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The Role of the Setono Chicken Satay Industry in Enhancing Community Welfare An Islamic Economic Perspective

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ABSTRACT

Ponorogo is known not only for its cultural and religious heritage but also for its traditional culinary industry, notably the Setono Village chicken satay. This study explores how the satay industry enhances community welfare from an Islamic economic perspective. Using qualitative field research, data were collected through interviews and observation. Results show that the industry boosts income, improves living standards, and supports education and health through community solidarity. Islamic values like mutual aid and ethical business strengthen social cohesion. The Setono model illustrates how faith-based microenterprises can drive inclusive and sustainable development.

ABSTRAK

Ponorogo dikenal sebagai kota budaya dan kuliner, salah satunya melalui industri sate ayam di Desa Setono yang telah berlangsung sejak 1878. Penelitian ini mengkaji peran industri tersebut dalam meningkatkan kesejahteraan masyarakat berdasarkan perspektif ekonomi Islam. Dengan pendekatan kualitatif, data dikumpulkan melalui wawancara dan observasi. Hasil menunjukkan bahwa industri ini meningkatkan pendapatan, kualitas hunian, akses pendidikan, dan kesehatan melalui solidaritas komunitas. Nilai-nilai Islam seperti tolong-menolong dan etika usaha memperkuat kohesi sosial. Industri ini menjadi contoh pengembangan masyarakat berbasis nilai spiritual yang berkelanjutan dan inklusif.

Introduction

Ponorogo, a regency in East Java, Indonesia, is widely recognized for its cultural and religious identity symbolized by Reog performances, Islamic boarding schools, and traditional culinary heritage. Among its culinary icons, Ponorogo chicken satay (sate ayam Ponorogo) holds significant economic and cultural value, particularly in Setono Village, which has maintained its satay industry for generations since 1878. This village has transformed into a culinary cluster, where over 90% of households are engaged in satay production, forming a unique model of localized micro, small, and medium enterprises (Santoso et al., 2024, 2024; Suwandojo et al., 2023).

MSMEs are crucial drivers of regional economies, particularly in developing countries (Daties & Peilouw, 2023; Kumari & Devi, 2023; Satrianto et al., 2024, 2024). Their contributions

include employment generation, the emergence of new entrepreneurs, market flexibility, and the utilization of local resources. However, they often encounter substantial constraints such as limited capital, inefficient financial management, weak distribution channels, underdeveloped promotional strategies, and skill gaps in human resources. These internal and external challenges restrict their scalability and competitiveness in broader markets. Despite such limitations, the Setono Chicken Satay industry exhibits strong community integration and resilience, sustained by religious values and local solidarity. Unlike conventional MSMEs, the Setono model reflects principles derived from Islamic economics, where economic activity is not solely profit-driven but also oriented toward spiritual well-being, social justice, and communal harmony. The practices of mutual aid, transparency, and ethical conduct are integral to the operations of this village-based industry. This study aims to examine how the Setono Chicken Satay industry contributes to the welfare of the community, not only in economic terms but also through educational, health, housing, and spiritual dimensions. Employing a qualitative fieldwork approach with inductive analysis, the research highlights how religious ethics embedded in local entrepreneurial practices shape a holistic model of sustainable development. By doing so, the study contributes to a nuanced understanding of how faith-informed MSMEs can become engines of inclusive and multidimensional community welfare.

Literatur Review

MSMEs: Potential and Constraints

MSMEs are often lauded for their role in job creation, poverty reduction, and local economic resilience (Abdijabbar Ismail & Nor, 2024; Wahyudi et al., 2024). However, while numerous studies highlight their contributions, others caution against romanticizing their capacity. Emphasize structural weaknesses such as inefficient management, limited access to capital, and poor market connectivity (“Exploring the Reasons behind Modest Economic Performance,” 2023; Hasyim & Bakri, 2024). A critical gap exists in understanding how such enterprises survive and evolve within culturally specific and resource-constrained settings like rural Indonesia. Most studies treat MSMEs in abstract economic terms, often neglecting localized, value-driven mechanisms of resilience (Herissuparman et al., 2024; Lestari et al., 2022; Wicaksono, 2022).

Community Welfare: Beyond Material Metrics

Traditional welfare studies focus on income, education, health, and housing as core indicators (“Como Os Sistemas Políticos e as Políticas Sociais Afetam o Bem-Estar,” 2023; “New Indicators and Measurement Methods for Welfare in the Global Economy Era,” 2022; Park & Cho, 2023). However, these dimensions, though important, offer a fragmented view if not tied to community-level dynamics and subjective well-being. The current literature tends to treat welfare outcomes as effects of macroeconomic policy rather than as emergent properties of grassroots entrepreneurial ecosystems. Moreover, few models consider the role of local traditions or ethical frameworks in shaping these outcomes. There is a growing need to explore welfare as both a material condition and a social-psychological state shaped by identity, solidarity, and purpose.

