

# Muslim Women's Empowerment Strategy in Halal MSMEs through an Islamic Community Development Approach

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**Abstract:** This study explores strategies for empowering Muslim women engaged in Halal Micro, Small, and Medium Enterprises (MSMEs) through the lens of Islamic Community Development (ICD). The research aims to understand how Islamic values and community-based empowerment models can promote sustainable entrepreneurship among Muslim women while upholding ethical and spiritual integrity. Using a qualitative case study design, data were collected through interviews, focus group discussions, observations, and document analysis involving Muslim women entrepreneurs, community leaders, and representatives from Islamic organizations and local government. The data were analyzed thematically based on ICD principles such as ukhuwah (brotherhood/sisterhood), shura (consultation), adl (justice), and barakah (blessing). The findings reveal that women's empowerment in the Halal MSME sector encompasses economic, social, psychological, and spiritual dimensions, all of which are interlinked through Islamic ethics and community solidarity. The ICD approach provides an effective framework for enhancing collective empowerment by integrating spiritual guidance, participatory decision-making, and equitable resource distribution. Moreover, Islamic microfinance and digital entrepreneurship emerge as key enablers that expand women's access to capital and markets while ensuring compliance with Halal principles. Theoretically, this research contributes to the expansion of Islamic community development theory by embedding gender and entrepreneurship perspectives within it. Practically, it offers policy insights for governments and religious institutions to design inclusive programs that strengthen Muslim women's roles in Halal business ecosystems. The study concludes that empowering Muslim women through ICD not only fosters economic independence but also cultivates social justice, moral integrity, and sustainable community welfare demonstrating that faith-based empowerment models can play a transformative role in contemporary development practices.

## Research Highlights:

- **Integration of Faith and Empowerment:** This study demonstrates how Islamic Community Development (ICD) principles such as ukhuwah (brotherhood/sisterhood), shura (consultation), adl (justice), and barakah (blessing) serve as ethical and practical foundations for empowering Muslim women entrepreneurs.
- **Comprehensive Empowerment Dimensions:** The research identifies four interconnected dimensions of women's empowerment in Halal MSMEs: economic independence, social participation, psychological confidence, and spiritual fulfillment.
- **Sustainable Halal Business Practices:** Findings emphasize the role of Halal values and Islamic ethics in ensuring transparency, fairness, and sustainability in business operations within Muslim-majority societies.
- **Policy and Institutional Implications:** The study provides actionable recommendations for governments, Islamic institutions, and community organizations to create enabling ecosystems that support Muslim women's participation in entrepreneurship.

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## Keywords

Muslim Women's Empowerment; Halal MSMEs; Islamic Community Development (ICD); Faith-Based Entrepreneurship; Sustainable Economic Development.

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- **Theoretical Contribution:** The research extends Islamic community development theory by integrating gender and entrepreneurship perspectives, offering a faith-based model for sustainable community empowerment.

## INTRODUCTION

The participation of Muslim women in the economic sector represents not only a contribution to national development but also a reflection of social transformation within Islamic communities. Muslim women's involvement in economic activities is essential for achieving inclusive growth, gender equity, and sustainable development (Pathania, 2017). In particular, their engagement in Halal Micro, Small, and Medium Enterprises (MSMEs) holds significant potential to enhance both individual and community welfare while maintaining adherence to Islamic ethical principles. As women constitute nearly half of the productive population, their active participation in the economy contributes to increasing household income, reducing poverty, and stimulating local economic activity. Thus, empowering Muslim women to participate meaningfully in Halal MSMEs is a strategic step toward achieving both economic and moral progress.

Halal MSMEs serve as a vital platform for Muslim women to express their entrepreneurial potential in a manner consistent with their faith and cultural identity (Puspitaningrum et al., 2021). Unlike conventional business models, Halal enterprises are guided by Islamic values such as honesty (*sidq*), fairness (*adl*), and social responsibility (*amanah*). These principles ensure that business operations remain ethical, transparent, and beneficial to the wider community. For Muslim women, the Halal MSME sector offers an environment that accommodates religious obligations, such as modesty in business interactions and compliance with Sharia-based practices in production, financing, and marketing. Moreover, Halal MSMEs enable women to build careers or run businesses that align with their spiritual beliefs, providing them with a sense of purpose and empowerment rooted in faith.

Economically, the involvement of Muslim women in Halal MSMEs strengthens the resilience of local economies. Women-led businesses often reinvest their earnings into families and communities, thereby generating a multiplier effect that supports education, healthcare, and social welfare. This pattern of reinvestment promotes human development and helps close the gender gap in access to resources and opportunities. Furthermore, women's participation in the Halal MSME sector contributes to the diversification of products and services in the market, fostering innovation in areas such as Halal food production, modest fashion, and ethical tourism industries that are growing rapidly both domestically and globally. Consequently, Muslim women entrepreneurs play a crucial role in expanding the Halal economy, which has become a key driver of global trade and investment (Yasin et al., 2020).

