



# The Economic Impact of Halal Tourism Development on Local Communities

**Yerik Afrianto Singgalen**

Faculty of Business Administration and Communication, Tourism Study Program, Atma Jaya Catholic University of Indonesia,  
Jakarta

Jl. Jend. Sudirman No.51 5, RT.004/RW.4, Karet Semanggi, Setiabudi District, South Jakarta City, Special Capital Region of  
Jakarta, Indonesia

Email: yerik.afrianto@atmajaya.ac.id

Correspondence Author Email: yerik.afrianto@atmajaya.ac.id

Submitted: 18/02/2025; Accepted: 26/02/2025; Published: 27/02/2025

**Abstract**—This research examines the economic dynamics of halal tourism development in Setanggor Village, a traditional craft village in Lombok, Indonesia, focusing on the interrelationship between cultural preservation and sustainable economic growth. Digital ethnographic methodology facilitates comprehensive analysis by systematically observing online interactions, digital footprints, and virtual community engagements across social media platforms, e-commerce activities, and digital marketing strategies of Setanggor's artisanal enterprises. Data collection encompasses news articles, and TripAdvisor reviews specific to Setanggor Village, processed through Atlas.ti software for rigorous content categorization and thematic analysis. Pattern identification and cross-source validation enhance analytical depth, ensuring methodological coherence in deriving robust conclusions. The findings reveal significant correlations between community cooperative structures, artisan empowerment, and equitable distribution of economic benefits within Setanggor's traditional weaving industry. Market expansion through halal-certified products demonstrates the substantial potential for income generation, while Setanggor's traditional weaving practices exemplify the successful integration of cultural heritage with contemporary market demands. However, the research identifies critical challenges in maintaining an equilibrium between commercialization pressures and cultural authenticity. Implementing strategic policy frameworks and fair trade mechanisms emerges as essential for fostering sustainable economic development while preserving traditional craftsmanship. This investigation contributes to the academic discourse by establishing innovative approaches for evaluating tourism-driven economic impacts within traditional craft villages, offering valuable insights for policymakers and stakeholders in developing sustainable halal tourism initiatives that benefit local artisanal communities in Setanggor and similar cultural destinations.

**Keywords:** Halal Tourism Development; Traditional Craft Villages; Economic Empowerment, Cultural Heritage Preservation; Artisanal Weaving Industry

## 1. INTRODUCTION

The remarkable growth of halal tourism in Indonesia has generated substantial economic opportunities for traditional craft villages, particularly in regions with distinctive cultural heritage. This emerging trend demonstrates a significant transformation in local economic structures, where traditional artisans adapt customary practices to meet contemporary market demands while preserving authentic cultural values (Mekonen & Eshetu, 2024). Examining tourist-oriented traditional craft villages reveals multifaceted economic impacts, encompassing direct revenue generation through artisanal product sales, employment creation in auxiliary tourism services, and stimulation of related small-scale enterprises (Andersen & Münchow, 2024; Mwanja et al., 2024; Oliveira et al., 2024). Indonesia's strategic position in fostering halal tourism development has facilitated market expansion for traditional craft products, enabling artisanal communities to establish sustainable economic models. Despite notable achievements in economic diversification, several critical factors merit consideration, including maintaining product authenticity, ensuring equitable distribution of tourism benefits, and developing robust market linkages. Through systematic analysis of economic indicators in traditional craft villages, it becomes evident that halal tourism catalyzes community-based economic development, fostering entrepreneurial initiatives while safeguarding cultural heritage preservation.

Addressing economic dynamics within traditional craft villages engaged in halal tourism is imperative for comprehensive academic investigation. Current market trends indicate rapid transformations in tourist preferences, creating immediate necessities for understanding sustainable economic models that benefit local artisanal communities (Prashar & Chhabra, 2024; Yang et al., 2024). Through empirical observation, traditional craft villages face pressing challenges in adapting production methods, pricing strategies, and marketing approaches to meet evolving tourist demands while maintaining cultural authenticity (Curteza, 2024; Kalaiarasan et al., 2024; London, 2024). A critical examination of economic impacts becomes essential as villages transition from conventional production systems toward tourism-oriented business models, necessitating immediate attention to preserve cultural heritage amid economic modernization. Several pressing factors underscore essential elements requiring immediate scholarly attention: establishing fair trade practices, developing sustainable tourism frameworks, and implementing effective economic distribution mechanisms within local communities. Given accelerating market changes and increasing competition in global halal tourism, understanding these economic dynamics emerges as vital for formulating effective development strategies that ensure the long-term sustainability of traditional craft villages in Indonesia.

The primary objective of this investigation involves conducting a comprehensive analysis of economic transformations within traditional craft villages participating in Indonesia's halal tourism sector. A systematic assessment aims to identify crucial factors influencing economic sustainability, encompassing market dynamics,



production adaptations, and revenue distribution patterns across local communities. Through detailed examination, this research seeks to establish quantifiable metrics for evaluating tourism-driven economic impacts while considering cultural preservation imperatives. Methodologically structured analysis intends to uncover correlations between tourism development initiatives and socioeconomic advancement indicators within artisanal communities. By examining multiple economic variables, this study strives to formulate evidence-based recommendations for optimizing economic benefits through sustainable tourism practices. Ultimately, this investigation aspires to develop a robust framework for understanding and enhancing economic outcomes in traditional craft villages engaged in halal tourism activities, thereby contributing to long-term community development and cultural preservation goals.

Prior investigations into halal tourism's economic implications have focused on broad regional impacts, overlooking specific dynamics within traditional craft villages. Recent studies examining tourism development in cultural heritage sites demonstrate varying approaches to economic analysis yet exhibit limited exploration of intricate relationships between tourism activities and artisanal communities (Erasiah & Pratama, 2024; Febriandika & Purniasih, 2024; Jung et al., 2024; Malabi et al., 2024). While existing research provides valuable insights into general tourism economics, a significant knowledge gap persists regarding specific economic mechanisms operating within traditional craft villages engaged in halal tourism. Notable academic works have addressed cultural preservation aspects of tourism development, though insufficient attention has been directed toward quantifying economic outcomes at community levels (Alam et al., 2024; Pratiwi et al., 2024; Ruhaeni et al., 2024). Contemporary research frameworks overlook essential factors such as market adaptation strategies, revenue distribution patterns, and long-term economic sustainability within artisanal communities. This identified research gap necessitates a focused investigation into economic transformations within traditional craft villages participating in Indonesia's expanding halal tourism sector, emphasizing detailed analysis of community-level economic impacts and sustainable development strategies.

This research offers significant theoretical contributions by developing a comprehensive analytical framework for understanding economic dynamics within traditional craft villages engaged in halal tourism. At the theoretical level, innovative conceptual models emerge for evaluating market adaptations, revenue distributions, and sustainable development patterns specific to artisanal communities (Cárdenas, 2024; Cardillo et al., 2024; Moral et al., 2024; Zocchi et al., 2024). Such theoretical advancements enhance existing scholarship by introducing new perspectives on community-based tourism economics and cultural preservation strategies (Arantes et al., 2024; dos Santos et al., 2024). In practical terms, this investigation yields valuable insights for stakeholders across multiple levels: policymakers gain evidence-based guidance for tourism development initiatives, village administrators receive structured approaches to economic planning, and artisanal communities obtain practical strategies for market adaptation. Implementation of research findings facilitates improved decision-making processes regarding resource allocation, infrastructure development, and cultural preservation efforts. Synthesis of theoretical knowledge and practical applications establishes a robust foundation for sustainable economic development in traditional craft villages while contributing to the academic discourse on halal tourism economics and community development strategies.