Islamic Economics and Social Enterprises

Islamic economics provides a normative foundation for evaluating economic practices through a spiritual and ethical lens (Ahmadi et al., 2024, 2024). Key values such as justice (adl), balance (mizan), and communal responsibility (fard kifayah) redefine the goals of economic activity to include not only profit but also social harmony and spiritual well-being. However, many empirical studies fail to operationalize these concepts, treating Islamic economics as a theoretical ideal rather than a lived practice. Exceptions such as Syam & Prasetyo (2024) show that Islamic values like mutual aid and transparency are central to the success of Ponorogo's satay community, yet such insights remain isolated and under-theorized in broader MSME discourses.

Contradictions and Research Gaps

While previous research extols the benefits of MSMEs and Islamic ethics, inconsistencies remain. For instance, how can enterprises with poor administrative structures still generate sustainable welfare? Are Islamic values sufficient to offset structural market disadvantages? How context-dependent are these outcomes? Moreover, studies rarely explore the interconnection between material prosperity and spiritual cohesion two aspects that communities like Setono exemplify. This study addresses these gaps by analyzing the role of a culturally and religiously embedded culinary MSME cluster in promoting holistic welfare. By bridging MSME literature with Islamic welfare philosophy, this research seeks to reframe local enterprise not as a marginal economic actor but as a central agent of multidimensional development.

Research Methods

This study adopts a qualitative field research approach to explore the role of the Setono Chicken Satay industry in enhancing community welfare from the perspective of Islamic economics. The research design is interpretive and exploratory in nature, aiming to uncover rich, contextual insights from within the local socio-economic environment.

Research Site and Participants

The study was conducted in Setono Village, located in Jenangan District, Ponorogo Regency, East Java, Indonesia. This village is widely recognized as a culinary cluster where the majority of households engage in the production and sale of traditional chicken satay. The primary participants in this study were local satay vendors, both those with long-standing businesses and newcomers to the trade. Additional informants included community leaders and members of the local satay association.

Data Collection Techniques

Primary data were collected through in-depth interviews, direct observations, and informal discussions. Interviews were conducted using a semi-structured format, allowing for flexibility in exploring respondents' lived experiences, perceptions of welfare, and the integration of Islamic values in their business practices. Field notes and documentary evidence were also gathered to complement verbal data and triangulate findings.

Analytical Approach

The data analysis followed an inductive thematic approach. After transcription, interview data were systematically coded to identify recurring patterns and themes related to income generation, housing conditions, educational access, healthcare, and spiritual well-being. These

themes were then interpreted through the theoretical lens of Islamic welfare economics. The process involved iterative cycles of categorization, comparison, and reflection to ensure credibility and analytical depth.

Ethical Considerations

Ethical research standards were upheld throughout the study. Informed consent was obtained from all participants, and their identities were anonymized to ensure confidentiality. The research was conducted with cultural sensitivity and respect for the community's religious and social norms

Result and Discussion

Welfare, in contemporary terms, refers to a condition in which individuals are able to meet their basic needs such as food, clothing, shelter, and access to clean water as well as enjoy opportunities for education and employment that align with their capabilities. These factors contribute to an improved quality of life and elevate individuals' social status within the community. From a human rights perspective, welfare is a universal entitlement encompassing the right to health, nutrition, housing, and social services, regardless of gender or age. Failure to ensure these rights constitutes a violation of basic human dignity.

Efforts to achieve societal welfare must address both material and spiritual dimensions. According to Fahrudin (2012), there are three fundamental pillars essential to enhancing community welfare:

1. **Basic Needs Fulfillment**

This dimension includes equitable access to essential goods and services such as food, clean water, adequate housing, healthcare, and social protection. The Setono Chicken Satay industry directly contributes to this by providing steady income to households, enabling them to meet daily necessities and invest in improved living conditions.

2. **Improvement in Living Standards**

Beyond survival, welfare also entails raising the standard of living through increased income, improved educational attainment, and social mobility. Interviews with local vendors indicate that the income generated from satay sales has allowed families to finance secondary and higher education for their children, thereby breaking the cycle of low-skilled labor and enabling long-term economic advancement.

