

The impact of halal certification for MSME business: A systematic literature review

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ABSTRACT

Indonesia is the country that is home to the most significant number of Muslims anywhere in the globe. As a result, there is a considerable demand for halal food and other goods in Indonesia. As a result, halal certification is crucial for the success of Micro, Small, and Medium-sized Enterprises (MSMEs) in Indonesia to fulfill the requirements of an expanding market. Having a halal certification provides various benefits for micro, small, and medium-sized enterprises (MSMEs), including enhancing consumer confidence in the products and services supplied, growing the market due to the preference of many consumers for halal products, and strengthening corporate competitiveness in the global market. This study aims to investigate the effects of halal certification on small and medium-sized businesses. This research was put together utilizing the systematic literature review (SLR) method, and the access journals Google Scholar and Garuda were used in its construction. A total of over one hundred pieces were considered for usage and reviewed based on the criteria that had been established in advance. Twenty articles were found to satisfy the requirements. According to the findings of this research, halal certification is essential for bolstering micro, small, and medium-sized enterprises (MSMEs) to ensure the continuity of production or operation. According to the findings of this survey, buyers of MSME goods and services give more significant consideration to buying products that have received halal certification. It has also been demonstrated that halal certification can help micro, small, and medium-sized enterprises (MSMEs) increase their turnover or sales.

KEYWORDS

Systematic Literature Reviews;
Halal Certification; Halal Label;
MSME

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Introduction

Indonesia is a country with the largest Muslim population in the world. Therefore, the need for halal products in Indonesia is very high. Therefore, halal certification is essential for Indonesia's MSMEs (Micro, Small, and Medium Enterprises) to meet the increasing market needs. Halal certification is the process of issuing a certificate that guarantees that a product or service has been produced with halal materials that are also processed in a halal way. Halal certificates are issued by institutions accredited by the government, such as the Halal Product Guarantee Agency (BPJPH) or the Indonesian Ulema Council (LPPOM MUI) for the Assessment of Food, Drugs, and Cosmetics.

For MSMEs, having halal certification has many benefits, including increasing consumer confidence in the products and services produced, expanding the market because many consumers prefer halal products, and strengthening business competitiveness in the global market. There are still many MSMEs in Indonesia who still need to receive halal certification. This is due to a need for more understanding and knowledge about halal certification and the costs required to obtain this certification. Therefore, the government and related agencies need to provide education and outreach about the importance of halal certification for MSME businesses, as well as provide good access with more accessible and more affordable to get certified. That way, the MSME business in Indonesia can further develop and compete in an increasingly competitive market.

The development of the MSME business in Indonesia is increasing rapidly yearly. MSMEs are one of the main pillars of the national economy and can create broad employment opportunities. However, in running their business, MSMEs must pay attention to customer needs, including the need for halal products. In Indonesia, where most of the population is Muslim, the demand for halal products is critical. Therefore, paying attention to halal certification for MSME business actors is very urgent. This halal certification indicates that the products produced by MSME actors have met the halal standards set by the MUI (Indonesian Ulema Council). Not only that, but halal certification can also help MSME actors expand their market, especially for Muslim consumers who are increasingly aware of the importance of halal products. By having a halal certificate, MSME actors can guarantee the halalness of their products and increase consumer confidence.

Halal certification is also one of the keys to entering the global market. Along with the development of technology and the internet, opportunities to market products worldwide are increasingly open. However, to enter the international market, MSMEs must meet various standards set by export destination countries. One of the standards that must be met is the halal standard. Therefore, halal certification is essential for MSMEs who want to enter the global market. Thus, halal certification is necessary for MSME businesses. This certification helps MSME players expand the market, increase consumer confidence, and become one of the keys to entering the global market.

Therefore, MSME actors must pay attention to the importance of halal certification and try to meet the halal standards set by the MUI.

Methods

The method used in the study This is Systematic Literature Review (SLR) based on guidelines from Ba & Charters (2007). SLR is the method of study for doing study References in a manner orderly and regular map phases certain. SLR method uses three stages namely (1) planning, (2) reviewing, and (3) reporting results.

Planning

For smoothness review literature systematically, proper planning is essential important for smoothness implementation of SLRs. At a stage, this, question determined Study (research question) as follows.

