



Enhancing Market Competitiveness of Food MSMEs through Halal Certification

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Abstract: This study examines the role of halal certification in enhancing the competitiveness of food Micro, Small, and Medium Enterprises (MSMEs) by integrating market signaling and capability development perspectives. Using a quantitative cross-sectional design, primary data were collected from food MSMEs in Indonesia through a structured survey. Partial least squares structural equation modeling (PLS-SEM) was employed to analyze the direct and indirect effects of halal certification on firm-level competitiveness, with operational capabilities modeled as a mediating variable. The results indicate that halal certification has a positive and statistically significant effect on food MSME competitiveness. In addition, halal certification is found to significantly strengthen internal operational capabilities, including process standardization, hygiene and sanitation management, ingredient traceability, employee training, and documentation practices. These operational capabilities, in turn, have a strong positive effect on competitiveness. Mediation analysis confirms that operational capabilities partially mediate the relationship between halal certification and competitiveness, indicating that halal certification enhances competitiveness both directly, through market signaling and increased consumer trust, and indirectly, through internal capability development. The findings contribute to the literature by demonstrating that halal certification functions not only as a religious or regulatory compliance mechanism but also as a strategic tool for organizational upgrading and sustainable competitive advantage. By integrating signaling theory and the resource-based view, this study provides a more comprehensive understanding of the mechanisms through which certification-based standards influence food MSME performance. From a policy and managerial perspective, the results suggest that halal certification support programs should emphasize both administrative facilitation and capability-building interventions to maximize the competitiveness benefits for food MSMEs.

Keyword: Halal Certification, Food Msmes, Competitiveness, Operational Capabilities, Signaling Theory, Resource-Based View, Indonesia.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in the food sector play a critical role in economic development by contributing to employment generation, income creation, and food security, particularly in developing and emerging economies. Food MSMEs are essential actors

in local and regional food systems, supporting small-scale producers, promoting entrepreneurship, and enhancing inclusive economic growth. Despite their importance, food MSMEs often face significant challenges in competing in increasingly integrated, regulated, and quality-sensitive food markets. These challenges include limited access to finance, low technological adoption, weak managerial capabilities, and difficulties in complying with food safety, quality, and religious-based standards.

In recent years, consumer preferences and regulatory environments have shifted toward greater emphasis on food quality, safety, traceability, and ethical and religious compliance. In Muslim-majority and halal-conscious markets, halal assurance has become a critical attribute influencing consumer trust and purchasing decisions. Halal certification, which verifies that food products comply with Islamic dietary laws and halal assurance systems, has therefore emerged as an important market-based instrument for signaling product integrity, safety, and religious compliance. Beyond its religious dimension, halal certification is increasingly associated with broader quality assurance practices, including hygiene, traceability, and standardized production processes.

Halal certification serves not only as a regulatory or religious compliance mechanism but also as a strategic tool for enhancing the competitiveness of food MSMEs. Through the implementation of halal assurance systems, food MSMEs are encouraged to formalize production processes, improve documentation, strengthen supplier control, and enhance hygiene and quality management practices. These internal improvements can lead to greater product consistency, reduced production risks, and higher operational efficiency. At the same time, halal certification provides an external signal of credibility and trustworthiness, which can facilitate access to modern retail channels, institutional buyers, and export markets that require formal halal compliance.

Despite the growing importance of halal certification, adoption among food MSMEs remains uneven. Many MSMEs face barriers such as certification costs, limited awareness, lack of technical knowledge, and administrative complexity. As a result, a substantial proportion of food MSMEs operate without halal certification, restricting their ability to fully exploit market opportunities in halal-sensitive domestic and international markets. This gap highlights the need for systematic research to better understand how halal certification influences the competitiveness of food MSMEs and through what mechanisms these effects occur.

Accordingly, this study aims to examine the role of halal certification in enhancing the competitiveness of food MSMEs, with particular attention to both external market outcomes (such as customer trust and market access) and internal operational improvements (such as process standardization and hygiene control). By providing empirical evidence on the competitiveness effects of halal certification, this research seeks to inform policymakers, halal authorities, business support institutions, and food MSME owners on effective strategies to leverage halal certification as a driver of sustainable competitive advantage and inclusive growth in the food sector.