3. **Expansion of Economic Scale**

At both individual and community levels, economic welfare is enhanced when entrepreneurial activities scale up and diversify. Although most Setono vendors operate within the microenterprise category, their collective organization, shared knowledge, and intergenerational transmission of skills have fostered a scalable business model. Some vendors have even expanded to neighboring regions, creating satellite stalls and thereby broadening their economic footprint.

Income (Hifz Maal)

According to Indonesia's Central Bureau of Statistics (BPS), several key indicators are used to assess societal welfare, including income, housing, education, health, and spirituality. One of the most fundamental among these is income (Hifz Maal), which reflects a household's

economic capacity to meet its basic needs. Income may include wages, returns from assets such as rent or interest, and government assistance. An increase in income generally correlates with improved ability to cover daily expenses and engage in productive or educational activities, thereby enhancing overall quality of life. In the case of Setono Village, income generation is deeply rooted in the community's long-standing culinary tradition. The majority of residents derive their livelihoods from the chicken satay business, a practice passed down through generations. According to Mr. Tofa, head of the Setono Chicken Satay Vendor Association, approximately 95–98 percent of the households in the village are involved in satay production and sales. This indicates a high level of economic participation and productivity across the entire community. Each family operates its own business, which ensures a steady and reliable source of income. The collective involvement in satay-related enterprises has not only fostered household self-sufficiency but also contributed to economic circulation in the surrounding areas. The satay industry enables residents to fulfill their everyday needs ranging from food and housing to education and healthcare thereby elevating their standard of living. Moreover, the intergenerational nature of the business provides long-term economic resilience. Family members of different ages are involved in the satay trade, and some vendors have even expanded their operations beyond the village into nearby towns. This demonstrates the economic scalability of the model. Ultimately, the Setono chicken satay industry stands as a successful example of how localized, culturally embedded MSMEs can serve as a foundation for stable and sustainable income generation, significantly improving the welfare of the community.

Housing and Settlement (Hifz Nafs)

Housing and settlement are not only essential for fulfilling basic human needs but also serve as a strategic foundation for family education and the long-term development of future generations. A safe, healthy, and comfortable home is central to physical and mental well-being, acting as a determinant of public health and social stability.

The impact of the Setono chicken satay industry extends beyond income, contributing significantly to improvements in living conditions. According to Mr. Tofa, head of the local satay vendors' association, the stable income generated by each household enables families to invest in home maintenance and upgrades. This economic productivity, driven by individual satay businesses, has ensured that nearly every home has its own source of livelihood.

“In terms of the economic impact on the local community, it's very clear. The satay village provides the main source of income for nearly all households here. As a result, everyone is productive each home has its own income source through satay sales.” *Mr. Tofa*

Based on his statement, it is evident that housing improvements in Setono Village are closely linked to the economic gains from the satay trade. Many residents allocate a portion of their income to repair and maintain their homes, ensuring they remain structurally sound, safe, and comfortable. This not only enhances the immediate living environment but also supports the health and well-being of all family members. The reinvestment of earnings into better housing reflects a tangible outcome of increased welfare and highlights the broader societal benefits of local enterprise-driven economic growth.

Education (Hifz 'Aql)

Education is a fundamental human right and a cornerstone of national development. Every

citizen should have the opportunity to access quality education that aligns with their interests and abilities, regardless of social, economic, ethnic, religious, or geographic background. Beyond its intrinsic value, education contributes directly to economic advancement by producing skilled, resilient, and competent human resources. A well-educated population is essential for sustaining long-term growth and innovation within a community. In the context of Setono Village, educational attainment has improved in parallel with economic development, largely fueled by the local satay industry. According to Mr. Tofa, as household income has increased steadily over the years, families are now better positioned to support their children's education.

"Education levels have naturally followed economic improvements. As the satay business continues to thrive and generate adequate income, families can afford to send their children to school even up to senior high school and, in some cases, university." Mr. Tofa. This observation reflects a significant shift in the village's educational profile. Many families have been able to fund their children's education up to the senior secondary level, and a growing number have continued to tertiary education. The financial capability derived from satay-related entrepreneurship has thus enabled the next generation to access broader educational opportunities, equipping them with knowledge and skills for future employment or business expansion. Moreover, the cycle of educational and economic advancement is mutually reinforcing. Children of satay vendors often return to the family business with improved skills and perspectives, contributing to the innovation and sustainability of the local economy. This dynamic underscores how localized economic activity, when coupled with educational access, can drive comprehensive community development rooted in both economic and intellectual growth.