The distinctive aspect of this investigation emerges through innovative methodological approaches in analyzing the economic impacts of halal tourism within traditional craft villages across Indonesia. A novel analytical framework introduces comprehensive metrics for evaluating economic transformations, incorporating both quantitative indicators and qualitative cultural preservation factors. This study pioneers integrated assessment methods combining economic performance measurements with cultural sustainability indicators, establishing new parameters for evaluating the impacts of tourism development. Original contributions materialize by systematically examining market adaptation strategies specific to artisanal communities, revealing previously unexplored economic patterns and development trajectories. The investigation presents groundbreaking insights into revenue distribution mechanisms within traditional craft villages, offering fresh perspectives on community-based economic development models. By synthesizing economic analysis with cultural preservation considerations, this research establishes innovative approaches to understanding sustainable tourism development, marking a significant advancement in the academic discourse regarding halal tourism economics and traditional craft village sustainability.

## **2. RESEARCH METHODS**

### **2.1 Research Framework**

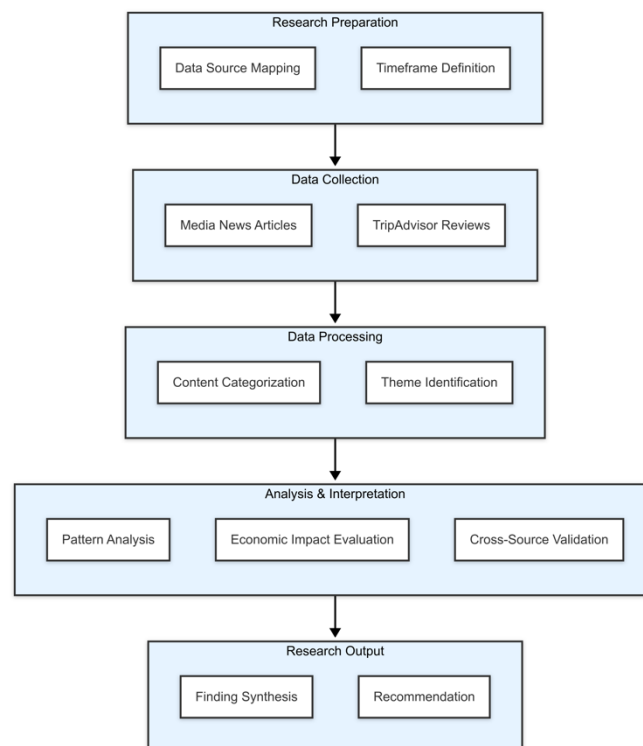
Digital ethnographic methodology facilitates a comprehensive examination of economic dynamics within traditional craft villages through systematic analysis of online interactions, digital footprints, and virtual community engagements. This methodological approach encompasses meticulous observation of social media platforms, e-commerce activities, and digital marketing strategies employed by artisanal communities participating in halal tourism (Cruz et al., 2024; Mearns et al., 2024; Sabatini, 2024). Through immersive digital observation, significant patterns emerge regarding market adaptations, customer interactions, and economic transformations within traditional craft villages (Lapper, 2024). The methodology incorporates systematic documentation of virtual marketplace activities, online customer behaviors, and digital promotion strategies, providing rich insights into contemporary economic practices. Analysis of digital ethnographic data reveals intricate relationships between online presence and economic



outcomes, highlighting crucial factors influencing sustainable development in artisanal communities. This methodological framework enables a deep understanding of evolving economic dynamics while maintaining cultural authenticity, establishing robust foundations for evaluating digital transformation impacts on traditional craft village economies.

Setanggor Village is a prominent cultural tourism destination in Central Lombok, West Nusa Tenggara Province, Indonesia, which is distinguished for its traditional weaving heritage and halal tourism development initiatives. This traditional craft village exhibits remarkable characteristics through its preservation of indigenous weaving techniques, cultural authenticity, and adaptation to contemporary market demands while maintaining Islamic principles in tourism practices. Based on empirical observations, Setanggor Village demonstrates substantial potential for sustainable tourism development by integrating cultural preservation, economic empowerment, and community-based tourism management. The analysis reveals that the village's strategic positioning in halal tourism development has catalyzed significant transformations in local economic structures, particularly in traditional craft production and tourism service provisions. Following these distinctive attributes, Setanggor Village represents an ideal case study for examining the intersection of traditional craftsmanship, halal tourism development, and sustainable community-based economic growth in Indonesia's evolving tourism landscape.

The data collection methodology incorporates diverse media sources and visitor testimonials to obtain comprehensive insights into the economic dynamics of halal tourism development. Primary data acquisition encompasses media coverage from prominent Indonesian news platforms, including CNN Indonesia, Berita Satu, and CNBC Indonesia, which extensively report tourism development initiatives, economic impacts, and cultural preservation efforts. Integrating visitor reviews extracted from TripAdvisor offers valuable perspectives regarding tourist experiences, satisfaction levels, and engagement with traditional craft activities in the study area. Based on meticulous content analysis, these data sources yield substantial information regarding market trends, economic transformations, and stakeholder interactions within the halal tourism ecosystem. Examining media narratives and visitor feedback establishes a robust analytical framework for understanding the multifaceted economic implications of tourism development. Through systematic triangulation of media coverage and visitor testimonials, this methodological approach facilitates a comprehensive understanding of economic dynamics while ensuring analytical rigor in the research process.



**Figure 1.** Research Workflow

Figure 1 illustrates a systematic research workflow encompassing a sequence of interrelated stages, ensuring a comprehensive analytical approach. The process begins with research preparation, involving data source mapping and timeframe definition to establish a structured foundation. Following this, data is collected through media news articles and TripAdvisor reviews, facilitating diverse qualitative and quantitative insights. The subsequent phase, data processing, encompasses content categorization and theme identification, essential for structuring raw information into meaningful patterns. Analysis and interpretation are then performed, incorporating pattern analysis, economic impact evaluation, and cross-source validation, enhancing the findings' rigor. The final stage produces research output, including finding synthesis and recommendation.



synthesizing findings and formulating recommendations, ensuring that the study contributes valuable insights for informed decision-making. This structured approach underscores the necessity of methodological coherence in deriving robust and actionable conclusions.

The economic implications of halal tourism development in traditional craft villages warrant a critical inquiry into its influence on local communities. This investigation necessitates exploring how the integration of halal tourism principles affects income generation, employment opportunities, and market expansion for artisans engaged in traditional crafts. A structured examination of economic indicators is essential to determine whether this tourism model fosters inclusive growth or inadvertently creates economic disparities. The interplay between demand for halal-certified products and the sustainability of local craft industries requires further scrutiny, particularly in assessing whether economic benefits are equitably distributed among stakeholders. A comprehensive understanding of these dynamics is pivotal in formulating strategic policies that optimize the economic advantages of halal tourism while ensuring the resilience of traditional craft-based economies.