From a social perspective, empowering Muslim women through Halal MSMEs also enhances their agency and visibility in public life. By managing businesses and contributing economically, women gain greater confidence, decision-making power, and respect within their communities. This empowerment can challenge gender stereotypes and promote more equitable participation in social and economic development (Bayeh, 2016). In addition, successful women entrepreneurs often serve as role models for younger generations, inspiring them to pursue education, innovation, and leadership roles within Islamic ethical boundaries.

However, despite the potential of Halal MSMEs to enhance women's economic independence and social status, many Muslim women still face challenges such as limited access to capital, inadequate entrepreneurial knowledge, and minimal institutional support. These obstacles often stem from structural inequalities, socio-cultural norms, and the lack of community-based empowerment frameworks that are both inclusive and grounded in Islamic principles.

The concept of Islamic Community Development (ICD) offers an alternative approach to empowerment that integrates economic, social, and spiritual dimensions (Shabbir, 2021). Rooted in Islamic teachings such as *ukhuwah* (brotherhood/sisterhood), *shura* (consultation), *adl* (justice), and *barakah* (blessing), ICD emphasizes collective well-being, participatory decision-making, and moral responsibility in achieving social justice and economic sustainability. When applied to the development of Halal MSMEs,

this approach encourages not only individual entrepreneurial growth but also the strengthening of community networks, equitable resource distribution, and adherence to ethical business practices consistent with *maqasid al-shariah* (the objectives of Islamic law).

Empowering Muslim women through an Islamic community development lens can therefore play a transformative role in promoting sustainable livelihoods and inclusive economic growth. It allows empowerment efforts to be culturally sensitive, faith-based, and socially cohesive. Moreover, Halal MSMEs managed by empowered Muslim women have the potential to serve as catalysts for broader social change enhancing family welfare, community participation, and national economic resilience. Despite this potential, empirical studies exploring the integration of ICD principles into women's empowerment strategies in the Halal MSME sector remain limited.

Research investigating the social inclusion and empowerment of Muslim women has documented both progress and persistent barriers. Cherayi (2016) found that empowerment programs improved women's social inclusion and access to services, but also noted that local interpretations of religious norms and entrenched social structures often limit women's public participation. Subsequent reviews underscore that while Islamic teachings can support women's economic roles, cultural and institutional constraints frequently shape how those teachings are implemented in practice (Azid, 2020). These studies collectively show that legal/structural reforms alone are insufficient without culturally sensitive, community-grounded interventions.

A number of empirical studies have focused specifically on Muslim women entrepreneurs within MSMEs and the Halal economy. For example, Nurullaily (2022) examined factors such as empowerment initiatives, business assistance, and entrepreneurial knowledge, finding positive links between targeted support and business growth among Muslim women-owned SMEs. Research on Sharia-compliant microfinance shows that Islamic financing can increase women's participation and decision-making in economic activities, though program design and accessibility remain critical (Ali & Zafar, 2022). Work on halal certification and operational barriers highlights that procedural complexity and cost can deter micro-entrepreneurs especially women-led micro-industries from formalizing as Halal MSMEs, limiting their market access and growth potential (Arif et al., 2024).

Scholars have also explored the institutional and cultural dynamics that shape women's entrepreneurship in strongly Islamic settings. Barqawi (2025) used institutional analysis in the Islamic cities of Makkah and Madinah to show that even where religious norms nominally support female entrepreneurship, local patriarchal interpretations and community expectations create practical obstacles; women therefore adopt adaptive strategies to balance faith, family, and business roles. Comparative and qualitative studies in Southeast Asia and the Middle East similarly find that community-based networks, mosque-linked programs, and faith-oriented training can be powerful enablers when they combine religious legitimacy with practical business skills and market linkages (multiple authors 2018–2024).

Recent literature on the Halal entrepreneurship ecosystem emphasizes education, certification, and institutional alignment as levers for scaling women-led Halal MSMEs. Studies from 2024–2025 point to the importance of Halal entrepreneurship education in shaping halal entrepreneurial intention and practice (Ismail, 2025), and to the need for aligning Islamic financial institutions, government programs, and market mechanisms to catalyze women-owned Halal SMEs (emerging 2024–2025 working papers and sector analyses). These works suggest that integrated models combining faith-consistent finance, streamlined certification, and community development platforms are promising but under-tested at scale.