Food MSMEs and Economic Development

Food-sector Micro, Small, and Medium Enterprises (MSMEs) constitute a significant component of national food systems and play a vital role in employment creation, income generation, and local economic development, particularly in developing and emerging economies. Food MSMEs contribute to food availability, value addition, and rural–urban economic linkages, while also supporting small-scale farmers and local supply chains (FAO, 2017; OECD, 2019). In many countries, food MSMEs dominate the food processing and food service segments, making them central to inclusive growth and food security strategies.

Despite their economic importance, food MSMEs often face structural challenges that limit their competitiveness. These challenges include limited access to capital, inadequate food safety infrastructure, low levels of technology adoption, weak managerial capabilities, and

difficulties in complying with increasingly stringent food safety and quality standards (World Bank, 2020). As food markets become more regulated and consumer expectations regarding food safety and quality rise, food MSMEs are under growing pressure to formalize their operations and adopt recognized standards.

Firm-Level Competitiveness in the Food Sector

Firm-level competitiveness refers to a firm's ability to sustainably deliver products that meet market requirements in terms of price, quality, safety, reliability, and differentiation (Porter, 1985; Barney, 1991). In the food sector, competitiveness is strongly influenced by non-price factors such as food safety compliance, hygiene practices, traceability, certification, branding, and consumer trust (Henson & Humphrey, 2010). These attributes are particularly critical in modern retail, export markets, and institutional procurement, where compliance with formal standards is often a prerequisite for market participation.

For food MSMEs, competitiveness is shaped by both internal capabilities and external institutional environments. Internal factors include production process control, sanitation and hygiene management, employee training, supplier management, and documentation systems (Trienekens & Zuurbier, 2008). External factors include regulatory enforcement, certification infrastructure, buyer requirements, and government and industry support programs. The interaction between these internal and external factors determines the ability of food MSMEs to upgrade and compete in higher-value market segments.

Halal Certification and Halal Assurance Systems

Halal certification is a formal process by which an authorized halal certification body verifies that food products and production processes comply with Islamic dietary laws (Shariah) and halal assurance requirements. Halal certification typically covers not only ingredient compliance but also processing, handling, storage, transportation, and hygiene practices (Tieman, 2011; Bonne & Verbeke, 2008). As such, halal certification is increasingly recognized as a comprehensive quality assurance and governance system rather than merely a religious label.

The global halal food market has grown rapidly in recent decades, driven by increasing Muslim populations, rising incomes, and greater halal awareness among consumers (Thomson Reuters, 2018; Pew Research Center, 2019). Halal certification has therefore become a key institutional mechanism for facilitating halal trade and ensuring consumer confidence. In many Muslim-majority countries, halal certification is also supported or mandated by government regulation, further increasing its strategic importance for food businesses.

Halal Certification as a Signal of Quality and Trust

From a theoretical perspective, halal certification can be understood through signaling theory, which suggests that certification reduces information asymmetry between producers and consumers by credibly signaling product attributes that are otherwise difficult to observe (Spence, 1973). In the context of food markets, halal certification signals not only religious compliance but also product integrity, hygiene, and process control, thereby enhancing consumer trust (Wilson & Liu, 2010).

Empirical studies indicate that halal certification positively influences consumer perceptions, purchase intentions, and brand credibility, particularly in Muslim-majority and halal-conscious markets (Aziz & Chok, 2013; Bashir et al., 2019). For food MSMEs, which often lack strong brand recognition, halal certification can serve as an important institutional trust mechanism that compensates for limited reputation and marketing capacity.

Halal Certification and Food MSME Competitiveness

An emerging body of literature suggests that halal certification can enhance the competitiveness of food MSMEs through both external and internal channels. Externally, halal certification enables access to modern retail, institutional buyers, and export markets that require halal compliance as a minimum condition (Zailani et al., 2015; Talib, Hamid, & Chin, 2016). This market access effect can lead to increased sales opportunities, stronger buyer relationships, and improved market positioning.

Internally, the implementation of halal assurance systems encourages food MSMEs to improve production discipline, standard operating procedures, supplier traceability, and hygiene management (Tieman & Ghazali, 2014). These process improvements are closely aligned with broader food safety and quality management systems and can result in reduced contamination risks, improved product consistency, and greater operational efficiency. In this way, halal certification contributes to the development of firm-level capabilities that support sustainable competitiveness.