The economic ramifications of halal tourism in traditional craft villages necessitate an in-depth exploration of its multifaceted impacts, particularly on income generation, employment dynamics, and market expansion for local artisans. Understanding the extent to which the integration of halal tourism principles stimulates economic opportunities requires an assessment of its influence on artisanal livelihoods, industry sustainability, and equitable distribution of financial benefits among stakeholders. Evaluating economic indicators is essential to determine whether this model fosters inclusive growth or exacerbates disparities within traditional craft-based economies. The increasing demand for halal-certified products presents opportunities and challenges, necessitating an analysis of its role in ensuring the long-term viability of local craft industries. Strategic policy interventions must be formulated to maximize halal tourism's economic benefits while safeguarding artisanal communities' resilience, thereby fostering a sustainable and equitable economic ecosystem.

<input type="checkbox"/> Question	Code Category
How does the integration of halal tourism principles impact income generation for artisans in traditional craft villages?	Income Generation
<input type="checkbox"/> Question	Code Category
What are the employment opportunities created by the development of halal tourism in traditional craft villages?	Employment Opportunities
<input type="checkbox"/> Question	Code Category
How does the market expansion resulting from halal tourism affect local artisans engaged in traditional crafts?	Market Expansion
<input type="checkbox"/> Question	Code Category
Do economic indicators suggest that halal tourism fosters inclusive growth in traditional craft villages, or does it lead to economic disparities?	Inclusive Growth vs. Economic Disparities
<input type="checkbox"/> Question	Code Category
How does the demand for halal-certified products influence the sustainability of local craft industries in traditional villages?	Demand for Halal-Certified Products
<input type="checkbox"/> Question	Code Category
Are economic benefits from halal tourism equitably distributed among stakeholders in traditional craft villages?	Equitable Distribution of Economic Benefits
<input type="checkbox"/> Question	Code Category
How can strategic policies be formulated to optimize the economic advantages of halal tourism while ensuring the resilience of traditional craft-based economies?	Strategic Policy Formulation

**Figure 2.** Research Question

Figure 2 presents a structured set of research questions that examine the economic implications of halal tourism development within traditional craft villages. The inquiry focuses on critical aspects such as income generation, employment opportunities, market expansion, and the sustainability of local artisanal industries in response to the increasing demand for halal-certified products. Assessing the extent to which economic benefits are equitably distributed among stakeholders provides a comprehensive understanding of whether halal tourism fosters inclusive economic growth or exacerbates financial disparities. A thorough evaluation of economic indicators offers insights into the transformative potential of this tourism model while identifying challenges that may arise in its implementation. Addressing these questions facilitates the formulation of strategic policies that enhance the economic advantages of halal tourism while preserving the resilience of traditional craft-based economies.

The coding process using Atlas.ti serves as a methodological approach to systematically analyze qualitative data by identifying patterns, themes, and relationships within textual sources. This software facilitates data organization by applying codes, which categorize information based on predefined analytical frameworks, enhancing the efficiency of thematic exploration. The ability to link text segments, visualize code networks, and generate structured insights strengthens the rigor of qualitative analysis, ensuring that interpretations remain comprehensive and contextually grounded. Employing Atlas.ti enables the refinement of data categorization through iterative coding, allowing for a more nuanced understanding of complex phenomena. Integrating this approach into qualitative research fosters methodological transparency, reinforcing the validity and reliability of the analytical process.

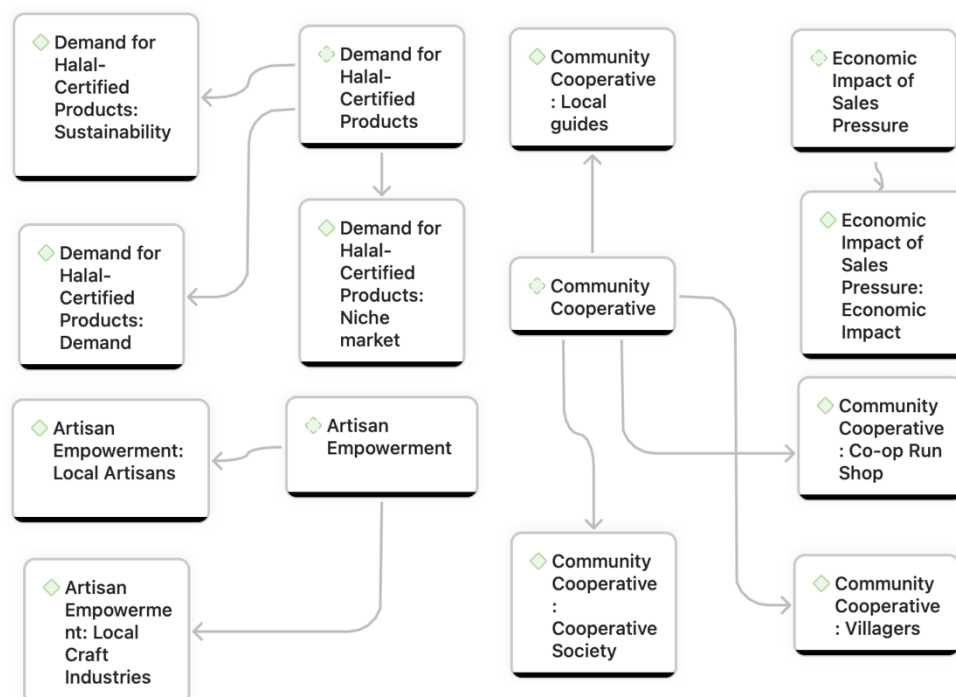


### 3. RESULTS AND DISCUSSION

#### 3.1 Economic Dynamics in the Development of Halal Tourism in Traditional Craft Villages

Indonesia's strategic positioning in the global halal tourism market is underscored by its achievement as the top-ranking country in the Mastercard Crescent Rating Global Muslim Travel Index (GMTI), reflecting its growing prominence in catering to Muslim-friendly travel preferences. The substantial increase in Muslim tourist arrivals and significant revenue contributions demonstrate the sector's economic viability and potential to drive national economic growth. Despite these advancements, the intensifying global competition necessitates formulating effective market penetration strategies and innovative approaches to differentiate Indonesia from other leading halal tourism destinations. A critical evaluation of policy frameworks, infrastructure development, and destination branding is essential to ensure long-term competitiveness while maintaining sustainability principles. Strengthening economic resilience through integrated halal tourism policies and adaptive market strategies will enhance Indonesia's global standing and foster sustained industry growth.

The sustainability of traditional craft-based economies is inherently linked to artisan empowerment, economic resilience, and market adaptability, as evidenced by key indicators such as employment generation, skill development, and income distribution. Integrating artisanal craftsmanship into structured economic frameworks fosters opportunities for local artisans, ensuring that authentic handcrafted products maintain their cultural significance while meeting contemporary market demands. Strengthening craft industry sustainability requires a multifaceted approach, encompassing skill training, fair trade policies, and strategic promotion of local craftsmanship to enhance visibility in domestic and international markets. A critical assessment of economic benefits highlights the necessity of equitable revenue distribution to prevent exploitative market structures that marginalize artisans despite their contributions to cultural heritage preservation. Establishing robust support systems and market linkages will fortify the resilience of traditional crafts, ensuring that craft villages and their associated industries achieve long-term viability in an increasingly competitive global economy.