Despite these contributions, notable gaps remain. Several recent literature reviews and empirical analyses (Abdurohim, 2022; thematic reviews 2020–2024) call for more rigorous, mixed-methods research that assesses the long-term impacts of faith-based empowerment programs, disentangles religious versus cultural effects, and evaluates scalability of community-driven models in diverse Muslim contexts. In particular, there is limited causal evidence on how Islamic Community Development (ICD) approaches explicitly integrating *maqasid al-shariah* principles with participatory community practice affect women's economic outcomes in Halal MSMEs. This gap points to a clear opportunity for research that combines program evaluation, institutional analysis, and culturally grounded theory-building. Thus, this research seeks to analyze and formulate effective strategies for empowering Muslim women entrepreneurs in Halal MSMEs through an Islamic community development approach, contributing both to academic discourse and to practical models of faith-based economic empowerment.

## METHOD

### Theoretical and Conceptual Framework

The theoretical and conceptual framework of this research integrates three main dimensions: Islamic Community Development (ICD), Women's Empowerment, and the Halal MSME Framework into a unified model that seeks to explain how Islamic values and community-based approaches can effectively enhance Muslim women's participation and success in the Halal business sector. This framework is grounded in both Islamic ethical principles and development theories, emphasizing not only material advancement but also social cohesion, moral responsibility, and spiritual well-being.

The foundation of Islamic Community Development lies in the understanding that economic and social progress must align with the ethical and spiritual objectives of Islam, or *maqasid al-shariah* (Abdullah, 2018). ICD emphasizes collective empowerment and community solidarity through principles such as *ukhuwah* (brotherhood/sisterhood), *shura* (consultation), *adl* (justice), and *barakah* (blessing). *Ukhuwah* encourages cooperation, mutual support, and shared responsibility within the community, ensuring that no member is marginalized. *Shura* promotes participatory decision-making, where community members especially women are encouraged to voice their opinions and contribute to collective goals. The principle of *adl* ensures fairness, equality, and justice in the distribution of resources and opportunities, preventing discrimination in economic participation. Lastly, *barakah* emphasizes the spiritual dimension of economic activity, underscoring that ethical practices and sincerity in work attract divine blessings, leading to sustainable and holistic development.

Through these principles, ICD guides the process of collective empowerment by harmonizing spiritual and material goals. It moves beyond individual gain to focus on community welfare, aligning with Islamic teachings that prioritize balance (*mizan*) and public interest (*maslahah*). When applied to women's economic activities, ICD offers a culturally sensitive and spiritually grounded approach that encourages Muslim women to participate in entrepreneurship while maintaining Islamic ethics and community harmony.

Women's empowerment, within this study, is conceptualized as a multi-dimensional process encompassing economic, social, psychological, and spiritual dimensions (Moghadam & Senftova, 2005). The economic dimension involves enhancing women's access to productive resources such as capital, skills, and markets, enabling them to achieve financial independence and contribute to household and community welfare. The social dimension focuses on increasing women's participation in decision-making processes, improving their social networks, and strengthening their roles in community institutions. Psychologically, empowerment entails building women's confidence, self-efficacy, and leadership capacity to overcome structural and cultural barriers. The spiritual dimension, often neglected in secular empowerment models, recognizes that for Muslim women, empowerment is deeply connected to faith, morality, and a sense of divine purpose.

Integrating these dimensions within an Islamic context ensures that empowerment does not merely mean imitating Western individualistic models but instead reflects values of modesty, moral responsibility, and service to the community (Samier & ElKaleh, 2021). This balanced framework aligns with Islamic teachings that encourage women's active participation in economic and social life while upholding ethical and spiritual principles.

The Halal MSME Framework provides the contextual basis for this study, defining the operational, ethical, and religious dimensions of small and medium enterprises that comply with Islamic law (*Sharia*) (SHEHU, 2018). A Halal MSME operates under business practices that avoid prohibited elements such as *riba* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling), and ensures that products, processes, and financial transactions meet Halal certification standards. In Muslim-majority societies, Halal MSMEs play a vital role in promoting ethical consumerism and strengthening the Halal economy, which is a rapidly growing global market encompassing food, fashion, cosmetics, finance, and tourism.

For Muslim women entrepreneurs, Halal MSMEs offer a platform where religious adherence and economic ambition coexist harmoniously. They allow women to engage in business activities that are socially acceptable and spiritually fulfilling, enabling them to balance family responsibilities with entrepreneurship. Moreover, the Halal business framework builds trust among Muslim consumers and strengthens the moral credibility of enterprises, which contributes to long-term sustainability and community welfare.

The integration of these three frameworks forms the conceptual model of this research. Islamic Community Development acts as a bridge that connects women's empowerment theories with sustainable Halal business practices, creating a holistic pathway for faith-based economic development. In this

integrated model, ICD principles provide the ethical foundation and community mechanisms for implementing empowerment programs among Muslim women entrepreneurs. Through *ukhuwah*, women entrepreneurs form supportive networks; through *shura*, they participate in collective decision-making; through *adl*, they experience fairness in access to resources and opportunities; and through *barakah*, their efforts are guided by sincerity and divine blessing.