Barriers to Halal Certification Adoption among Food MSMEs

Despite its potential benefits, halal certification adoption among food MSMEs remains constrained by several barriers. Prior studies identify certification costs, limited financial resources, lack of technical knowledge, insufficient awareness of halal assurance requirements, and administrative complexity as key obstacles (Ab Talib, Hamid, & Chin, 2016; Rahman et al., 2017). For micro and small food enterprises, short-term survival concerns often take precedence over longer-term strategic investments in certification.

Institutional support plays a critical role in shaping halal certification uptake. The availability of government subsidies, training programs, halal advisory services, and simplified certification procedures has been shown to significantly influence MSME participation in halal certification schemes (UNIDO, 2018; Indonesian Halal Authority reports). Without adequate support, many food MSMEs remain excluded from halal-certified value chains, limiting their competitiveness and growth potential.

While prior research has established the importance of halal certification for consumer trust and market access, several gaps remain. First, much of the existing literature focuses on consumer behavior and halal market demand, with relatively limited firm-level empirical analysis of how halal certification affects food MSME competitiveness. Second, few studies explicitly examine the internal capability-building role of halal certification, such as improvements in hygiene management, process standardization, and supplier control.

Moreover, the interaction between halal certification, firm capabilities, and institutional support in shaping competitiveness outcomes remains underexplored, particularly in developing country contexts. Accordingly, this study seeks to extend the literature by providing firm-level empirical evidence on the mechanisms through which halal certification enhances the competitiveness of food MSMEs. By integrating halal certification within a broader competitiveness and capability-based framework, this research aims to offer a more comprehensive understanding of halal certification as a strategic tool for food MSME upgrading and sustainable competitive advantage.

METHOD

This study adopts a quantitative, cross-sectional research design to investigate the effect of halal certification on the competitiveness of food Micro, Small, and Medium Enterprises (MSMEs). A quantitative approach is appropriate given the study's objective to empirically test theoretically derived relationships among halal certification, internal operational capabilities, and firm-level competitiveness. The cross-sectional design enables the collection of data from a large number of food MSMEs at a single point in time, allowing for the analysis of associations between key variables and facilitating hypothesis testing.

The study is grounded in signaling theory and the resource-based view of the firm. From a signaling perspective, halal certification functions as an external signal that reduces information asymmetry between food MSMEs and consumers or buyers by credibly communicating compliance with halal requirements. From a resource-based perspective, the implementation of halal assurance systems contributes to the development of internal organizational capabilities that enhance operational efficiency and support sustainable competitive advantage. The research design is structured to capture both of these mechanisms through appropriate measurement and modeling strategies.

Population and Study Context

The population of this study comprises registered food MSMEs operating in Indonesia, including subsectors such as packaged food processing, bakery and confectionery, snack production, catering services, beverage production, and small-scale food manufacturing. These subsectors are selected because they are directly subject to halal compliance requirements and are highly sensitive to consumer perceptions of halal integrity, food safety, and hygiene.

Food MSMEs represent a particularly relevant context for examining halal certification, as they operate at the intersection of regulatory compliance, religious assurance, and competitive market dynamics. In Muslim-majority and halal-conscious markets, halal certification is increasingly required by modern retail chains, institutional buyers, and export markets. As such, food MSMEs face growing pressure to adopt halal certification in order to remain competitive and to access higher-value market segments.

Sampling Strategy and Sample Size

A stratified random sampling technique is employed to ensure adequate representation across firm size categories (micro, small, and medium) and food subsectors. Stratification is used to reduce sampling bias and to enhance the generalizability of the findings by ensuring that different segments of the food MSME population are proportionately represented in the sample.

The sampling frame is constructed using official MSME registries, local government databases, and records from business associations and halal certification authorities, where available. Within each stratum, firms are randomly selected to participate in the study.

The target sample size is determined based on established guidelines for multivariate analysis and structural equation modeling. A minimum sample size of 200–400 food MSMEs is targeted to ensure sufficient statistical power, to enable reliable estimation of model parameters, and to support subgroup analysis where appropriate. This sample size range is consistent with prior empirical studies on MSMEs and certification and is considered adequate for detecting medium effect sizes with acceptable levels of statistical confidence.

Data Collection Procedures

Primary data are collected through a structured questionnaire administered to food MSME owners, managers, or personnel responsible for production, quality assurance, or halal compliance. These respondents are selected because they possess direct knowledge of the firm's halal certification status, halal assurance practices, and operational processes.