RQ1: What is the impact of halal certification on purchasing decisions for MSME products?

RQ2: What is the impact of halal certification on increasing MSME sales?

Conducting the review phase

Search Strategy

Understanding the search strategy is to search and find literature that will help in answering RQ. Consists of 3 stages of the search strategy consists from:

1. *Identifying keywords and defining search strings*
Search terms used for finding literature on research This is "UMKM Halal Certification".
2. *Data Source*
Inside data search portal study This is sourced from "Google Scholar" and "Garuda" which rise from 2016 to 2023.
3. *Search Process in Data Sources*
At stages look for reference-appropriate articles with keywords already _determined.

Inclusion/Exclusion Criteria for Selecting Studies

At stages, this made criteria from the data found whether the data is appropriate to be used as a source of data for research or not. The following are the criteria for data that is deemed worthy of being a data source in this study, namely:

1. Searched data own range time from 2016 to 2023
2. Obtained data sourced from <https://scholar.google.co.id/> and <https://garuda.ristekbrin.go.id/>
3. Data used in the study This is only relevant data with an impact on MSME halal certification

Quality Assessment

At a stage, these existing data sources found will abort or be evaluated based on the question following.

1. QA 1: Is literature published in 2016 - 2023
2. QA 2: What is the literature discussed about the proof act halal certification against decision purchase products for SMEs?
3. QA 3: What is the literature discussed about the imprint of halal certification again against the st enhancement of SME sales?

Any existing literature will give sign based on the existing questions _ above.

1. YES: For the appropriate literature with question *quality assessment*
2. NO: For literature that is not by question *quality assessment*

Reporting the results

After doing stages first and stage second. Stages final from SLR report results already reviewed by researchers This will describe in section ext.

Results

Search process results and inclusion

Through the results literature review, the author found 20 suitable articles with criteria already determined by the researcher, with published articles on the span time 2016-2023 as well own discussion material about the impact of halal certification for MSMEs.

Quality Assessment Results

After a filtering process to the existing literature, based on suitability with QA1, QA2, and QA3 criteria. Find the literature that will be used in the table following.

Table 1. Literature based on RQ1

No	Year	Title	Writer
1	2017	Analysis of the Influence of Product Innovation, Prices, and Halal Certification Against Repurchase Interest Through Satisfaction Umkm Consumers in Medan City	(Aditi)
2	2020	The Influence of the Indonesian Ulema Council (MUI) Halal Label, Prices on Pasuruan Typical Food Souvenirs on Purchase Interest and Purchasing Decisions	(Iltiham & Nizar)
3	2018	The Effect of Halal Labeling on Purchase Decisions by Muslim Consumers for Food Products in Pekalongan City	(Wibowo & Madusari)
4	2022	The Influence of Halal Certification and the Korean Wave on Purchase Decisions of Buldak Bokkeum Myeon Products	(MYEON, nd)
5	2018	The Effect of Halal Labeling on Purchase Intention (Study on Pizza Hut Consumers in Medan City)	(Hopefully)
6	2023	The Urgency of Halal Labels on Pare Chips Food Products in Cikampek Utara Village, Kotabaru District, Karawang Regency	(Masruroh et al)
7	2021	The Effect of Halal Labeling, Halal Awareness, and Religious Behavior on Purchasing Decisions on Swiss House Products	(Puspamurti)
8	2020	The Influence of Halal Labeling, Religiosity, and Product Quality on Purchase Decisions of Imported Packaged Food and Beverage Products	(Zeyf)
9	2023	The Effect of Halal Labels and Lifestyle on Purchasing Decisions	(Nurudin)
10	2021	Application of Product Innovation, Promotion, and Use of the Halal Label on Purchasing Decisions During the Pandemic (Case Study on Dkm Cakes and Cookies Jember)	(Setianingsih)
11	2021	The Influence of Brand Image, Product Quality, and Perceptions of the Halal Label on Purchasing Decisions (Case Study on Jenang Muchtarom Kebumen Products)	(Reza Amalia)
12	2021	Effect of Halal Labeling and Product Quality Against Umkm Product Purchasing Decisions In the City of Bima	(Ismunandar et al)