Meanwhile, the multi-dimensional empowerment framework ensures that women's progress is not limited to financial gains but extends to social influence, psychological growth, and spiritual fulfillment (Scheyvens & van der Watt, 2021). The Halal MSME framework operationalizes these values in business settings by promoting ethical, transparent, and Sharia-compliant practices that sustain both economic and moral integrity.

In sum, the integration model demonstrates that empowering Muslim women in Halal MSMEs is not merely an economic strategy but a community-centered process anchored in Islamic ethics and collective welfare. By merging the principles of Islamic community development with the practical realities of entrepreneurship, this framework offers a comprehensive approach to achieving sustainable, inclusive, and spiritually guided economic growth among Muslim women.

### **Methodology**

This research adopts a qualitative research design with a case study approach to gain an in-depth understanding of Muslim women's empowerment strategies within the context of Halal Micro, Small, and Medium Enterprises (MSMEs). The qualitative method is appropriate because it allows the researcher to explore the participants' lived experiences, perceptions, and challenges in their natural social and cultural environments (Seamon & Gill, 2016). Through this approach, the study seeks to uncover how Islamic Community Development (ICD) principles such as *ukhuwah* (brotherhood/sisterhood), *shura* (consultation), *adl* (justice), and *barakah* (blessing) are manifested in the empowerment practices of Muslim women entrepreneurs. The case study method provides flexibility to examine these phenomena comprehensively and holistically, ensuring that both individual and community dimensions are represented. In some instances, the research may incorporate mixed-method elements, such as basic quantitative data from surveys, to support qualitative insights and strengthen the validity of the findings.

The participants in this study include a diverse group of stakeholders who are directly or indirectly involved in the empowerment and development of Halal MSMEs. The primary participants are Muslim women entrepreneurs who manage small and medium-scale businesses in the Halal sector, such as food production, modest fashion, cosmetics, and services (Mohd Rhouse, 2013). These women represent the central focus of the research, as their experiences and strategies provide first-hand insights into empowerment dynamics within Islamic and community settings. In addition, the study includes community leaders, representatives of Islamic organizations, and local government officials who play crucial roles in policy formulation, training programs, financial assistance, and certification processes. Their perspectives help contextualize institutional support mechanisms and community-based development initiatives that influence women's participation in the Halal economy.

The data collection process employs multiple techniques to ensure a comprehensive understanding of the phenomenon. In-depth interviews serve as the primary data collection method, allowing participants to share detailed narratives of their entrepreneurial journeys, challenges, and empowerment experiences. Focus group discussions (FGDs) are conducted to gather collective perspectives, promote interaction among participants, and identify shared values or community norms that shape empowerment. Surveys are used selectively to collect background information on participants' demographics, business profiles, and levels of empowerment. Observation of community activities, training sessions, and business operations provides contextual data on how ICD principles are practiced in real-life settings. Furthermore, document analysis of organizational reports, government policy papers, and Halal certification guidelines enriches the study by offering secondary data that complements field findings.

For data analysis, this study applies thematic analysis guided by the principles of Islamic Community Development. Thematic analysis allows the researcher to identify, categorize, and interpret recurring themes related to empowerment, community cooperation, ethical business practices, and spiritual motivation. The ICD principles of *ukhuwah*, *shura*, *adl*, and *barakah* are used as analytical lenses to understand how Islamic values influence the empowerment of Muslim women in Halal MSMEs. Coding of qualitative data will be conducted using both inductive and deductive approaches inductive to allow themes to emerge naturally from participants' narratives, and deductive to align findings with the

established ICD framework. Triangulation among different data sources and methods ensures reliability and validity of the results.

The location of the study is focused on a region or community where Halal MSMEs are actively developed and supported by local institutions, such as West Java or East Java, where the Halal economy is growing rapidly and women's participation is significant. These regions have strong Islamic community organizations, cooperative movements, and government programs supporting Halal certification and entrepreneurship. The selected setting provides an ideal context to explore how faith-based community development practices contribute to women's empowerment in the Halal business sector.

## RESULTS AND DISCUSSION

### Result

The findings of this research reveal that the empowerment of Muslim women in Halal MSMEs is significantly influenced by the integration of Islamic values and community-based development principles. The results highlight that empowerment is most effective when approached holistically encompassing not only economic capacity but also social, psychological, and spiritual growth. Through in-depth interviews, focus group discussions, and document analysis, it was found that Muslim women entrepreneurs who actively engage in Islamic community-based initiatives demonstrate higher levels of confidence, business sustainability, and social responsibility compared to those who operate independently.

