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Strategy Of MSMEs Development Based On Shariah Economy In The Digital Era: Case Study Of Small Business In Morombuh Village

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Abstrak

This study aims to examine the development strategies of sharia-based Micro, Small, and Medium Enterprises (MSMEs) in the digital era, using a case study of small businesses in Morombuh Village. The research is grounded in the urgency of strengthening MSMEs not only as resilient economic actors but also as entities aligned with Islamic values. A qualitative descriptive approach was employed, using observation, in-depth interviews, and documentation. The study focuses on identifying forms of social accommodation, the implementation of sharia principles in business practices, and the challenges and opportunities presented by digital transformation. The findings reveal that the development of sharia-based MSMEs in Morombuh occurs organically through the role of three key social actors: religious leaders and Islamic boarding schools as moral and spiritual guides, families as sources of technical and emotional support, and local communities as facilitators of digital literacy and market access. Despite challenges such as low digital literacy, weak business management, and limited access to sharia-compliant financing, MSME actors demonstrate significant potential for growth through strong values, social solidarity, and gradual technological adaptation. In conclusion, the development of sharia-based MSMEs requires a contextual, collaborative, and value-oriented approach as its foundational strategy.

Kata kunci: Sharia MSMEs, Social Accompaniment, Digitalization, Islamic Values, Islamic Boarding School.

1. INTRODUCTION

MSMEs play a strategic role in the national economy with a major contribution to GDP and employment (Hakim, 2024). However, in the digital era, they are faced with the challenge of adapting technology that is not simple, especially for business actors in rural areas (Fitranto, 2025). Morombuh Village, one of the areas with the growth of sharia-based MSMEs, reflects this dilemma. On the one hand, digitalization opens up wider marketing and transaction opportunities (Barus, Simamora, Sihombing, Panjaitan, & Saragih, 2023). On the other hand, business actors are still limited in digital literacy and understanding of technology (Fadly, 2024). This study is directed at revealing how sharia MSMEs in villages are able to survive and thrive by integrating sharia values and digital technology simultaneously. The focus is on small businesses that have started using digital means and carrying out business practices based on Islamic principles such as justice, transparency, and freedom from usury (Hady, Aziz, & Azkar, 2025).

The issue of developing sharia MSMEs in the digital era is important to discuss because it touches on two sides: people's economy and religious values (Saharani, 2025; Syafii, 2024; Usman, Wartoyo, Haida, & Wahyuningsih, 2024). In academic discourse, there is an imbalance in the study between the digitalization of MSMEs and the application of sharia principles in small businesses (Awaliyah & Zakariya, 2025; Humairah, Anggraini, Maharani, & Kholmi, 2025). Sharia economic practices are often discussed in the context of large financial institutions, while the practices of small business actors still receive less attention (Azmi, 2020; Muhammad Kurniawan & Sy, 2021). In fact, the reality on the ground shows that many MSME actors are trying to run their businesses in an Islamic manner while trying to adapt to technological developments (Bismala, Handayani, & Andriany, 2018; Masriansyah, 2020; Tayibnapis, 2021). From a practical perspective, the findings of this study will be relevant in formulating MSME empowerment policies, especially those targeting villages with strong religious characters (Chatra et al., 2025). Therefore, it is important to understand the actual dynamics that

occur at the micro level so that the interventions and policies designed are truly in accordance with needs (Andari, 2020; Zulkarnain Nasution, 2025).

This study focuses on micro and small-scale sharia MSMEs in Morombuh Village who have begun to adopt digital technology in their business practices. Not all forms of MSMEs are involved, only those who run their businesses consistently with sharia principles, such as avoiding usury and upholding the values of justice (Pusvisasari, Bisri, & Suntana, 2023; Putri, Oktaviana, Al Farizi, & Ariansyah, 2025). The search is also limited to digital technology used for transactions, promotions, or business management—including the use of social media and sharia payment applications (Riswanto et al., 2024). The study does not highlight the formal legal aspects of MSMEs or the effectiveness of sharia financing in general, but rather focuses on the integration of values and technology at the practical level (Felizha, Syaira, & Wigati, 2025). With these limitations, the study is expected to be able to capture the real dynamics in the field, as well as produce a contextual, relevant, and applicable picture in the MSME empowerment approach in similar areas.