**Figure 3.** Artisan Empowerment, Community Cooperative, and Economic Impact

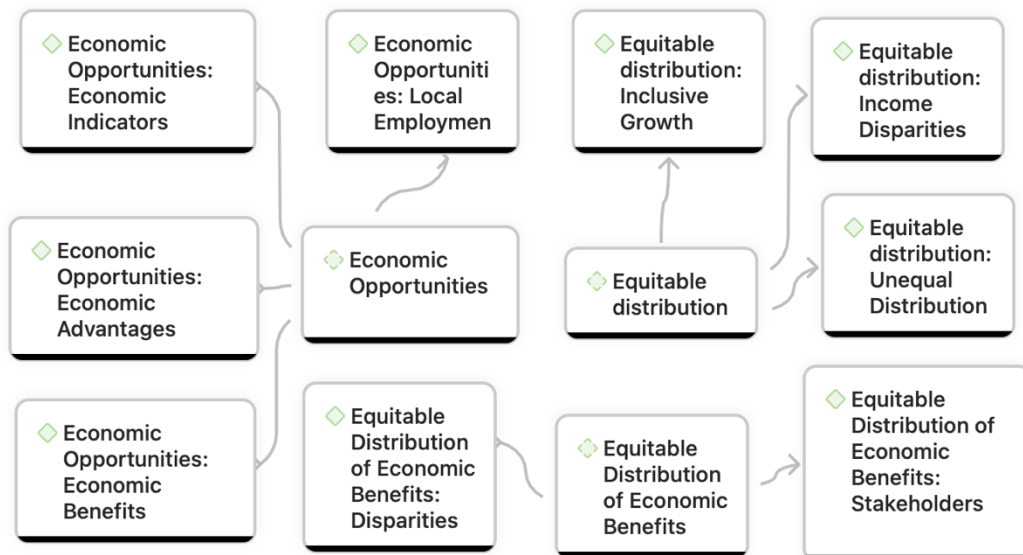
Figure 3 illustrates the interconnected relationship between artisan empowerment, community cooperatives, and the economic impact of halal-certified product demand. Strengthening artisan empowerment is pivotal in fostering local economic resilience, as it directly supports market access and the sustainability of craft industries. The role of community cooperatives in this framework is essential in facilitating collective bargaining, resource distribution, and economic inclusivity, ensuring that artisans and villagers benefit from equitable market participation. However, the economic impact of sales pressure remains a critical challenge, as aggressive marketing strategies may lead to consumer dissatisfaction and reduced long-term engagement. A structured cooperative system that promotes ethical trade practices and sustainable market expansion will enhance the economic viability of local artisans while maintaining cultural authenticity. Implementing strategic interventions integrating fair trade, cooperative governance,



and consumer trust-building measures will reinforce sustainable economic growth and equitable benefit distribution within the halal tourism ecosystem.

The role of community cooperatives in traditional villages serves as a fundamental mechanism for strengthening local economies through collective bargaining, cooperative purchasing, and equitable market access. Establishing co-op-run shops and cooperative markets facilitates direct engagement between artisans and consumers, reducing intermediary dependency and ensuring economic benefits remain within the community. The labor-intensive nature of traditional craftsmanship necessitates structured support systems that enhance production efficiency while preserving cultural authenticity. Active participation of local community members, including guides and artisans, fosters a sustainable tourism model that integrates economic empowerment with heritage preservation. Strengthening cooperative frameworks and optimizing shop operations will enhance market resilience, ensuring that traditional villages retain economic vitality while adapting to evolving consumer preferences.

The increasing demand for halal-certified products reflects a significant shift in consumer preferences, positioning the halal industry as a niche market with substantial economic potential. Government support is crucial in strengthening this sector by implementing regulatory frameworks, certification processes, and promotional initiatives that enhance market accessibility. The long-term viability of halal-certified products depends on their ability to meet evolving consumer expectations while maintaining compliance with global halal standards. Sustaining this positive market influence requires strategic interventions that balance economic growth with ethical production, ensuring that halal industries remain competitive and resilient. Strengthening sustainability measures and fostering innovation within this sector will contribute to its continuous expansion, reinforcing its role as a key driver of economic development.



**Figure 4.** Economic Opportunities, Equitable Distribution, and Economic Benefits

Figure 4 presents the intricate relationship between economic opportunities, equitable distribution, and economic benefits, highlighting the essential role of inclusive economic growth. The expansion of economic opportunities, mainly through employment generation and market accessibility, serves as a foundation for strengthening local economies and fostering financial resilience. However, disparities in income distribution and unequal access to resources pose significant challenges in achieving economic equity, often limiting the full realization of inclusive growth. Establishing fair distribution mechanisms and stakeholder-oriented policies is crucial in mitigating economic imbalances and ensuring that financial benefits are equitably shared across communities. A structured approach that integrates equitable resource allocation, transparent market practices, and targeted policy interventions will enhance long-term economic sustainability while minimizing disparities. Strengthening institutional frameworks to support economic inclusivity will reinforce social stability, ensuring that economic advancements contribute to collective prosperity rather than deepening existing inequities.

The economic implications of sales pressure in tourism-driven markets present a paradoxical dynamic where immediate revenue gains may compromise long-term sustainability. Excessive sales pressure, particularly in artisan and craft-based economies, often leads to negative visitor experiences, diminishing destination appeal and reducing repeat visitation rates. A short-term focus on aggressive selling strategies risks undermining consumer trust, ultimately limiting the economic potential of traditional markets. Analyzing this phenomenon necessitates a balanced approach that prioritizes ethical marketing practices, transparent pricing structures, and consumer-centric engagement to enhance economic resilience. Establishing a sustainable sales model that fosters positive visitor interactions while maintaining economic viability will contribute to long-term market stability and community-based economic growth.



The optimization of economic opportunities serves as a catalyst for sustainable development by fostering business growth, employment generation, and market expansion across various sectors. Strategic investment in infrastructure and service industries enhances the resilience of local economies, creating new employment opportunities while preserving traditional skills. A thorough analysis of economic indicators is essential to assess the extent to which market opportunities contribute to national economic stability and stakeholder benefits. Equitable distribution of economic advantages, coupled with skills training initiatives, ensures that income generation remains inclusive and supports long-term industry sustainability. Strengthening economic resilience through targeted policies and strategic investment will reinforce market competitiveness while sustaining livelihoods and promoting shared prosperity.

