterprises requires sustained collaboration among government institutions, Islamic financial bodies, educational entities, and community organizations. With coherent policy direction and institutional synergy, MSMEs in Barru Regency can become significant contributors to regional development and to the broader halal economy in Indonesia.

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