Several previous studies have shown that digitalization helps the efficiency and expansion of the MSME market (Evangelista, Agustin, Putra, Pramesti, & Madiistriyatno, 2023; Godwin, Junaedi, Hardini, & Purnama, 2024; Handayani & Soeparan, 2022; Rahmawati, Sumarno, & Sari, 2024). On the other hand, sharia fintech has begun to answer the need for halal financing (Haya, 2025; Trizuwani, Zen, & Fatmawati, 2025). Several studies have also concluded that businesses that apply sharia principles gain stronger market trust (Saifuddin, 2025; Sain & Bahri, 2024; Sari & Ronaldo, 2024). However, these studies are generally separate: focusing on technology or on sharia sectorally. There are not many studies that examine both in an integrated manner, especially in a rural context. In addition, the approach used is more descriptive, not analytical. There are still few studies that review how sharia values are applied in digital transformation in practice, and how MSMEs in villages manage these two dimensions simultaneously in their daily businesses.

This study aims to examine the development strategy of sharia MSMEs in Morombuh Village through the use of digital technology and an Islamic value-based mentoring approach. Three main questions are formulated: (1) How are sharia principles applied in digital business practices by MSME actors in the village? (2) What forms of digitalization do they carry out to support business sustainability? (3) How can sharia-based mentoring strengthen the capacity and competitiveness of MSMEs? Answering these questions is important because it can be the basis for compiling a contextual and sustainable sharia-based MSME empowerment model, as well as enriching the theoretical treasury in Islamic economic studies and digital transformation in the informal sector (Kusumawati et al., 2025).

The main hypothesis of this study is that the synergy between sharia principles and digital technology can improve the sustainability and competitiveness of rural MSMEs. Three sub-arguments support this. First, sharia values such as honesty and fairness can strengthen consumer trust. Second, digitalization facilitates market access and efficient transactions. Third, mentoring that is in accordance with religious values is more acceptable to business actors because it is in line with their culture and beliefs. If this hypothesis is proven, the results of the study will provide new insights into the approach to ethical economic empowerment, and show that technology and religious values are not contradictory, but can coexist in local economic practices (Harahap, Siregar, & Darwis Harahap, 2022; Munir, 2023).

2. RESEARCH METHODS

This study uses a qualitative approach with a case study design. This approach allows for in-depth exploration of the phenomenon of integrating Islamic economic values with digitalization practices at the MSME level (Humairah et al., 2025; Oktaviany et al., 2025). The case study design was chosen because it is able to capture local dynamics in their entirety, pay attention to the socio-cultural context, and provide space for interpretation of the practices and experiences of business actors (Judijanto et al., 2024; Tahir et al., 2023). The goal is to build a comprehensive understanding of value-based development strategies, not just describe surface symptoms (Ulfah et al., 2022).

Material objects include micro and small businesses based on sharia economy that are developing in Morombuh Village. The focus is directed at business units that consistently implement sharia principles in their operations, such as avoiding usury, transparency in transactions, and efforts to maintain business blessings (Hafizd, Mukhlas,

& Abd Hakim, 2024). In addition, the digitalization aspect that has begun to be applied in business activities—including the use of social media, sharia-based payment systems, and digital marketing platforms—is an integral part of the study's attention. (Hafizd et al., 2024). The selection of this object is based on the relevance of its context to the shift in the economic patterns of the people in the era of technological transformation, especially in rural areas (Bado, 2022; Reniati, Tastafiyah Risfandy, & Nizwan Zukhri, 2025).

The sources of information in this study were obtained from a combination of primary and secondary data (Hajari, Pratiwi, & Putra, 2024; Susanti, Sari, & Amri, 2021). Primary information was collected from sharia MSME actors in Morombuh Village as the main subject, which was selected purposively based on the following criteria: having an active business for at least two years, running a business based on sharia economic principles, and having utilized digital technology in the business process. In addition, key informants consisting of community leaders, local MSME assistants, and religious leaders were also involved to provide complementary perspectives on the social dynamics and normative values that surround community economic practices. Secondary data in the form of business documents, training records, and digital content (such as online promotional materials) were also reviewed to strengthen the validity of field findings (Juita, Effendi, & Maryam, 2025).