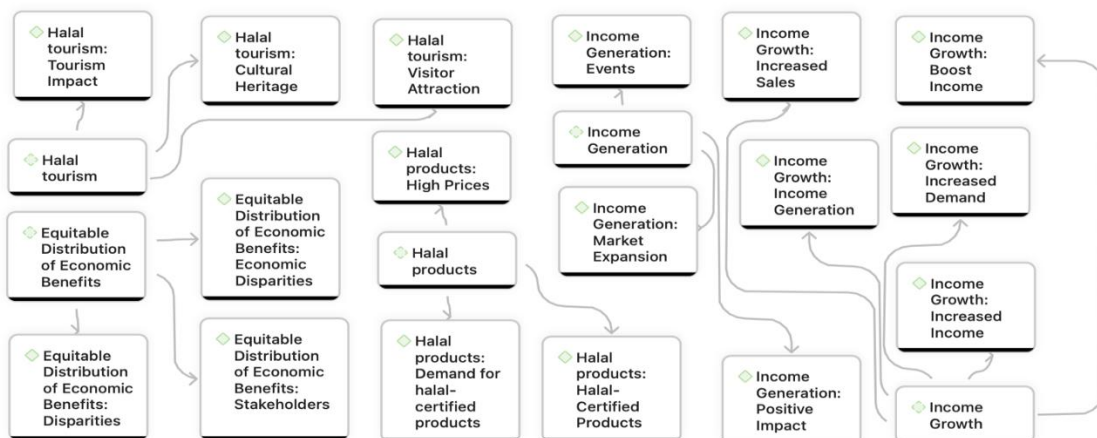
The expansion of employment opportunities within the craft and hospitality sectors is driven by increasing market demand and strategic economic diversification. Government support is pivotal in facilitating workforce development through targeted initiatives that enhance skill acquisition and industry adaptability. Strengthening employment frameworks necessitates a multidimensional approach integrating traditional craftsmanship with modern market dynamics to ensure sustainable job creation. A critical assessment of policy interventions and labor market trends is essential to determine the effectiveness of employment strategies in fostering economic resilience. Establishing a balanced synergy between government initiatives and industry-driven employment generation will contribute to long-term economic sustainability while enhancing workforce competitiveness.

Achieving equitable distribution of economic benefits is fundamental to fostering inclusive growth and reducing income disparities within a competitive market framework. Disparities in wealth allocation and benefit distribution often hinder sustainable economic development, limiting opportunities for marginalized stakeholders. Implementing fair income distribution mechanisms and stakeholder equity frameworks ensures that economic advantages are proportionally shared across communities. A comprehensive analysis of economic equity highlights the necessity of policy interventions that mitigate disparities and promote long-term financial inclusivity. Strengthening economic distribution systems through strategic governance and targeted development programs will enhance market resilience while fostering a more balanced and just economic structure.

### 3.2 Sustainability of Traditional Craft Industries within the Halal Tourism Ecosystem

Traditional craft villages in Lombok play a crucial role in halal tourism by harmonizing cultural heritage preservation with economic advancement, offering artisanal craftsmanship and immersive visitor experiences. The prevailing discourse on tourism management in these villages reveals a dual narrative, wherein positive aspects such as cultural engagement and local economic stimulation coexist with concerns over commercialization, authenticity erosion, and inconsistent pricing structures. Addressing these challenges necessitates the establishment of fair trade mechanisms and equitable revenue distribution models to ensure that economic benefits are proportionately shared among artisans and local stakeholders. A systematic evaluation of sustainability strategies is imperative to mitigate the risks associated with over-commercialization while maintaining the integrity of traditional craftsmanship. Strengthening regulatory frameworks and adopting community-centric tourism policies will be instrumental in fostering long-term economic viability while safeguarding the cultural authenticity of these traditional craft villages.

Ensuring the equitable distribution of economic benefits requires a structured framework that integrates community involvement, stakeholder engagement, and resource allocation strategies. Economic disparities often arise due to unequal access to resources, ineffective pricing mechanisms, and policy misalignment, leading to conflicts that hinder sustainable development. Government policies are crucial in mitigating these disparities by implementing fair distribution models that promote inclusivity and economic justice. A critical assessment of policy impact and stakeholder participation is essential to identifying structural inefficiencies contributing to unequal benefit distribution. Strengthening governance mechanisms and fostering collaborative resource management will enhance economic resilience, ensuring economic advantages are distributed relatively and sustainably across communities.



**Figure 5.** Equitable Distribution of Economic Benefits, Halal Products and Income Growth

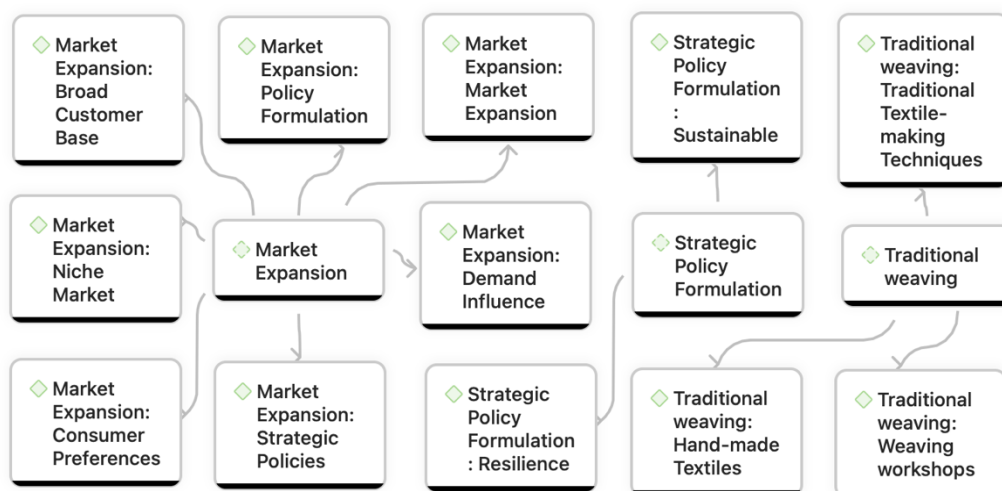


Figure 5 illustrates the intricate relationship between equitable distribution of economic benefits, halal products, and income growth in an interconnected economic framework. The distribution mechanism operates through multiple channels, from halal tourism's economic impact to cultural heritage preservation, which stimulates visitor attraction and market expansion. This economic ecosystem relies on high-quality halal-certified products that meet stringent requirements, create substantial market demand and foster business opportunities across various sectors. Based on the observed pattern, equitable distribution manifests through stakeholder engagement and economic disparity reduction, effectively contributing to sustainable economic development. The analysis reveals a significant correlation between halal product certification and income generation, as demonstrated through increased sales, boosted income levels, and enhanced market demand. Following these findings, implementing halal product standards and equitable distribution practices notably catalyzes positive economic impacts, ultimately driving sustainable income growth across different market segments.

The increasing demand for halal-certified products reflects a significant shift in consumer preferences, driven by the need for ethically produced goods that adhere to halal principles. This market expansion has led to the evolution of the halal industry, where authentic goods are showcased to meet the expectations of halal-conscious consumers. However, pricing disparities remain a critical challenge, as expensive products and high-priced showrooms create accessibility barriers for a broader market segment. A comprehensive evaluation of fair trade practices ensures halal product pricing remains competitive while maintaining quality and ethical production standards. Strengthening market regulations and optimizing supply chain efficiency will enhance affordability, fostering a more inclusive and sustainable halal product ecosystem.

