

ANALYSIS OF STRENGTHENING THE HALAL ECONOMIC ECOSYSTEM AS THE MAIN PILLAR IN IMPROVING THE PERFORMANCE OF SMES IN THE HALAL SECTOR

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BACKGROUND :

This research focuses on the analysis of the sharia economic ecosystem with an emphasis on strengthening halal small and medium enterprises (SMEs) in Indonesia. Halal certification is an important element in the halal industry that not only ensures compliance with Islamic teachings, but also serves as an instrument that strengthens the competitiveness of SMEs in the global market (Rahman, 2021). In Indonesia, the protection of halal products has gained a strong place in regulation, especially with the enactment of Law Number 33 of 2014 concerning Halal Product Assurance (Hakim & Abdullah, 2022). However, from the perspective of SMEs, factors such as an understanding of the business value chain and halal-related subjective standards often influence their decision to adopt halal certification (Amin & Riza, 2020). Therefore, a more in-depth analysis is needed to understand these dynamics and support the development of a stronger halal ecosystem.

METHOD : The population of this study is Halal Sector SMEs with a sample of 120 halal sector SMEs in Malang, Indonesia. This study uses a mixed method approach, with empirical analysis that combines Structural Equation Modelling-Partial Least Squares (SEM-PLS) to predict the behaviour of Muslim SME owners related to halal certification. In addition, the Analytic Network Process (ANP) process is used to develop strategies aimed at strengthening the halal ecosystem, taking into account various factors that affect certification decisions.

RESULTS & DISCUSSION: The results show that the ability of SMEs to analyze the value chain in their business processes, as well as the application of subjective standards related to Islamic teachings on halal, is a significant factor in driving the halal certification process. Nonetheless, the study identifies the potential for an increased need to extend halal certification in the future. Additionally, the findings highlight the importance of a deeper understanding of the factors that influence SMEs' decision to adopt halal certification, which can ultimately increase the value of their business.

CONCLUSION : This research offers new insights in understanding the problem of halal certification in Indonesia and provides solutions that can improve the sharia economic ecosystem. The results of this study have significant implications for government policies, including the need to increase literacy and education about halal certification for SMEs, as well as the development of flexible and responsive policies to the needs of SMEs, especially in terms of halal certification. Thus, this research contributes to the development of a stronger and more sustainable halal ecosystem in Indonesia.

KEYWORDS : Halal, SMEs. Ecosystem, Islamic Economy, Indonesia