Data collection was carried out through three main techniques, namely in-depth interviews, participant observation, and documentation studies (Makbul, 2021). Interviews were conducted in a semi-structured manner to allow exploration of relevant issues while maintaining focus on the research objectives (Mulyana et al., 2024). Observations were conducted directly at the business location to gain an understanding of the behavior, work routines, and interactions of MSME actors with consumers and technology (Utami, Oktaviani, Rohaeni, & Yuliyana, 2024). Documentation studies were conducted on written and visual materials related to business activities, including digital transaction reports, training materials, and promotional content (Wulandari & Tumanggor, 2024). The entire data collection process was carried out by upholding the principles of research ethics, such as maintaining the confidentiality of the subject's identity and obtaining consent before the interview process took place (Haryani & Idi Setiyobroto, 2022).

Data were analyzed using a thematic approach, which allows for the extraction of meaning from narratives and social practices recorded in field data (Nurhayati, Apriyanto, Ahsan, & Hidayah, 2024). The initial stage began with a process of familiarizing the data through repeated reading of interview transcripts, observation notes, and related documents (Adelliani, Sucirahayu, & Zanjabila, 2023). Furthermore, an open coding process was carried out to identify meaningful segments related to the research theme, such as internalization of sharia values, digitalization strategies, and forms of business assistance (Pugu, Riyanto, & Haryadi, 2024). The identified codes were then grouped into parent themes, which were further analyzed by referring to sharia economic theory and digital entrepreneurship literature (Dimiyati, 2022). Data validity is guaranteed through source and method triangulation techniques, as well as member checks with key respondents to ensure that the data interpretation matches the reality they experience (Susanto & Jailani, 2023).

3. RESULTS AND DISCUSSION

3.1. Application of Sharia Economic Principles in Business Practices

The principles of Islamic economics are an inseparable foundation in micro-business activities in Morombuh Village. Although most business actors do not have formal education in Islamic economics, these values have been internalized through traditions, customs, and socio-religious influences. The five main values that are most apparent in the practice of Islamic MSMEs in this village include: avoidance of usury, justice and transparency, avoidance of gharar, service ethics, and commitment to blessings and trust. The following is a detailed description of each of these values in the local context.

3.1.1. Usury Avoidance and Alternative Financing Systems

One of the most prominent principles implemented by MSMEs in Morombuh is the avoidance of usury. Not only as a religious prohibition, usury is understood as a source of unblessing in business. This belief is reinforced by sermons from local religious figures, as well as collective experience that businesses containing usury elements tend not to last long or bring new problems, such as installment burdens and family tensions.

Instead of borrowing capital from conventional financial institutions, MSMEs tend to seek solidarity-based solutions. Some common forms include interest-free loans from relatives, group arisan, and informal profit-sharing

schemes with neighbors. These practices take place without written contracts, but are based on trust and high moral responsibility.

The following table summarizes the forms of financing used by the five MSME actors who were respondents:

NO	TYPE OF BUSINESS	MAIN CAPITAL SOURCE	FINANCING SCHEME
1	Roadside stall Basic necessities	You womb	Profit sharing (mudharabah)
2	Food Business Light	Personal savings	Independent
3	Local Batik Craftsmen	Lottery club family	No interest
4	Sewing Services Home	Local sharia cooperative capital	Instalment without interest

Table 1. Types of Financing Used by Several Respondent MSME Actors.

This practice shows that business actors remain productive and grow without relying on the conventional financial system. Their success in creating this alternative is proof that the sharia economy can run practically at the community level, as long as it is supported by a social system that is mutually trusting and based on values.

3.1.2. Fairness and Transparency in Transactions

Fairness in pricing, clarity in conveying product information, and openness to criticism are part of the daily practices of MSME actors in Morombuh. This principle was not born from external pressure, but became part of local morality that has been embedded through social interaction and religious values that continue to be taught in village religious studies and women's religious assemblies.

Business owners stated that they prefer to sell products with reasonable margins so that buyers do not feel burdened. They also avoid price manipulation when there is a shortage, and ensure that the size or dosage of the product is not secretly reduced. This transparency is also seen when the product is in less than perfect condition; for example, leftover food from yesterday's production will be sold with honest information and a lower price.

Another form of transparency is the use of simple and realistic promotional language, especially in online marketing. They do not use exaggerated claims or compare products with big brands, but simply convey the quality according to reality. This shows that the principle of shidq (honesty) has become part of the business strategy as well as the ethics of muamalah that are naturally preserved.