The expansion of halal tourism serves as a strategic driver for economic growth by attracting Muslim tourists and fostering the development of a sustainable tourism sector. The integration of halal tourism principles into hospitality services, cultural landmarks, and tourism attractions enhances the appeal of Muslim-friendly destinations, catering to the specific needs of a rapidly growing global market. Investments in the hotel sector, alongside increased employment opportunities for tour guides and hospitality staff, contribute to strengthening tourism infrastructure and boosting local economies. A critical assessment of tourism revenue and market demand underscores the necessity of aligning tourism policies with cultural heritage preservation and ethical tourism practices. Strengthening sustainable tourism strategies while maintaining service excellence will ensure long-term competitiveness, positioning halal tourism as a key contributor to economic resilience and global tourism expansion.

Pursuing inclusive growth necessitates a balanced approach that bridges economic disparities while expanding market accessibility and economic opportunities. Affordability remains critical in ensuring that economic benefits are equitably distributed across diverse socioeconomic groups, preventing structural inequalities from widening. Government support is pivotal in mitigating disparities by implementing policies that enhance financial inclusivity, facilitate stakeholder participation, and promote equitable wealth distribution. A comprehensive evaluation of cost structures and market expansion strategies is essential to identifying systemic barriers hindering economic development inclusivity. Strengthening collaborative frameworks among stakeholders and optimizing policy interventions will foster sustainable growth while reducing economic imbalances, ensuring that prosperity is shared across all segments of society.



**Figure 6.** Market Expansion, Strategic Policy Formulation, and Traditional Weaving

Figure 6 depicts the dynamic interrelationship between market expansion strategies, strategic policy formulation, and traditional weaving practices in a comprehensive economic framework. Market expansion encompasses multiple dimensions, including broad customer base development, niche market penetration, and consumer preference analysis, collectively establishing a robust foundation for sustainable growth. Strategic policy formulation emerges as a crucial element through resilience-building measures and sustainable practices, creating an



enabling environment for traditional craft preservation. Based on the structural analysis, traditional weaving maintains significance through hand-made textile production, specialized workshops, and preserving time-honored textile-making techniques. The strategic integration of market expansion initiatives with policy formulation profoundly impacts preserving cultural heritage while adapting to contemporary market demands. This systematic approach to combining market development with traditional craftsmanship fosters economic sustainability while safeguarding invaluable cultural practices in textile production.

The income generation process within labor-intensive industries is closely linked to market demand, pricing structures, and government support in fostering economic resilience. Demonstrations and events are strategic platforms for expanding market reach, creating new opportunities, and enhancing consumer engagement with locally produced goods and services. Strengthening revenue streams necessitates an adaptive pricing strategy that balances affordability with fair compensation for labor-intensive production. A comprehensive analysis of market expansion highlights the positive impact of aligning economic policies with industry growth, ensuring long-term sustainability. Establishing a supportive regulatory framework and optimizing economic incentives will enhance income generation while reinforcing economic stability across various sectors.

Sustained income growth is driven by increased market demand, higher sales volumes, and expanded economic opportunities that enhance revenue generation across various sectors. The rise in consumer demand directly influences pricing structures, boosting income levels and fostering more excellent financial stability for businesses and workers. Strengthening income generation requires strategic interventions that optimize sales potential, improve market visibility, and create additional income opportunities through diversified economic activities. A critical assessment of revenue growth trends underscores the importance of balancing price adjustments with market accessibility to prevent limiting income generation. Enhancing economic resilience through targeted policies and adaptive business strategies will ensure long-term sustainability, reinforcing stable income growth in a competitive market environment.

Market expansion is a critical driver of economic growth by broadening customer access, increasing demand, and creating new opportunities for industry sustainability. Strengthening market reach necessitates strategic alignment with consumer preferences, fair pricing mechanisms, and cultural authenticity to enhance customer attraction while maintaining product integrity. The effectiveness of market expansion depends on integrating capacity-building initiatives, government support, and marketing enhancements that ensure equitable access to global and niche markets. A comprehensive analysis of pricing strategies, distribution factors, and exposure to new audiences is essential in mitigating the limitations of restricted market influence. Establishing regulatory frameworks and fostering resilience through adaptive business strategies will optimize market expansion, ensuring long-term sustainability and economic inclusivity.

Traditional weaving represents a vital cultural heritage, embodying intricate craftsmanship and time-honored textile-making techniques passed down through generations. Producing high-quality woven fabrics, including sockets and sarung, requires meticulous skill, resulting in premium textiles characterized by vibrant patterns and complex weaving styles. The economic value of these handmade textiles is reflected in their pricing, as labor-intensive production methods and material quality contribute to higher costs. A critical examination of traditional weaving practices highlights the importance of weaving workshops and demonstrations in preserving artisanal knowledge while fostering market engagement. Strengthening the sustainability of this craft through strategic policy support and market accessibility will ensure its continued relevance in cultural preservation and economic development.

### 3.3 Discussion

The economic impact of halal tourism development on local communities, particularly in tourist-oriented traditional craft villages in Indonesia, reflects both opportunities and challenges in fostering sustainable economic growth. Halal tourism has significantly increased visitor influx, stimulating revenue generation and employment opportunities in traditional craft industries (Ajar, 2024; Marlinda et al., 2024). However, the economic benefits of this sector are not uniformly distributed, as disparities in income allocation, commercialization concerns, and the commodification of cultural heritage remain prevalent. While government support is crucial in strengthening this sector, ensuring that economic gains reach local artisans equitably remains challenging (Pangestoeti et al., 2024). A critical assessment of the integration of halal tourism principles within traditional craft villages highlights the necessity of balancing market expansion with cultural preservation and economic inclusivity. Strengthening regulatory frameworks, fostering fair trade mechanisms, and enhancing community engagement will ensure halal tourism catalyzes inclusive and sustainable local economic development.

The sustainability of halal tourism in traditional craft villages depends on the effectiveness of policy interventions, market accessibility, and the resilience of local economic structures. Integrating halal principles into tourism frameworks has created a niche market, driving demand for halal-certified products and services while enhancing cultural tourism experiences (Che Haron et al., 2024). However, the pressure to commercialize traditional crafts to meet market demand risks diminishing the authenticity of artisanal heritage and shifting economic advantages toward intermediaries rather than the artisans themselves (Mahardhani et al., 2024). Pricing disparities and aggressive sales tactics further complicate the equitable distribution of economic benefits, potentially discouraging long-term consumer engagement. Addressing these challenges requires a strategic approach emphasizing transparent market mechanisms, equitable income distribution, and community-driven economic empowerment. Strengthening local



capacity through skills training, cooperative business models, and sustainable tourism practices will ensure that halal tourism development supports economic prosperity, cultural preservation, and social inclusivity.

Ensuring the long-term viability of halal tourism in traditional craft villages necessitates a comprehensive approach that integrates economic equity, cultural sustainability, and responsible tourism management. While preserving authenticity, reliance on labor-intensive production methods requires structural support to enhance artisans' financial security and market competitiveness. Without precise mechanisms for price regulation and ethical trade practices, the risk of economic exploitation increases, limiting the potential for inclusive growth. Additionally, market saturation and competition from mass-produced imitations threaten the distinctiveness of traditional crafts, undermining their cultural and economic value (Atta et al., 2024; Nomura & Koizumi, 2024; Sahu & Das, 2024). Strengthening institutional support through targeted government policies, fair-trade certifications, and cooperative market initiatives is essential to safeguarding local artisans' interests while fostering consumer confidence. Developing innovative marketing strategies that emphasize the uniqueness of halal tourism experiences, alongside ethical consumer engagement, will contribute to a more sustainable and equitable economic model. Integrating these measures into a holistic development framework will reinforce the resilience of traditional craft villages, ensuring their continued contribution to the tourism sector and local economies.