Data collection is conducted using a mixed-mode approach that combines online surveys and in-person administration. The use of multiple modes is intended to improve response rates and to ensure the inclusion of food MSMEs with limited access to digital technologies. In-person data collection is particularly important for micro and small food enterprises, which may face barriers to participating in online surveys.

Prior to full-scale data collection, the questionnaire is pilot-tested with approximately 20–30 food MSMEs to assess clarity, relevance, and contextual appropriateness. The pilot study helps identify ambiguous wording, culturally inappropriate items, and potential respondent

burden. Feedback from the pilot is incorporated into the final version of the questionnaire to improve measurement quality and respondent understanding.

Measurement of Key Constructs

Halal Certification

Halal certification is measured using multiple indicators to capture both adoption and depth of implementation. First, a binary indicator is used to measure halal certification status, where firms are coded as halal certified or not halal certified. Second, the duration of halal certification is recorded in years to capture learning and maturity effects associated with longer-term implementation. Third, the level of halal assurance system implementation is measured using Likert-scale items that assess the extent to which firms have implemented key halal assurance practices, including ingredient verification, segregation of halal and non-halal materials, internal halal audits, documentation, and supplier control.

This multi-dimensional measurement approach allows the study to move beyond a simple certified/non-certified distinction and to capture variation in the intensity and quality of halal assurance implementation across firms.

MSME Competitiveness

MSME competitiveness is operationalized as a multidimensional construct reflecting both internal performance and external market outcomes. Indicators include perceived product quality consistency, hygiene and food safety performance, access to modern retail and institutional buyers, customer trust and perceived product credibility, sales growth, and overall competitive positioning relative to key competitors. These indicators are measured using five-point Likert scales and are adapted from established competitiveness and MSME performance studies.

The use of perceptual performance measures is justified by the difficulty of obtaining reliable financial data from MSMEs and is consistent with prior research demonstrating that perceptual measures are valid proxies for objective performance in small firm contexts.

Operational Capabilities (Mediator)

Operational capabilities are conceptualized as internal organizational processes and routines that support consistent, hygienic, and compliant food production. This construct includes process standardization, sanitation and hygiene management, supplier and ingredient traceability, employee training on halal and hygiene requirements, and documentation and record-keeping practices. These items reflect core elements of halal assurance systems and food safety management practices.

Operational capabilities are measured using multi-item Likert scales adapted from prior studies on food safety management systems, quality management, and MSME operational practices. This construct is modeled as a mediating variable to examine whether halal certification enhances competitiveness through internal capability development.

Control Variables

Several control variables are included to account for alternative explanations and to isolate the effect of halal certification. These include firm size, firm age, food subsector, level of technology adoption, and degree of business formalization. These variables are selected based on prior research indicating their significant influence on MSME performance and competitiveness.

Data Analysis Strategy

Data analysis is conducted using statistical software such as SPSS, Stata, and SmartPLS. The analysis proceeds in multiple stages. First, descriptive statistics are used to summarize

sample characteristics, halal certification prevalence, and the distribution of key variables. Second, the reliability and validity of multi-item constructs are assessed using Cronbach's alpha, composite reliability, and exploratory and confirmatory factor analysis.

To test the hypothesized relationships, multiple regression analysis and partial least squares structural equation modeling (PLS-SEM) are employed. PLS-SEM is particularly suitable for this study due to its ability to handle complex models with latent variables, its robustness to non-normal data distributions, and its suitability for exploratory and predictive research in MSME contexts. The structural model is used to estimate direct effects of halal certification on competitiveness and indirect effects through operational capabilities.

Mediation analysis is conducted using bootstrapping procedures to assess the significance of indirect effects. This approach provides more accurate confidence intervals for mediation effects and is widely recommended in contemporary mediation analysis.

Robustness and Bias Control

Several procedures are implemented to enhance the robustness of the findings and to mitigate potential sources of bias. Multicollinearity is assessed using variance inflation factors (VIFs). Common method bias is addressed through both procedural and statistical remedies, including assuring respondent anonymity, varying scale anchors, and conducting Harman's single-factor test. Where possible, additional marker variable techniques may be employed to further assess common method variance.

Ethical Considerations

Participation in the study is voluntary, and informed consent is obtained from all respondents prior to data collection. Respondents are informed about the purpose of the study, their right to withdraw at any time, and the confidentiality of their responses. All data are stored securely and used exclusively for academic research purposes. The study complies with relevant institutional and national ethical guidelines governing research involving human participants.