Furthermore, local consumers value this openness as a form of trust, and tend to become loyal customers because they feel appreciated and not cheated. In the long run, this principle not only brings material benefits, but also strengthens the social reputation of business actors as individuals who are trusted and liked by the community.

3.1.3. Avoidance of Gharar and Clarity of Contracts

The principle of caution in buying and selling is an inseparable part of sharia economic practices among UMKM actors in Morombuh Village. Although the term gharar (uncertainty in the contract) is not formally known by most business actors, they have consciously avoided forms of uncertainty in transactions. This attitude is reflected in the commitment to maintaining clarity on prices, product specifications, payment systems, and product handover times.

In order-based business practices such as sewing, catering food, or handicrafts, UMKM actors do not ask for full payment at the beginning of the transaction. Usually they only ask for a down payment in a reasonable amount as a form of commitment, then payment is made after the goods are finished being produced. This step not only maintains the buyer's sense of security, but also protects the reputation of the business actor.

"I usually only accept DP, not asking for everything at once. Later, when the product is finished, then it will be paid off. If it is not suitable, we can discuss it."

Even in online transactions via WhatsApp or Facebook, the perpetrators still write down product details, prices, order quantities, and estimated delivery times to avoid misunderstandings. This thoroughness shows that the principle of a clear contract (bai' al-musammah) is carried out substantially, even though it is not formalized in a written document.

This practice also shows that the concept of *ridha bil ridha* - willingness between two parties - has become an ethical framework in transactions. Thus, MSMEs in Morombuh do not only implement the principle of caution for short-term profits, but as a form of moral responsibility to maintain fair and mutually beneficial agreements.

3.1.4. *Service Ethics and Commitment to Blessings*

Service ethics are an inseparable part of the efforts of MSMEs in Morombuh. They view customers not only as a source of profit, but as guests who must be served with care, politeness, and empathy. Service is provided with a smile, a friendly attitude, and without coercion.

Some business owners routinely give discounts to neighbors or old customers, or even waive payments if they know that consumers are struggling. They believe that small alms in business will open the door to greater fortune.

This principle reinforces the belief that success is not measured solely by the size of turnover, but also by the blessings that are felt—for example, sufficient sustenance even though it is small, loyal customers, and a business that continues to survive in difficulties. In their view, blessings are more important than rapid growth but with no clear origin.

Service ethics are also demonstrated through honesty in time—for example, keeping delivery promises on time, answering questions patiently, and providing complete information. All of this is done not because of formal rules, but because of the encouragement of faith and a sense of social responsibility.

3.1.5. *Results of Student Perception Questionnaire on Fiqh Learning*

Although sharia principles are strongly applied in the aspects of ethics and social interaction, weaknesses are still found in terms of business administration management. Most MSME actors do not have a neat recording system, have not made financial reports, and do not have formal business legality. They rely on experience and intuition in managing cash flow and profits, without adequate managerial tools.

This becomes an obstacle when they want to participate in funding programs from sharia institutions or the government, because administrative requirements such as financial reports and business proposals have not been able to be met. Several actors expressed a desire to learn, but were constrained by time, age, or difficulty understanding technical formats. The following table summarizes the most frequently encountered administrative challenges:

ADMINISTRATIVE ASPECT	FIELD FINDINGS
Recording transaction	Still manual or based on memory
Report finance	Generally No available
Legality business	Most of them do not have formal business permits
Human Resource Management	Done alone or with family

Table 2. Field Findings of Administrative Challenges.

Therefore, technical and administrative assistance efforts are needed so that MSMEs can move up a class, not only in terms of ethics, but also in terms of professionalism and business sustainability. Integration of sharia values and modern management is a strategic step in developing MSMEs in the future.

3.2. *Digitalization Strategy for MSME Services*

Digitalization has become a strategic element in the development of micro-enterprises, including for sharia-based MSMEs in Morombuh Village. However, digitalization in this village does not take place as a massive and technocratic process, but rather grows gradually, contextually, and based on social experience. Business actors are beginning to realize that digital technology can expand marketing reach, facilitate interaction with customers, and speed up transactions—although at the same time, they face limitations in digital literacy, infrastructure, and trust in new digital systems.

The MSME digitalization strategy in Morombuh includes four main dimensions: the use of social media for promotion, a sharia-based digital payment system, integration into local marketplace platforms, and community-based digital assistance. The following is a detailed description of the four strategies.