Enhancing the economic resilience of traditional craft villages within the halal tourism framework requires a balanced strategy that mitigates income disparities while fostering sustainable market growth. The reliance on increased tourist influx as a primary revenue source necessitates careful management to prevent economic volatility and over-commercialization (Khoiri et al., 2024). Without structured interventions, the commodification of cultural heritage risks shifting financial benefits away from local artisans toward external stakeholders, diminishing the long-term sustainability of the craft industry. Developing ethical tourism practices, including transparent pricing mechanisms and equitable revenue-sharing models, ensures that artisans receive fair compensation for their labor-intensive craftsmanship (Hennida et al., 2024). Furthermore, strengthening infrastructure, expanding digital market access, and incorporating halal certification into traditional products will enhance their competitiveness in both domestic and international markets. Establishing a comprehensive policy framework that integrates economic empowerment, cultural preservation, and sustainable tourism management will ensure that halal tourism contributes to inclusive economic development while safeguarding the authenticity of traditional craft industries.

## 4. CONCLUSION

Investigating economic dynamics within traditional craft villages engaged in halal tourism reveals multifaceted implications for sustainable development and cultural preservation. Economic transformations driven by halal tourism demonstrate significant potential for market expansion, income generation, and employment creation, mainly by integrating halal-certified products and traditional craftsmanship. Establishing community cooperatives is a fundamental mechanism for strengthening local economies, facilitating collective bargaining, and ensuring equitable distribution of tourism benefits. However, challenges persist regarding pricing disparities, commercialization pressures, and the preservation of cultural authenticity. The strategic implementation of fair trade mechanisms and structured policy frameworks prove essential for mitigating economic disparities and fostering sustainable growth. Traditional weaving practices exemplify the delicate balance between cultural preservation and market adaptation; necessitating continued support through specialized workshops and demonstration initiatives. The success of halal tourism in traditional craft villages ultimately depends on maintaining an equilibrium between economic advancement and cultural heritage preservation, supported by robust institutional frameworks and community-driven development approaches. This research underscores the importance of integrating sustainable tourism practices with cultural preservation strategies to ensure long-term economic resilience while safeguarding invaluable cultural traditions.

## ACKNOWLEDGMENT

Thanks to the to the Tourism Department, Faculty of Business Administration and Communication, Atma Jaya Catholic University of Indonesia, PUSDIPAR, and the LPPM (Lembaga Penelitian dan Pengabdian kepada Masyarakat).

## REFERENCES

- Ajar, S. B. (2024). Identification of Historical Mosque as Tourism Destination: Comparison between Menara Kudus and Demak Great Mosque in Indonesia and Kobe Muslim and Tokyo Camii in Japan. *Atelie Geografico*, 18(2), 38–59. <https://doi.org/10.5216/ag.v18i2.78047>
- Alam, A., Mellinia, R., Ratnasari, R. T., & Mawardi, I. (2024). Analysis of Halal Ecotourism Digital Campaigns in a Mosque by an Online Environmental Community. *International Journal of Sustainable Development and Planning*, 19(7), 2651–2659. <https://doi.org/10.18280/ijstdp.190721>
- Andersen, K. V., & Münchow, M. (2024). Creativity and commerce: a shifting balance for specialty foods and beverages. *Journal of Business Strategy*, 45(4), 247–252. <https://doi.org/10.1108/JBS-02-2023-0022>
- Arantes, A. C. V., de Carvalho, L. G., & do Nascimento, V. B. (2024). Change and social (re)organization in traditional braided