Health (Hifz Nasl)

Health is a vital dimension of community welfare and a key indicator of successful socio-economic development. Without physical well-being, individuals face limitations in pursuing education, earning income, or participating actively in social life. From an Islamic perspective, safeguarding health (Hifz Nasl) is not only a social responsibility but also a moral obligation, reflecting the broader principle of preserving human dignity and life. In Setono Village, improvements in health conditions are closely tied to the economic empowerment brought by the chicken satay industry. As household incomes have increased, so has the ability of residents to access medical services and maintain better living environments. According to Mr. Tofa, residents now have the resources to seek healthcare when needed, either through public health centers or private practitioners, depending on the severity of their conditions. "In terms of water, we use groundwater for production, but due to population density, we've started using PDAM (municipal water supply), which is cleaner and more reliable. For healthcare, many vendors receive good services from both general practitioners and specialists. When someone falls ill, the community helps cover medical costs through collective contributions." Mr. Tofa. This testimony illustrates a strong community-based health support system, where economic gains are reinvested into both individual and communal well-being. Access to clean water and quality healthcare has become more consistent, contributing to better sanitation and reduced vulnerability to illness. The presence of mutual aid among vendors further enhances social cohesion and ensures that no resident is left without medical attention due to financial

constraints.

Such solidarity-driven healthcare practices align with Islamic economic ethics, emphasizing collective welfare and the protection of life. They also highlight the multiplier effect of local enterprise how sustained income generation can uplift multiple dimensions of life, including health security. Setono Village thus exemplifies how grassroots economic activities, when infused with social responsibility, can foster a healthier and more resilient community.

Spirituality and Religious Adherence (Hifz Din)

In Islamic economic thought, well-being is not confined to material success but is deeply rooted in spiritual balance and religious adherence. The protection of faith (Hifz Din) is considered one of the primary objectives of the maqasid al-shariah, emphasizing that spiritual fulfillment is essential for achieving true welfare. A society that fosters regular worship, ethical conduct, and mutual respect is more likely to experience social harmony, resilience, and moral sustainability. Setono Village embodies these values through its integration of religious practices into daily economic life. According to Mr. Tofa, spiritual discipline is a key aspect of the community's identity. All satay vendors are required to suspend their business activities every Thursday night to participate in religious observances, including collective prayer, Qur'anic recitation, and community coordination meetings. "Here, we require all vendors to close their stalls on Thursday nights for prayer and community gatherings. We believe that worship brings blessings and sustains the success of our satay business. We also hold routine religious events on specific evenings. This spiritual commitment makes everyone more grateful and connected." Mr. Tofa Such practices reinforce a sense of accountability not only to one another but also to God. This spiritual orientation influences how vendors conduct business with honesty, fairness in pricing, and commitment to halal production practices. Ethical reminders are routinely communicated within the community, ensuring that religious principles remain central to economic transactions. Moreover, this faith-driven framework has cultivated an environment of peace and security. Community discussions include topics such as neighborhood safety, conflict prevention, and trust-building, resulting in a tightly knit and harmonious village. The presence of shared values and collective rituals enhances emotional well-being, reduces stress, and fosters mutual care factors often overlooked in conventional welfare metrics. Ultimately, Setono Village serves as a model of holistic development where material prosperity is integrated with spiritual depth. The commitment to Hifz Din transforms routine business activity into a vehicle for moral growth and communal cohesion, embodying the broader Islamic vision of comprehensive welfare (falah).

Conclusion and Suggestion

This study reveals that the Setono Chicken Satay industry plays a significant role in enhancing multidimensional welfare within the community, particularly through the lens of Islamic economics. The consistent income generated from satay production has enabled households to meet basic needs, improve housing quality, and invest in their children's education. These economic gains are not limited to individual prosperity but extend to collective resilience through shared business practices and mutual support systems. Health and sanitation conditions have also improved, with better access to clean water and medical services, supported by a culture of solidarity and financial cooperation among residents. Moreover, the community's

strong adherence to Islamic values manifested in routine worship, ethical business conduct, and coordinated spiritual gatherings has fostered social cohesion and a sense of collective purpose. The integration of material, social, and spiritual dimensions makes Setono Village a compelling example of holistic and sustainable community development. It demonstrates how localized microenterprises, when guided by religious ethics and communal values, can serve not only as economic engines but also as platforms for achieving *falah* the ultimate welfare in both this world and the hereafter. This case contributes to the broader discourse on Islamic economic practices and grassroots development, offering valuable insights for policymakers, development practitioners, and scholars interested in faith-based models of inclusive growth.

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