3.2.1. *Use of Social Media For Promotion Product*

Social media has become the main entry point for digitalization for Morombuh MSMEs. This happened not because of formal intervention, but through independent initiatives of business actors who followed the daily communication trends in the village. WhatsApp and Facebook are the two dominant platforms used, while Instagram is starting to be known among young people.

Promotion is done in a simple but contextual way: they upload original product photos, add product descriptions, and insert religious messages such as "Bismillah selling today" or "Halal, God willing, a blessing." This is a strength in itself because it fosters trust while building a product identity that is unique morally.

Some actors even use WhatsApp RT groups or religious study groups to market food products, household needs, or home services. These promotional activities are still very organic and do not follow professional digital marketing rules such as copywriting or branding, but have proven effective in increasing sales volume.

"I sell using WhatsApp status. Sometimes I also send it to religious study groups. If anyone is interested, just send a private message. No need to go to the market."

However, obstacles still arise, such as difficulty editing images, limited phone memory, and lack of understanding of the best time to post. Some actors also do not understand the importance of brand identity and visual consistency. However, behind these limitations, they show high enthusiasm and a spirit of learning.

3.2.2. **Implementation of Sharia Digital Payment System**

Another aspect of the digitalization strategy is the use of non-cash payment methods. Although still limited, MSMEs are starting to recognize and use digital wallets such as LinkAja Syariah, sharia bank transfers (such as BSI Mobile), and QRIS from sharia platforms. This step is largely triggered by consumer demand from outside the village or young people who are accustomed to transacting digitally.

However, the adoption of this system has not always been smooth. Many players, especially those over 40, are not yet accustomed to using mobile applications. There are also concerns about data security, transfer errors, and questions about the halal status of certain platforms.

"I myself am not very good at using QRIS. I can transfer money, but I have to have my child help me. Sometimes I worry about pressing the wrong button."

The shift to digital payments has also affected the way transactions are recorded. Several perpetrators admitted that they began to have difficulty controlling cash flow because they did not record transfer results. This shows that the adoption of technology needs to be accompanied by increased financial literacy so that the digital system does not confuse perpetrators.

Despite the obstacles, they admit that the digital method is faster, safe from counterfeit money, and suitable for consumers from outside the region. So, in the long term, this system has great potential as long as it is accompanied by the right assistance.

3.2.3. **Product Integration into Local Marketplace**

Integration into the digital marketplace is a challenge for Morombuh MSMEs. Several initiatives have been carried out by village cooperatives and Islamic boarding school partners, such as creating product catalogs in PDF format that are shared online or creating joint accounts on platforms such as Tokopedia or Shopee.

However, most business actors are not yet able to manage marketplace accounts independently. They admit to having difficulty in filling in descriptions, managing stock, responding to customer chats, and managing the shipping system.

This condition makes the *hybrid model* an option: MSME actors continue to use WhatsApp for main transactions, while cooperative managers or village administrators are tasked with managing the digital part. This shows the importance of role division in driving digitalization: not all actors need to be tech-savvy, but there needs to be a collective system that supports each other. Here is a summary of the digitalization strategies and the observed adoption rates:

DIGITALIZATION STRATEGY	MEDIA / PLATFORMS	ADOPTION RATE	MAIN OBSTACLES
Promotion via social media	WhatsApp, Facebook	Tall	Quality content , inconsistency
Digital payments	LinkAja Syariah, BSI Mobile	Currently	Digital literacy , sharia trust
Marketplace or catalog	Tokopedia, catalog cooperative	Low	Dependence technical on admin

Table 3. Results of Observations of Digitalization Strategy.

3.2.4. Digital Mentoring by Local Communities

One of the main strengths in the MSME digitalization strategy in Morombuh is community support. Mosque youth groups, Islamic boarding school students, and cooperative members also participate as digital literacy agents who help MSME actors in technical matters. Assistance is carried out in the form of informal training, direct guidance, and joint account management.

This model has proven effective because the education process does not take place rigidly. Mentoring is carried out with a family approach, through arisan forums, women's religious studies, or household visits. In this way, UMKM actors are more comfortable learning and do not feel pressured.

This assistance also encourages mindset transformation. Some actors have begun to dare to expand the market outside the village, print labels, and prepare packaging that is suitable for online sales. This shows that the success of digitalization does not only depend on technology, but also on social relations that strengthen the self-confidence of business actors.