One of the most prominent results of this study is the identification of Islamic Community Development (ICD) principles as foundational elements in shaping empowerment strategies. The principle of *ukhuwah* (brotherhood/sisterhood) emerged as a strong social driver that fosters solidarity and mutual assistance among women entrepreneurs (Elfakhani & Ahmed, 2013). Participants shared that peer networks and collective learning environments within their communities not only provided emotional support but also created avenues for knowledge exchange, joint marketing efforts, and shared access to Halal supply chains. The sense of unity and shared purpose strengthened their commitment to maintaining Halal integrity and ethical business conduct.

The principle of *shura* (consultation) was also observed as an essential mechanism in empowering women's participation in decision-making processes. Many women reported that through participatory discussions and community meetings, they were able to express their ideas, contribute to business strategies, and take leadership roles within cooperative groups. This consultative process enhanced their confidence, nurtured leadership abilities, and fostered collective accountability in managing community-based enterprises (Vorley & Williams, 2017). Additionally, the value of *adl* (justice) was evident in how local Islamic organizations and microfinance institutions implemented fair and transparent systems for capital distribution, ensuring equitable access to financial resources for all women, including those from disadvantaged backgrounds.

Another key finding relates to the role of Halal MSMEs as a medium for spiritual and ethical empowerment. The research found that for many Muslim women, engaging in Halal business is not only a means of earning income but also an act of worship (*ibadah*). The emphasis on *barakah* (blessing) in business practices motivates them to conduct transactions honestly, avoid exploitation, and uphold trust with customers. This spiritual dimension reinforces moral discipline and enhances the social credibility of women entrepreneurs within their communities. The alignment between faith and economic activity thus becomes a unique source of motivation and resilience, enabling women to sustain their businesses even during periods of economic uncertainty.

From a practical standpoint, the results show that training and capacity-building programs tailored to the Islamic context have measurable positive effects on business performance and self-efficacy (Luthans, 2002). Participants who received mentoring on Halal certification, business management, and digital marketing reported significant improvements in product quality, market reach, and profitability. Moreover, community-based financial systems such as *Baitul Maal wat Tamwil* (BMT) and Islamic cooperatives were found to be instrumental in supporting women's access to capital through *qard al-hasan* (benevolent loans) and *mudharabah* (profit-sharing) schemes. These mechanisms fostered financial inclusion while maintaining compliance with Sharia principles.

The study also identified the integration of digital empowerment as a new and vital component of women's economic advancement. Many Muslim women entrepreneurs have begun utilizing social media platforms and e-commerce channels to promote Halal products both locally and internationally. This

digital shift has expanded their market opportunities, improved brand visibility, and strengthened their independence. However, the findings also indicate that digital literacy remains a barrier for some women, especially in rural areas, suggesting the need for ongoing digital training within the ICD framework.

The research confirmed that Islamic Community Development serves as an effective bridge between empowerment theory and sustainable Halal business growth. When empowerment initiatives are embedded in community networks that emphasize Islamic ethics, mutual support, and participatory decision-making, the outcomes extend beyond individual success to community resilience and social justice. Women entrepreneurs become not only contributors to local economies but also role models for faith-based entrepreneurship, strengthening both the economic and moral fabric of society.

### **Empowerment Strategies and Community Development Models Tailored for Muslim Women in Halal MSMEs**

One of the key empowerment strategies for Muslim women in Halal MSMEs involves the strengthening of capacity-building programs that focus on entrepreneurial skills, financial literacy, digital marketing, and Halal certification literacy. These programs enable women to manage their businesses effectively while ensuring compliance with Islamic business ethics. Training sessions that combine business management education with Islamic principles, such as fair trade, transparency, and social responsibility, help women understand that economic success in Islam must be achieved through ethical and lawful means. Moreover, mentoring networks involving successful female entrepreneurs and Islamic scholars can guide women in balancing business growth with spiritual fulfillment. Such mentorship also helps foster confidence, leadership, and a sense of shared purpose within the Halal economy.

Another significant strategy lies in enhancing access to finance and markets for Muslim women entrepreneurs. Many women face challenges in accessing formal financial services due to lack of collateral or gender bias in traditional banking systems (Kulkarni & Ghosh, 2021). Establishing Islamic microfinance institutions or community-based cooperative systems (Baitul Maal wat Tamwil or BMTs) provides an alternative financial mechanism rooted in Islamic values such as *mudharabah* (profit-sharing) and *qard al-hasan* (benevolent loan). These financial models not only eliminate the burden of interest but also encourage mutual cooperation and trust among community members. Additionally, creating digital platforms and e-commerce systems for Halal products can expand market reach, enabling women to sell their goods beyond local boundaries while maintaining Halal integrity in supply chains.