Table 2. Literature based on RQ2

No	Year	Title	Writer
1	2021	Halal Certified Product Literacy in Order to Increasing Sales at Umkm	(Yuwana & Hasanah)
2	2022	Analysis Of the Application of Halal Certification in Increasing Turnover, Resilience, And Business Development	(Rohmatillah)
3	2022	The Role of Halal Certification in Increasing Sales at Fanybella Resto in Pekanbaru City	(Faizal)
4	2022	The Influence of Halal Labeling, Product Quality and Price on The Sales Level of Micro, Small and Medium Enterprises Coffee Products In North Lombok Regency	(Mahfuz)
5	2022	The Influence of Halal Labels, Product Quality and Promotion on Sales Levels of Food Products in An Islamic Economic Perspective (A Study On Msme In Banda Aceh City Post Covid-19)	(Concerned)
6	2022	The Effect of Creative, Innovation, And Marketing Strategy on Increasing Consumer Purchase Power	(Imani et al.)
7	2020	The Influence of The Halal Label on The Increase in Sales Turnover Of Msme Snack Food Products In Dubai City	(Wahyuni et al.)
8	2022	Analysis Of the Strategy for Improving Halal Certification In The Culinary Sector In South Bangka	(Aprilia & Priantina)

Discussion

Result of RQ 1: What is the impact of halal certification on purchasing decisions for MSME products?

After tracing data from sources that have been determined based on research questions, many studies have been found that discuss this RQ1, especially about the effect of halal labels on purchasing decisions in large

companies. In the context of the influence of the halal label on purchasing decisions for MSME products, researchers found 12 relevant studies. The research consisted of journal articles, student final assignments (thesis), and proceedings articles. (Wibowo & Madusari, 2018), and (Harahap, 2018) state that interest buys consumers influential positive as well significant, as well influence decision purchase in a manner positive and significant. (Zeyf, 2020) and (Myeon, 2022) state that a halal certificate is not influential in the decision purchase consumer. Whereas the study (Iltiham & Nizar, 2020) states that a valid halal certificate interests buy consumers, however No influence to decision purchase consumers. Based on the exposure above, 2 studies state a halal certificate does not influence decision purchases, as well there is 1 research that states that a valid halal certificate is positive and significant to interest buy consumer will but has No effect on decisions consumers, and there are 9 articles that state that valid halal certificate positive and significant to interests and decisions purchase consumer. Although there are different results from several research, whole results obtained that valid halal certificates to interests and decisions purchases of existing products in SMEs.

Result of RQ 2: What is the impact of halal certification on increasing MSME sales?

After tracing data from predetermined sources based on research questions, many studies have been found that discuss RQ 2, particularly regarding the effect of halal labels on purchasing decisions in large companies. In the context of the influence of the halal label on enhancement sales to SMEs, researchers found 8 relevant studies. The research consisted of journal articles, student final assignments (thesis), and proceedings articles. (Prihatini, 2022) state that the halal certificate is not influential in enhancement sales to umm. (Yuwana & Hasanah, 2021), (Mahfuz, 2022), (Faizal, 2022), (Rohmatillah, 2022) stated that halal certificate can influential positive and significant to increase sales to SMEs. Based on exposure article This there is 1 article that states that halal certificate no influential to enhancement MSME sales, besides That there are 7 articles that state that valid halal certificate to enhancement sales to SMEs. Can concluded that halal certificate can influential in a manner positive and significant to enhancement sale or turnover in SMEs.

Conclusion

Halal certification for MSMEs has many benefits, such as increasing consumer confidence, expanding the market, and strengthening business competitiveness in the global market. MSME business in Indonesia is growing rapidly, creating employment opportunities. However, MSMEs must pay attention to customer needs, such as the need for halal products. This is especially important in Indonesia, where the majority of the population is Muslim. Therefore, it is important to pay attention to halal certification for MSME business actors. Based on results from study, Halal certification is element important in ensure continuity production or business in strengthening MSMEs. On research This state that Halal certification matters positive to decision purchase as well as interest buy MSME consumers. Halal certification is also proven that own influence to increase turnover or sale for MSMEs.

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