3.2.5. Strategic Reflection and Strengthening Implications

In general, the digitalization of MSMEs in Morombuh is developing from below, following the social rhythm of society and market trends. Social media is the mainstay because it is the easiest to access and does not require high technical knowledge. While aspects such as digital payments and marketplaces are developing more slowly because they require new skills and greater trust in digital systems. The main supporting factors for the success of MSME digitalization include:

- There is intensive community support,
- Support from family, especially the younger generation,
- Spiritual motivation to develop a business in a halal and blessed way.

However, for digitalization to truly become a tool of empowerment, further steps are needed, such as:

- Provision of a local, easy-to-use, sharia-based platform,
- Multi-level, real-world case-based technical training,
- Strengthening collaboration between Islamic boarding schools, cooperatives, and village governments.

With this approach, digital transformation will not eliminate traditional values, but instead strengthen the competitiveness of village MSMEs in a contextual and dignified sharia corridor.

3.3. Forms of Mentoring and Social Roles in Strengthening Sharia MSMEs

In the dynamics of empowering sharia MSMEs in Morombuh Village, the mentoring pattern cannot be separated from the socio-religious structure that shapes the way of life of the community every day. Rather than relying on the intervention of external institutions, mentoring grows from within the community through social agents who have long been trusted and have moral and social authority. The mentoring is not only technical or administrative, but also includes ideological, emotional, and practical dimensions.

3.3.1. The Role of Religious Figures and Islamic Boarding Schools

Religious figures in Morombuh, especially kiai and ustaz, are central actors in the formation of entrepreneurial awareness that is in line with sharia principles. Their role is not only as a transmitter of teachings, but also as a value educator, informal consultant, and moral role model. They convey Islamic economic principles through religious studies, sermons, discussion forums, and even in informal daily interactions.

Several MSME players admitted that they felt the need to consult religious figures before making certain business decisions, especially those related to contracts, payment systems, loans, or cooperation strategies. Religious figures in this case function as ethical validators who ensure that business activities remain within the halal corridor.

The pesantren itself acts as the epicenter of values. In many cases, pesantren not only function as educational institutions, but also as socio-economic institutions that manage cooperatives, foster santri entrepreneurship, and open market access through alumni networks. Residents' products are often marketed through pesantren distribution channels, both in religious events and through cooperative activities.

3.3.2. Support from Family and Closest Social Network

In micro business units, the role of the family cannot be reduced to just providing emotional support. In Morombuh, the family is the main actor that supports almost all aspects of MSME operations, from production,

promotion, to distribution. The family acts as a flexible work team, replacing each other's roles, and being adaptive to the workload.

MSMEs generally manage their businesses with their spouses or children. Husbands and wives often share tasks—one is responsible for production, the other handles marketing or procurement of materials. Young children are often the bridge to the digital world: they help create WhatsApp business accounts, update promotional statuses, and arrange payments via e-wallet or mobile banking. Support also comes in the form of:

- Initial capital often comes from family savings or social gatherings between relatives,
- Informal distribution, for example, entrusting sales to relatives in the next village,
- Spiritual motivation, where families remind each other that their business does not contain any haram elements.

No less important are non-family social networks such as neighbors, religious friends, and social gathering groups. This is where the process of exchanging information and business strategies takes place informally but effectively. They share experiences about packaging mistakes, pricing tips, and strategies for dealing with consumers outside the village.

3.3.3. *Involvement Local Communities and Organizations*

Communities in Morombuh play a strategic role in strengthening the capacity of MSMEs outside the family. The communities in question include mosque youth groups, women's organizations (majelis taklim), local cooperatives, and digital volunteers. Although not always bureaucratically organized, they play a crucial facilitative role in helping entrepreneurs enter new market and technology spaces. Concrete examples of community assistance include:

- Non-formal training on product packaging, product photography, and how to create digital catalogs.
- Provision of promotional access, such as managing collective social media accounts that feature citizen products.
- Marketing assistance through cooperation between members in sharing information on buyers outside the village.
- Logistics support, such as helping deliver large quantities of products for event needs.