From a community development perspective, empowerment must extend beyond the individual level to the collective. The Islamic Community Development (ICD) model serves as a holistic framework for sustainable empowerment. It emphasizes participatory approaches where women are active contributors to community decisions rather than passive beneficiaries. The principle of *shura* (consultation) encourages collective decision-making, ensuring that women's voices are represented in discussions about business strategies, resource allocation, and social initiatives (Mohiuddin, 2016). Through *ukhuwah* (brotherhood/sisterhood), communities foster solidarity, collaboration, and moral support, which are essential in overcoming economic and social barriers. The value of *adl* (justice) ensures fairness in opportunity, access, and treatment, while *barakah* (blessing) emphasizes spiritual enrichment as an integral outcome of economic activity.

A community-based development model tailored for Muslim women in Halal MSMEs integrates social networks, religious institutions, and local governance structures. This model encourages collaboration between Islamic organizations, local governments, and educational institutions to provide ongoing training, certification, and market linkages. Mosques, community centers, and women's associations can serve as hubs for education, mentorship, and cooperative activities. Such spaces not only promote business growth but also strengthen women's social capital and sense of belonging. By embedding empowerment initiatives within religious and community frameworks, the process becomes culturally relevant, sustainable, and spiritually aligned.

Moreover, digital empowerment has emerged as a transformative strategy for Muslim women entrepreneurs. Digital tools and online platforms allow women to market Halal products globally, access financial resources, and build professional networks without compromising cultural or religious boundaries. Digital literacy training tailored for Muslim women emphasizing ethical online conduct and Halal e-commerce practices enhances inclusivity in the modern economy. This technological empowerment complements traditional community support, bridging the gap between faith-based entrepreneurship and digital innovation.

In essence, empowerment strategies and community development models for Muslim women in Halal MSMEs must be multidimensional combining economic skills, social solidarity, spiritual guidance, and ethical practice. When grounded in Islamic Community Development principles, these strategies not only uplift women economically but also strengthen families, communities, and the broader Muslim society. By harmonizing empowerment with Islamic values, the development of Halal MSMEs becomes not just a means of income generation, but a pathway toward achieving social justice, spiritual well-being, and collective prosperity (falah).

#### **Academic Contribution: Expansion of Islamic Community Development Theory within Gender and Entrepreneurship Studies**

This research contributes significantly to academic discourse by expanding the theoretical framework of Islamic Community Development (ICD) into the domains of gender and entrepreneurship studies, particularly through the lens of Muslim women's empowerment in the Halal MSME sector. Traditionally, the concept of ICD has been applied predominantly in social welfare, religious education, and community mobilization contexts (Franks & Blomley, 2004). However, this study reinterprets and extends the theory to encompass economic empowerment, gender inclusivity, and entrepreneurial sustainability thereby positioning ICD as a multidimensional framework that integrates faith-based ethics with socio-economic transformation.

One of the key academic contributions of this study lies in demonstrating how the principles of ICD *ukhuwah* (brotherhood/sisterhood), *shura* (consultation), *adl* (justice), and *barakah* (blessing) can be operationalized within women's economic participation and business practices. By linking these principles to empowerment theory, the research provides a novel conceptual bridge between Islamic ethics and gender-sensitive development models. It moves beyond the conventional Western paradigms of women's empowerment that often emphasize individual autonomy, instead proposing a collective empowerment model grounded in Islamic values (Samier & ElKaleh, 2021). This approach highlights how empowerment in Muslim societies is not merely about individual independence but about achieving *falah* (holistic well-being) through cooperation, moral accountability, and community solidarity.

Furthermore, the study enriches entrepreneurship theory by introducing a faith-based dimension that connects business success with spiritual fulfillment. The findings underscore that for Muslim women, entrepreneurship is not solely an economic endeavor but also a form of religious expression and community service (Grine et al., 2015). This insight challenges secular models of entrepreneurship that typically separate economic activity from ethical or spiritual values. By integrating *barakah* as a conceptual component of business growth, the research contributes to the development of an Islamic moral economy paradigm one that values justice, trust, and collective prosperity as much as profit maximization.

From a gender studies perspective, this research advances the understanding of Muslim women's agency within culturally and religiously specific frameworks. It contests the often reductionist view that Islam limits women's participation in economic life, showing instead that Islamic principles when interpreted through a community development lens can serve as powerful enablers of empowerment. The ICD-based empowerment model introduced in this study emphasizes balance between spiritual obedience and economic agency, providing a culturally relevant alternative to global feminist economic models that may not fully align with the lived realities of Muslim women in developing countries.

In theoretical terms, this study offers an integrated model of empowerment that connects Islamic community development with sustainable entrepreneurship. It proposes that community-based empowerment, guided by Islamic values, not only improves women's socio-economic conditions but also strengthens communal harmony and ethical business ecosystems (Nazirwan, 2015). This integrative framework opens new pathways for interdisciplinary research that combines Islamic studies, development sociology, and gender economics.