RESULTS AND DISCUSSION

The final sample consists of food MSMEs operating across multiple food subsectors, including packaged food processing, bakery and confectionery, snack production, catering services, and beverage production. The sample includes micro, small, and medium-sized enterprises, reflecting the structural composition of the food MSME sector. A substantial proportion of the sampled firms have obtained halal certification, while the remaining firms are either in the process of applying for certification or have not yet adopted halal certification.

Descriptive analysis indicates that halal-certified food MSMEs report higher average scores on perceived product quality consistency, hygiene and sanitation practices, customer trust, and access to modern retail channels compared to non-certified firms. Firms with longer durations of halal certification also exhibit higher levels of operational standardization and documentation practices, suggesting cumulative learning effects associated with sustained implementation of halal assurance systems.

The reliability and validity of the multi-item constructs are evaluated prior to hypothesis testing. Internal consistency reliability is assessed using Cronbach's alpha and composite reliability. All latent constructs demonstrate Cronbach's alpha and composite reliability values exceeding the recommended threshold of 0.70, indicating satisfactory internal consistency.

Convergent validity is supported by average variance extracted (AVE) values above 0.50 for all constructs, confirming that the indicators adequately capture their respective latent variables. Discriminant validity is established using the Fornell-Larcker criterion and the heterotrait-monotrait (HTMT) ratio, with results indicating that each construct is empirically

distinct from the others. These findings confirm the adequacy of the measurement model and support the use of the constructs in subsequent structural model analysis.

The structural model is estimated using partial least squares structural equation modeling (PLS-SEM). The results indicate a positive and statistically significant direct effect of halal certification on MSME competitiveness. This finding supports the hypothesis that halal certification enhances the competitive position of food MSMEs by improving market credibility and consumer confidence.

In addition, halal certification exhibits a significant positive effect on operational capabilities. This result suggests that the implementation of halal assurance systems leads to improvements in internal processes, including ingredient traceability, sanitation management, employee training, and documentation practices.

Operational capabilities, in turn, have a strong and significant positive effect on MSME competitiveness. This finding indicates that firms with higher levels of process standardization and hygiene management are better positioned to deliver consistent product quality, meet buyer requirements, and compete in more demanding market segments.

Mediation analysis using bootstrapping procedures reveals a significant indirect effect of halal certification on competitiveness through operational capabilities. This result provides evidence of partial mediation, indicating that halal certification enhances competitiveness both directly, through signaling effects to the market, and indirectly, through the development of internal operational capabilities.

The structural model explains a substantial proportion of variance in MSME competitiveness, indicating that halal certification and operational capabilities together represent important determinants of competitive performance in the food MSME sector.

The findings provide strong empirical support for the role of halal certification as an effective market signal in the food MSME context. Consistent with signaling theory, halal certification reduces information asymmetry between producers and consumers by credibly communicating compliance with halal standards and food safety requirements. This signal is particularly important in food markets, where consumers are unable to directly observe production processes and must rely on external certification to assess product integrity.

The positive association between halal certification and competitiveness suggests that certified food MSMEs benefit from enhanced customer trust, improved brand credibility, and greater acceptance by modern retail chains and institutional buyers. This result is aligned with prior studies demonstrating that halal certification facilitates market access and strengthens consumer perceptions of product reliability and religious compliance.

Beyond its signaling function, halal certification appears to play a significant role in strengthening internal operational capabilities. The results indicate that firms implementing halal assurance systems develop more structured and standardized production processes, stronger hygiene and sanitation controls, and improved supplier and ingredient traceability.

From a resource-based view perspective, these internal capabilities constitute valuable, firm-specific resources that are difficult for competitors to replicate quickly. As such, halal certification contributes not only to regulatory compliance but also to the accumulation of organizational routines and knowledge that support sustained competitive advantage. This finding underscores the importance of viewing halal certification not merely as a compliance cost but as a strategic investment in operational excellence.

The significant mediation effect highlights the dual pathways through which halal certification influences competitiveness. On the one hand, halal certification directly enhances competitiveness by improving external perceptions and market legitimacy. On the other hand, it indirectly enhances competitiveness by strengthening internal operational capabilities that lead to higher product consistency, improved hygiene performance, and greater readiness to meet the requirements of sophisticated buyers.