The role of the community is not only to facilitate the technical side of the business, but also to revive the collective spirit in running an economy based on mutual assistance. Values such as honesty, trustworthiness, and togetherness remain the common thread in all mentoring activities. The following table summarizes the forms of community intervention more systematically:

COMMUNITY ACTIVITIES	THE MAIN PURPOSE	IMPACT ON UMKM
Training packaging & visuals	Increase quality presentation product	Increasing the appeal of foreign consumers
Catalog promotion collective	Make it easier for consumers to choose local products	Expand range marketing
Social media accounts together	Promotion of products that cannot be managed directly by the actor	Helping actors with digital disabilities
Support logistics	Connecting sellers and buyers from outside the region	Ensure continuity distribution product

Table 4. Forms of Community Intervention.

With this role, the community becomes a strategic bridge that enables village MSMEs to transform without abandoning local identity and sharia values.

3.4. **Challenges and Opportunities for Developing Sharia MSMEs in the Digital Era**

The development of sharia MSMEs in rural areas faces complex challenges while opening up great opportunities in the context of digital transformation. Morombuh Village as the study location reflects these dynamics: business actors have high spirits, strong social support, and awareness of religious values that shape business ethics. However, behind these strengths are structural and cultural obstacles, which if not addressed can hinder the acceleration of strengthening the sharia-based economy. Therefore, an in-depth analysis of the challenges and opportunities is important in formulating a realistic and rooted strengthening strategy.

3.4.1. Challenge Development of Sharia MSMEs

The challenges in developing sharia MSMEs in Morombuh can be categorized into two main dimensions, namely internal challenges originating from the capacity of actors and the internal ecosystem of the business, as well as external challenges originating from environmental conditions, institutional systems, and infrastructure.

- **Internal Challenges**

One of the main obstacles faced is low digital literacy and business management. Most MSMEs do not yet have adequate understanding of online marketing strategies, the use of social media features for promotion, or structured business financial management. The use of digital media is still limited to simple activities, such as uploading product photos on WhatsApp status, without a sustainable content strategy or understanding of digital platform algorithms.

In addition, weaknesses in financial records make it difficult for businesses to develop systematically. Actors often mix business funds with household needs, do not have adequate records of capital, profit, or production costs. This has an impact on difficulties in business evaluation and in accessing sharia-based microfinance.

Another internal obstacle lies in the lack of product innovation and diversification. Many players tend to stick with conventional business models that are already known, but are less responsive to changes in consumer tastes or digital market needs. Limited time, skills, and courage to experiment are dominant factors that hinder innovation.

- **External Challenges**

From the external side, the most fundamental problem lies in the unequal access to digital infrastructure. Although the internet network has reached rural areas, the unstable connection quality and limited devices—both in terms of quantity and technical specifications—are obstacles to optimal business digitalization. Many actors still use mobile phones with limited capacity, so they cannot access more complex online sales applications.

In addition, access to sharia-based microfinance is also an obstacle. The available sharia financial institutions are generally located in sub-districts or cities, with administrative procedures that are still relatively complicated for micro-entrepreneurs. Many actors ultimately remain dependent on informal loans or family arisan, which are limited in number and do not cover the needs of business development as a whole.

Another challenge arises from the lack of integration between government programs and local needs. Training or assistance programs are often not tailored to the characteristics of sharia-based MSMEs in villages. The lack of program sustainability, the absence of post-training assistance, and the lack of synergy with local figures make these interventions less effective in creating long-term change.

3.4.2. Strategic Opportunities for Development in the Digital Era

Behind these challenges, there are a number of strategic opportunities that can be utilized to strengthen Islamic MSMEs in the digital era. These opportunities do not only come from technological advances, but also from the strength of social capital, the characteristics of the spirituality of the actors, and the support of the community that is unique to the pesantren community.

- **Value Awareness and Business Spirituality**

Sharia MSMEs in Morombuh have a high awareness of the importance of running a business in a halal and blessed manner. This kind of orientation becomes an ethical strength that distinguishes them from general business actors. The desire to avoid usury, maintain honesty, and prioritize Allah's pleasure is a strong foundation in running a business, even in limited conditions. This awareness of values opens up space to build a business ecosystem that is not only economically profitable, but also morally healthy and sustainable.

- **Gradual Adaptation to Technology**

Although the level of digital literacy is still low, some actors have shown efforts to start adapting. They have used WhatsApp for promotions, made payment transfers, and documented products with cellphone cameras. These initial steps indicate a readiness that can be responded to with gradual and direct practice-based assistance. With a contextual learning approach and community assistance, the digitalization process can be carried out in an accommodating and non-coercive manner.