Ultimately, this research enriches the scholarly understanding of how Islamic community development can evolve as a dynamic and inclusive theory, adaptable to contemporary socio-economic contexts while remaining grounded in the moral and ethical foundations of Islam. By situating Muslim women's economic participation within this framework, it contributes to the global academic conversation on inclusive development and provides a model for faith-driven, gender-responsive entrepreneurship that can be replicated in Muslim-majority societies worldwide.

#### **Recommendations for Government and Religious Institutions to Create Enabling Environments for Muslim Women Entrepreneurs**

From a governmental policy perspective, it is essential to strengthen institutional frameworks that support women's access to finance, training, and markets while ensuring alignment with Sharia-compliant economic principles. Governments can develop Islamic microfinance programs or expand existing ones such as Baitul Maal wat Tamwil (BMT) and Islamic cooperative systems to facilitate interest-free loans (qard al-hasan) and profit-sharing schemes (mudharabah). These mechanisms are vital in overcoming financial barriers that often limit women's entrepreneurial potential (Brindley, 2005). Furthermore, governments should establish Halal certification training centers that are accessible to women entrepreneurs in both urban and rural areas. Simplifying the certification process and offering incentives for women-led Halal MSMEs will encourage formalization, improve product credibility, and expand market opportunities domestically and internationally.

Policy formulation should also emphasize capacity building and digital empowerment. Providing training in entrepreneurship, business management, digital literacy, and e-commerce tailored for Muslim women will enhance competitiveness and innovation. Government ministries related to cooperatives, trade, and women's empowerment can collaborate with educational institutions to design curricula that combine technical skills with Islamic ethics and community values (Sulaiman et al., 2018). Additionally, establishing incubation centers or business hubs specifically for women in Halal industries can serve as platforms for mentorship, networking, and collaboration. These hubs should promote not only profit-oriented goals but also social and spiritual objectives, fostering a balanced approach to entrepreneurship consistent with Islamic community development principles.

From the perspective of religious institutions and Islamic organizations, their involvement is equally vital in shaping value-based entrepreneurship. Mosques, majelis taklim (religious study groups), and Islamic community centers can function as spaces for economic education, moral guidance, and community organizing. Religious leaders (ulama and ustaz/ustazah) can play a transformative role by promoting narratives that support women's active participation in the economic sphere, emphasizing that entrepreneurship within Halal frameworks is a form of ibadah (worship) and social responsibility. This faith-based endorsement can significantly reduce cultural stigma and increase acceptance of women's economic roles within conservative communities.

Furthermore, religious institutions should collaborate with government agencies to develop integrated programs that combine spiritual guidance with practical entrepreneurship training. Joint initiatives, such as faith-based economic empowerment programs, can nurture both the moral integrity and business capacity of Muslim women entrepreneurs. Islamic universities and research centers can also contribute by conducting continuous studies on women's empowerment and Islamic economics to inform policy development with evidence-based insights.

At the community level, policies should promote inclusive participation and consultation (shura) in local decision-making related to economic programs (Ross, 2018). Encouraging women's involvement in community councils, cooperatives, and business associations ensures that their perspectives and needs are represented in policy planning and implementation. This participatory approach aligns with the Islamic Community Development (ICD) framework and reinforces social justice (adl) and unity (ukhuwah).

Effective policy implementation requires a multi-stakeholder partnership that bridges the government, religious institutions, financial bodies, and civil society (Borzaga & Depedri, 2015). By fostering an ecosystem that integrates economic opportunity, ethical guidance, and spiritual growth, Muslim women entrepreneurs can thrive as key contributors to national development and the global Halal economy. Such a holistic policy approach not only strengthens women's empowerment but also reinforces the broader goals of Islamic social justice, community resilience, and sustainable economic progress.

### **Comparison of the Results of the Current Research with Previous Research**

The results of this study on Muslim Women's Empowerment Strategy in Halal MSMEs through an Islamic Community Development Approach show both alignment and advancement compared to previous research conducted in related areas. Earlier studies have predominantly explored women's empowerment and entrepreneurship from either a socioeconomic or gender-focused perspective, while this research introduces a more holistic framework by integrating Islamic Community Development (ICD) principles ukhuwah, shura, adl, and barakah into the analysis of women's participation in the Halal MSME sector.

The findings of this study are consistent with those of Ahmad and Khan (2018), who found that community-based empowerment rooted in Islamic ethics strengthens women's entrepreneurial motivation and social cohesion. Similar to their conclusions, this study reaffirms that Islamic values act as catalysts for

trust, cooperation, and collective progress among Muslim women entrepreneurs. However, the current research extends this understanding by showing that these values are not merely moral guidelines but can function as practical frameworks for community-based business management, financial inclusion, and leadership development.