- crafts from the Arapiuns River region, Santarém, Pará. *Boletim Do Museu Paraense Emílio Goeldi: Ciências Humanas*, 19(1). <https://doi.org/10.1590/2178-2547-BGOELDI-2022-0088>
- Atta, S. A., Bonyah, E., & Boateng, F. O. (2024). Integrating Akan Traditional Art to Enhance Conceptual Understanding in Mathematics: Perspectives of Educators and Artisans. *Journal of Interdisciplinary Studies in Education*, 13(2), 81–101. <https://doi.org/10.32674/0xy2cm48>
- Cárdenas, M. M. (2024). Associational strategy around a collective brand of Ecuadorian potters within the popular and solidarity economy in the framework of good living. *Data and Metadata*, 3. <https://doi.org/10.56294/dm2024.215>
- Cardillo, M., Venzi Zanazzi, A., & Borella, F. (2024). Archaeological record of historical–modern intertidal Octopus fishers of coastal North Patagonia, Argentina. *Journal of Island and Coastal Archaeology*. <https://doi.org/10.1080/15564894.2024.2349296>
- Che Haron, H. I., Abdullah, H., Sheikh Ahmad Tajuddin, S. A. F., Mohd Zain, F. A., & Nurul Aisyah, N. A. A. (2024). Analyzing revisit dynamics: a scholarly analysis of bootstrapping, mediating Muslim-friendly context and impact on determinant factors in Terengganu's edutourism destinations. *Journal of Islamic Marketing*, 15(12), 3683–3726. <https://doi.org/10.1108/JIMA-02-2024-0053>
- Cruz, M., Mascarenhas, D., Pinto, C. M. A., & Queiros, R. (2024). Reconfiguring Teacher Professionalism in Higher Education in Portugal: A Case Study on Pedagogical Innovation and Hybrid Learning. In *EDUNINE 2024 - 8th IEEE World Engineering Education Conference: Empowering Engineering Education: Breaking Barriers through Research and Innovation, Proceedings*. <https://doi.org/10.1109/EDUNINE60625.2024.10500462>
- Curteza, A. (2024). The History of Textile, Clothing, Leather and Footwear Industry. In *History of Mechanism and Machine Science* (Vol. 44, pp. 169–182). [https://doi.org/10.1007/978-3-031-39393-8\\_11](https://doi.org/10.1007/978-3-031-39393-8_11)
- dos Santos, L. S., Lemos, J. R., & de Andrade, I. M. (2024). Etnobotânica no Piauí, Brasil: Panorama Científico e Uso da Flora. *Fronteiras*, 13(2), 92–151. <https://doi.org/10.21664/2238-8869.2024v13i2.p92-151>
- Erasiah, & Pratama, F. S. (2024). Islam in Japan: From Confinement to Muslim-Friendly. *Journal of Al-Tamaddun*, 19(2), 89–100. <https://doi.org/10.22452/JAT.vol19no2.6>
- Febriandika, N. R., & Purniasih, I. (2024). Trends in Muslim behavior research: A five-year bibliometric and content analysis. *International Journal of Advanced and Applied Sciences*, 11(6), 79–88. <https://doi.org/10.21833/ijaas.2024.06.009>
- Hennida, C., Nauvarian, D., Saptari, N. O., & Sugianto Putri, R. (2024). The role of belief systems and misperceptions in halal tourism policy: evidences from Indonesia. *Cogent Social Sciences*, 10(1). <https://doi.org/10.1080/23311886.2024.2352915>
- Jung, I., Yu, J., Jeaheng, Y., & Han, H. (2024). Halal Product Attributes/Quality and Its Influence on Muslim Guests' Loyalty for a Hotel. *Journal of Quality Assurance in Hospitality and Tourism*, 25(2), 269–293. <https://doi.org/10.1080/1528008X.2022.2112805>
- Kalaiarasan, M., Neethiselvan, N., Gayathre, L., Mariappan, S., Velmurugan, R., & Radhakrishnan, K. (2024). Indigenous fishing gears of the Pulicat lagoon of Tamil Nadu. *Indian Journal of Traditional Knowledge*, 23(6), 583–593. <https://doi.org/10.56042/ijtk.v23i6.11830>
- Khoiri, N., Siregar, M. H., & Muniruddin. (2024). Exploring Halal Tourism: The Role of Islamic Jurisprudence (Usul Fiqh) and Religious Moderation in Enhancing the Tourism Sector of Indonesia. *Pakistan Journal of Life and Social Sciences*, 22(1), 92–106. <https://doi.org/10.57239/PJLSS-2024-22.1.008>
- Lapper, E. (2024). Digital Death: Methods and Collaboration Towards a Shared Anthropology. *Suomen Antropologi*, 48(1), 43–65. <https://doi.org/10.30676/jfas.112431>
- London, G. (2024). Ethnoarchaeological examination of workspaces for rural producers of market-oriented wares. *Journal of Archaeological Science: Reports*, 53. <https://doi.org/10.1016/j.jasrep.2023.104329>
- Mahardhani, A. J., Setiawan, Z., Harahap, E. F., Udiati, T., Gutomo, R. T., Kraugusteeliana, K., & Rahim, R. (2024). Assessing the impact of supporting facilities on the development of halal tourism: A bibliometric review. *Journal of Infrastructure, Policy and Development*, 8(11). <https://doi.org/10.24294/jipd.v8i11.8286>
- Malabi, J. J., Chavez, C. J. H., Robert, R. C., & Manala-O, S. D. (2024). Exploring inclusivity in travel and leisure: Insights from Filipino Muslim families. *Journal of Leisure Research*. <https://doi.org/10.1080/00222216.2024.2424208>
- Marlinda, A. P., Tamara, A. P., Sambora, R., & Jatmika, S. (2024). The social impact of halal tourism policy in South Korea: apart from the economic sector. *Asian Journal of Political Science*. <https://doi.org/10.1080/02185377.2024.2441678>
- Mearns, M., Meyer, A., Holmner, M., Marshall, L., Hattingh, M., & Bester, E. (2024). Sensemaking and the Potential Future-focused Curriculum for Society 5.0 Knowledge Managers: A South African Perspective. *South African Computer Journal*, 36(1), 133–154. <https://doi.org/10.18489/SACJ.V36I1.18880>
- Mekonen, A. A., & Eshetu, A. A. (2024). Understanding the indigenous knowledge-based Tub and griddle pan handcrafting business in Dessie, Ethiopia. *Cogent Social Sciences*, 10(1), 2316943. <https://doi.org/10.1080/23311886.2024.2316943>
- Moral, I. H., Rahman, M. M., Rahman, M. S., Chowdhury, M. S., & Rahaman, M. S. (2024). Breaking barriers and empowering marginal women entrepreneurs in Bangladesh for sustainable economic growth: a narrative inquiry. *Social Enterprise Journal*, 20(4), 585–610. <https://doi.org/10.1108/SEJ-04-2023-0050>
- Mwanja, C. K., Terziev, N., Ishengoma, R., Banana, A., & Kalanzi, F. (2024). Fungal degradation of bamboo treated with crude lake salt and a mixture of borax and boric acid. *Advances in Bamboo Science*, 8. <https://doi.org/10.1016/j.bamboo.2024.100092>
- Nomura, Y., & Koizumi, K. (2024). Fusion of Biotechnology and Craftsmanship: Bacterial Treatment to Improve Bashofu Fiber Extraction. *Journal of Natural Fibers*, 21(1). <https://doi.org/10.1080/15440478.2024.2351166>
- Oliveira, M., Zucaro, A., Passaro, R., & Ulgiati, S. (2024). Life cycle assessment of leather treatment at various scales: comparison between chrome and vegetable processes. *International Journal of Life Cycle Assessment*, 29(2), 153–173. <https://doi.org/10.1007/s11367-023-02232-3>
- Pangestoeti, W., Amalia, E., Alfiandri, A., Firman, F., Azizi, O. R., & Gemilang, R. (2024). Halal Tourism and Industry in Blue Economy (Analysis on Kepulauan Riau Challenges Towards the Cross Border strategic location with neighbouring countries Singapore and Malaysia - Case Study Pulau Penyengat). In *BIO Web of Conferences* (Vol. 134). <https://doi.org/10.1051/bioconf/202413403006>
- Prashar, O., & Chhabra, J. (2024). The Legacy of Rangawali Pichhaura in Indian Traditional Textiles. *Journal of the Textile*



- Association, 85(2), 198–203. <https://doi.org/10.5281/zenodo.13364153>
- Pratiwi, R., Takhim, M., Wardhani, W. N. R., Ragimun, Sonjaya, A., Rahman, A., Basmar, E., & Pambudi, B. (2024). The Collaboration of Penta Helix to Develop Halal Tourism Villages in Batang, Cental Java. *International Journal of Sustainable Development and Planning*, 19(7), 2753–2761. <https://doi.org/10.18280/ijstdp.190732>
- Ruhaeni, N., Yudianty, E., & Aqimuddin, E. A. (2024). Revisiting Indonesia halal tourism policy in light of GATS. *Journal of International Trade Law and Policy*, 23(2), 154–167. <https://doi.org/10.1108/JITLP-12-2023-0064>
- Sabatini, F. (2024). Public libraries as social infrastructures: libraries’ response to the COVID crisis in the Emilia-Romagna region. *Cultural Trends*. <https://doi.org/10.1080/09548963.2024.2346296>
- Sahu, S. C., & Das, A. (2024). Traditional plant-based artifacts of Odisha. *Indian Journal of Traditional Knowledge*, 23(1), 56–66. <https://doi.org/10.56042/ijtk.v23i1.8146>
- Yang, L., Xu, J., & Liao, Y. (2024). Empowering Ethnic Footwear Artisans Through Co-Design: a Case Study on Traditional Qiang Footwear. *Leather and Footwear Journal*, 24(3), 181–196. <https://doi.org/10.24264/lfj.24.3.1>
- Zocchi, D. M., Sulaiman, N., Prakofjewa, J., Sõukand, R., & Pieroni, A. (2024). Local Wild Food Plants and Food Products in a Multi-Cultural Region: An Exploratory Study among Diverse Ethnic Groups in Bessarabia, Southern Moldova. *Sustainability (Switzerland)*, 16(5). <https://doi.org/10.3390/su16051968>