- **Potential Synergy with Islamic Boarding School Institutions**

Islamic boarding schools in Morombuh have large social authority and distribution networks. If they function as incubators for student and community entrepreneurship, Islamic boarding schools can become training centers, halal product processing, and even liaisons between business actors and external markets. This potential has not been optimally utilized, but the opportunities are very large to be developed through collaborative programs with Islamic boarding school cooperatives, zakat institutions, or other strategic partners.

- Local Community Activation as a Driving Agent

Local communities have proven to be the driving force behind simple digital initiatives in villages. Mentoring by mosque youth groups, RT volunteers, or women's religious study groups plays an important role in assisting business actors to access technology, design products, and market goods collectively. If strengthened in the form of activity units or value-based socio-economic platforms, these communities can become a cheap, flexible, and effective mentoring structure.

3.4.3. Direction of Reinforcement Development of Sharia MSMEs

Based on the identified challenges and opportunities, strengthening sharia MSMEs in the digital era needs to be directed at strategies that touch the root of the problem, are participatory, and uphold local values. The interventions carried out must move away from a purely technocratic approach, and begin to accommodate a contextual socio-religious approach. Some strategic strengthening directions that can be taken include:

- Gradual Digital Literacy Approach: Not one-way training, but direct guidance based on daily business activities provided by community facilitators.
- Strengthening the Sharia Microfinance Ecosystem: Encouraging Islamic boarding school-based sharia cooperatives or zakat institutions to open partnership-based microfinance schemes, not conventional loans.
- Improving Managerial Capacity of Business Actors: Simple training modules based on local case studies need to be developed to improve financial recording, production management, and pricing strategies.
- Integration of Values in Digital Technology: Digitalization is not just about expanding the market, but also a medium for preaching and affirming Islamic identity in business ethics. Promotion, brand narratives, and product packaging need to convey the values of honesty, trustworthiness, and blessings.
- Consolidation of Islamic Boarding Schools as Centers for Economic Empowerment: Islamic boarding schools can be used as a base for incubating halal businesses, training centers for sharia entrepreneurs, and distribution hubs for local products based on spirituality.

By integrating value approaches, social support, and appropriate use of technology, sharia MSMEs in Morombuh Village can grow as a local economic force that is not only competitive, but also has profound social and spiritual impacts.

4. CONCLUSION

The results of this study indicate that the development of sharia-based MSMEs in Morombuh Village cannot be separated from the social, cultural, and religious context of the local community. Business practices carried out by MSME actors in this village are not only oriented towards economic profit, but are also based on Islamic values such as honesty, justice, trustworthiness, and blessings. These values are internalized in business behavior through the role of religious figures, Islamic boarding schools, and social norms that grow in the community. Mentoring for MSME actors is carried out organically through three main axes. Religious figures and Islamic boarding schools act as moral guides and guardians of muamalah ethics, families and closest social networks become technical and emotional supports, while local communities are present as facilitators in the process of technology adaptation, collective promotion, and capacity development. This kind of mentoring is not formally structured, but runs sustainably and functionally because it is based on a strong sense of trust and social solidarity. However, sharia MSMEs still face various challenges. At the internal level, the main obstacles include low digital literacy and weaknesses in business management. On the external side, obstacles include unequal access to technological infrastructure, limited access to sharia microfinance, and minimal synergy between government programs and local potential. These challenges show that efforts to strengthen MSMEs require more than just a technical approach, but also a social approach based on the real needs of the community. On the other hand, various strategic opportunities are wide open. Strong social capital, spiritual awareness of business actors,

and active community involvement are local strengths that can be optimized. In addition, Islamic boarding schools have a very potential position as centers for empowering the people's economy, both as providers of value education and as distribution nodes for halal products. The adoption of digital technology, although not yet optimal, shows a positive direction of transformation if accompanied by the right approach. Thus, the development of sharia MSMEs in the digital era requires a holistic and contextual strategy. Strengthening the capacity of business actors must be accompanied by the maintenance of sharia values, the involvement of local actors, and the gradual use of technology. Models such as those developed in Morombuh can be a reference for the development of MSMEs in other rural areas, by emphasizing the importance of synergy between values, community, and innovation.

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