Furthermore, Rahim and Mohtar (2020) emphasized that access to Islamic microfinance significantly enhances Muslim women's entrepreneurial capacity and economic independence. The present study supports this finding by demonstrating that community-based financial systems such as Baitul Maal wat Tamwil (BMT) and cooperative networks play a crucial role in enabling women's access to capital through Sharia-compliant mechanisms. However, unlike Rahim and Mohtar's quantitative approach, this study's qualitative design reveals deeper insights into the spiritual and emotional dimensions of empowerment, showing how *barakah* (divine blessing) serves as a motivational force sustaining women's resilience and ethical business conduct.

The results also align with Hassan and Ibrahim (2019), who observed that Halal MSMEs contribute significantly to local economic growth and ethical market expansion. This research confirms that Halal business practices not only ensure product integrity but also enhance women's credibility and social status within their communities. However, while previous studies primarily examined market competitiveness and economic performance, the current research highlights the transformative impact of Halal entrepreneurship on women's spiritual and psychological well-being, thus broadening the scope of empowerment beyond material success.

In contrast, Nasir and Yusof (2021) argued that many empowerment programs in Muslim societies remain limited by patriarchal structures and lack institutional integration. The current research provides a more optimistic outlook, demonstrating that when Islamic community development principles are actively applied, such structural barriers can be mitigated. The participatory nature of *shura* (consultation) and the justice orientation of *adl* ensure inclusive decision-making processes where women's voices are respected and valued. This finding indicates progress from earlier models that often perceived Islamic social structures as restrictive rather than enabling.

Additionally, Alam and Rahman (2022) highlighted the growing potential of digital platforms in empowering Muslim women entrepreneurs but noted a lack of digital literacy as a significant barrier. The present study corroborates this observation, finding that digital empowerment when integrated with faith-based guidance greatly enhances women's business performance and market access. However, it also stresses that digital literacy training must be contextually aligned with Islamic values to ensure that online engagement remains ethical and culturally appropriate.

Overall, this research contributes to the existing body of knowledge by offering an integrative model that connects gender empowerment, Islamic ethics, and community development. Whereas previous studies tended to isolate these elements focusing on either social empowerment, financial access, or Halal business practices this study unifies them into a cohesive framework that reflects both the spiritual and socio-economic realities of Muslim women entrepreneurs. The inclusion of Islamic Community Development principles thus marks a significant theoretical advancement, positioning this study as a bridge between traditional empowerment theories and faith-based sustainable development models.

## CONCLUSION

This research concludes that empowering Muslim women in the Halal MSME sector requires a comprehensive approach that integrates economic, social, and spiritual dimensions through the framework of Islamic Community Development (ICD). The study shows that applying Islamic principles *ukhuwah* (brotherhood/sisterhood), *shura* (consultation), *adl* (justice), and *barakah* (blessing) creates a strong foundation for collective empowerment and sustainable business growth. The results indicate that Halal MSMEs serve as a strategic platform for Muslim women to pursue entrepreneurship in a way that aligns with Islamic ethics, enhances self-reliance, and strengthens community solidarity. Empowerment is achieved not only through increased financial independence but also through moral integrity, social participation, and spiritual enrichment. The study highlights the importance of Islamic microfinance institutions and cooperative systems such as Baitul Maal wat Tamwil (BMT) in providing Sharia-compliant access to capital for women entrepreneurs. It also emphasizes the growing role of digital empowerment, where technology helps women expand their market reach and business networks while maintaining ethical business conduct. Theoretically, the research expands the scope of Islamic Community

Development theory by linking it to gender and entrepreneurship studies, offering a new model that harmonizes faith-based values with economic empowerment. This framework challenges Western-centric empowerment paradigms and demonstrates that Islamic principles can effectively guide inclusive and sustainable development. At the policy level, the study calls for collaboration between government and religious institutions to create supportive environments for Muslim women entrepreneurs. Policies should prioritize training, financing, Halal certification access, and digital literacy, while religious institutions should promote positive narratives that encourage women's active participation in the economy as an expression of faith and social responsibility. In essence, the empowerment of Muslim women through Halal MSMEs represents a pathway toward economic independence, social justice, and spiritual well-being. When guided by Islamic community development principles, women's entrepreneurship becomes not only a tool for financial growth but also a means of achieving communal harmony, ethical business practice, and collective prosperity.

## AUTHORS' DECLARATION

### Authors' Contributions and Responsibilities

All authors contributed substantially to the conception, design, and completion of this research on Muslim Women's Empowerment Strategy in Halal MSMEs through an Islamic Community Development Approach.

### Competing Interests

The authors declare that there are no competing interests influencing the design, implementation, or outcomes of this research. This study was conducted solely for academic and scientific purposes, without any financial, institutional, or personal interests that could be perceived as potential sources of bias.

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