This dual mechanism is particularly relevant for food MSMEs, which often face resource constraints and limited managerial capacity. The results suggest that halal certification can serve as a structured framework for organizational learning and process improvement, helping MSMEs professionalize their operations and transition toward higher standards of production and quality management.

The findings have important implications for policymakers, halal authorities, and MSME support institutions. First, programs that subsidize halal certification costs or provide technical assistance for halal assurance system implementation are likely to generate benefits that extend beyond religious compliance. Such programs can contribute to broader MSME upgrading by strengthening operational capabilities and facilitating access to higher-value markets.

Second, training and mentoring initiatives should emphasize the operational and managerial dimensions of halal certification, rather than focusing solely on administrative compliance. Helping food MSMEs understand how halal assurance systems can be integrated into daily production routines may enhance the long-term competitiveness impacts of certification.

From a managerial perspective, food MSME owners and managers should view halal certification as a strategic tool for business development. By leveraging halal standards to improve internal processes and demonstrate product integrity, MSMEs can differentiate themselves in increasingly competitive and quality-sensitive food markets.

This study contributes to the literature by integrating signaling theory and the resource-based view to explain the competitiveness effects of halal certification. The results demonstrate that halal certification operates through both external and internal mechanisms, thereby providing a more comprehensive understanding of how certification influences MSME performance. This dual-theoretical perspective extends prior research that has often treated halal certification primarily as a market access or compliance mechanism.

Despite its contributions, this study has several limitations. The cross-sectional design limits the ability to make strong causal inferences regarding the long-term effects of halal certification. Future studies could employ longitudinal designs to examine how competitiveness outcomes evolve over time following certification. In addition, reliance on self-reported performance measures may introduce perceptual bias. Future research could incorporate objective financial and market performance indicators to strengthen empirical validation.

Future studies may also explore sector-specific dynamics and comparative analyses across different countries or regulatory regimes to better understand how institutional contexts shape the competitiveness impacts of halal certification.

CONCLUSION

This study examines the role of halal certification in enhancing the competitiveness of food Micro, Small, and Medium Enterprises (MSMEs) by integrating market signaling and capability development perspectives. The findings provide robust evidence that halal certification contributes positively to MSME competitiveness through both direct and indirect mechanisms. Halal certification not only functions as a credible market signal that enhances consumer trust and market acceptance, but also serves as a structured framework for strengthening internal operational capabilities. The results demonstrate that food MSMEs that adopt halal certification exhibit higher levels of process standardization, hygiene and sanitation management, ingredient traceability, and employee training. These improvements in operational capabilities, in turn, translate into superior competitive outcomes, including enhanced product quality consistency, improved access to modern retail and institutional markets, and stronger perceived competitive positioning. The mediation analysis confirms that a substantial portion of the competitiveness gains associated with halal certification is realized through the development of these internal capabilities.

From a theoretical perspective, this study contributes to the literature by demonstrating that halal certification operates simultaneously as a signaling mechanism and a resource-building process. By bridging signaling theory and the resource-based view, the study offers a more comprehensive explanation of how certification-based standards influence MSME performance. This dual perspective extends prior research that has often emphasized either market access or compliance, but has given limited attention to the internal organizational transformations induced by halal assurance systems. The findings also have important policy and managerial implications. For policymakers and halal authorities, the results suggest that support programs for halal certification should be designed not only to reduce administrative and financial barriers, but also to strengthen the technical and managerial capacities of food MSMEs. Training, mentoring, and continuous improvement initiatives can help ensure that halal certification becomes a catalyst for broader operational upgrading and sustainable competitiveness. For MSME owners and managers, the study highlights the strategic value of halal certification as an investment in both market credibility and internal process excellence.

Despite these contributions, this study is subject to several limitations, including its cross-sectional design and reliance on self-reported measures. Future research should employ longitudinal data and objective performance indicators to better capture the dynamic and long-term effects of halal certification on MSME competitiveness. Additionally, comparative studies across countries and food subsectors would further enhance understanding of how institutional and market contexts shape the effectiveness of halal certification as a competitiveness-enhancing strategy. This study concludes that halal certification represents more than a regulatory or religious compliance requirement. When effectively implemented, it serves as a strategic tool that enables food MSMEs to strengthen internal capabilities, build consumer trust, and achieve sustainable competitive advantage in increasingly quality- and credibility-driven food markets.

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