



The Effect of Halal Value Chain (HVC) on Improving MSMEs Performance

Ubaedul Mustofa^{1*} , Widiyanto¹ , Ahmad
Sehabuddin¹

¹ Faculty of Economics and Business, Universitas Negeri Semarang, Indonesia
ubaed_almustafa@mail.unnes.ac.id

Abstract. This research aims to determine the effect of implementing the Halal Value Chain (HVC) on the sustainability of MSMEs as a consequence of implementing the national halal certification program in Indonesia as regulated in UU No. 33 Tahun 2014 concerning Halal Product Guarantee or Jaminan Produk Halal (JPH), which requires that all products in circulation must meet the legality of halal certification, including MSME products. In this research, the sustainability of MSMEs is measured through a marketing and financial performance approach. This research uses a quantitative approach using SEM analysis with the help of the WarpPLS data analysis tool. The population of this research is MSMEs doing halal products in the city of Semarang, with a sample of 110 MSMEs. This research indicates that HVC implementation has proven to have a positive and significant impact on the continuity of MSMEs in terms of marketing performance and financial performance. The indicators of HVC that can influence the continuity of MSMEs in terms of marketing and finance include: 1). *inbound logistics*, namely network availability to obtain halal raw materials; 2). *Operation*, like implementing halal SOPs in MSME activities from upstream to downstream; 3) *Marketing and Sales*, such as the availability of a halal product marketing network; 4). *Human Resources Management*, such as increasing the competency/expertise of MSME business actors/employees through training, and 5). *Technology Development*: MSMEs adopt technology well in their business activities.

Keywords: Halal Value Chain, Halal Certification, MSMEs Performance, Halal Products.

1 Introduction

With the largest Muslim population in the world, Indonesia has the potential to rank among the countries which consume the most significant number of halal goods globally[1]. MSMEs, or micro, small, and medium-sized enterprises, are the primary producers of halal goods that can be purchased in Indonesia. Around 65 million MSMEs are expected to exist in Indonesia until 2020 [2], which are expected to have contributed 8573.89 trillion rupiah, or 61.97%, to the nation's GDP [3]. The amount at stake is enormous and significantly affects the expansion of the national economy. The

Ministry of Finance's data from August 2021 indicates that only 1% of MSME products have been granted certification for halal, providing the most significant obstacle at hand [4]. As a result, 99% of MSMEs cannot provide halal certifications for their products. Despite the reality fact Muslims constitute the majority of MSME consumers in Indonesia.

The Ministry of Religion is currently making halal certification a nationwide government priority. Law 33 of 2014 recognizing Halal Product Guarantees or “Jaminan Produk Halal (JPH)” is one of them. Products entering, circulating, and being exchanged in Indonesian territory must be certified halal, according to Article 4 of the JPH Law (Undang-Undang Jaminan Produk Halal). This means that it is evident that companies who manufacture and distribute food items in Indonesia must to possess a halal certificate and display a halal label on their product packaging. Law Number 11 of 2020 concerning Job Creation (UU Cipta Kerja), which includes a provision mandating micro and small business operators obtain halal certificates for their processed products, further reinforces the halal certification program.

The government is currently advocating for halal certification. The Ministry of Religion is one of them, and its target is to certify 10 million halal products by the end of 2024 [5]. October 2024 is when the requirement to be halal certified will take effect; this includes food goods, drinks, slaughter products, and slaughter services. As a result, MSMEs and all other businesses are competing to process the legality of halal certification for their products. The number of Halal certificates reached 11.44 thousand in 2019 from products totalling 166,018 thousand, according to LPPOM MUI halal certification data for 2012-2019 [6].

In addition to satisfying religious requirements, halal certification has an economic purpose, making products more competitive in the international market. Furthermore, halal has evolved into a way of life in modern times, particularly in Muslim nations like Indonesia. This relates to study findings demonstrating the favourable effects of halal product certification on developing an Indonesian halal business environment. Halal certification serves as a tool for corporate ethics and offers consumers protection, assurances, and information about the halalness of products. Meanwhile, halal certification helps businesses access the worldwide halal food industry and boosts consumer confidence [7]. So, it will have an effect on the sustainability of businesses, including MSMEs. According to other research, during 2016 and 2019, 12% of the public expressed favourable sentiment, 12% expressed negative attitude, and 76% expressed neutral sentiment [8]. This implies that there are still potential and obstacles associated with halal certification of a product.

Additionally, there is still much room for growth in the Muslim consumer market, as seen by the high demand in Indonesia for halal items that currently hold licenses. Muslims can be assured of a product's safety by its halal certification. The halal mark on the product packaging serves as proof of this certification. Halal certification is urgently needed for two reasons: 1. Morally, it is a way for producers to answer to consumers. 2. Increasing customer pleasure and trust in the corporate context as a marketing tactic [9]. Generally speaking, using a halal strategy in a product's marketing can also help offset any wrong perception Muslim customers may have of the product.

Naturally, halal certification requires more than simply administering halal product labelling; the most crucial aspect is ensuring that business actors' actions, from the production of goods to their intake and processing, comply with Islamic Sharia rules. The fulfilment of the halal product guarantee system or Sistem Jaminan Produk Halal (SJPH), which serves as a kind of guarantee for raw materials, processes, and products produced and circulated, is one of the main concerns of the government through the Halal Product Guarantee Organizing Agency or Badan Penyelenggara Jaminan Produk Halal (BPJPH), regarding the halal certification process. It stays halal until the general public eats it. Because of this, we can use a Value Chain model that is customized to meet the demands of the halal product industry while implementing SJPH.

Porter (1985) developed the fundamental concepts of value chains and competitive advantage. The value chain explains the process of getting a product from the start to the end of manufacturing into customers' hands with various values and core supports (Porter, 1985). Porter (1985) contends that examining industries in isolation will not yield a competitive advantage and that an industry's value can be attained through various independent activities related to creating, designing, marketing, and distributing goods and services [10].

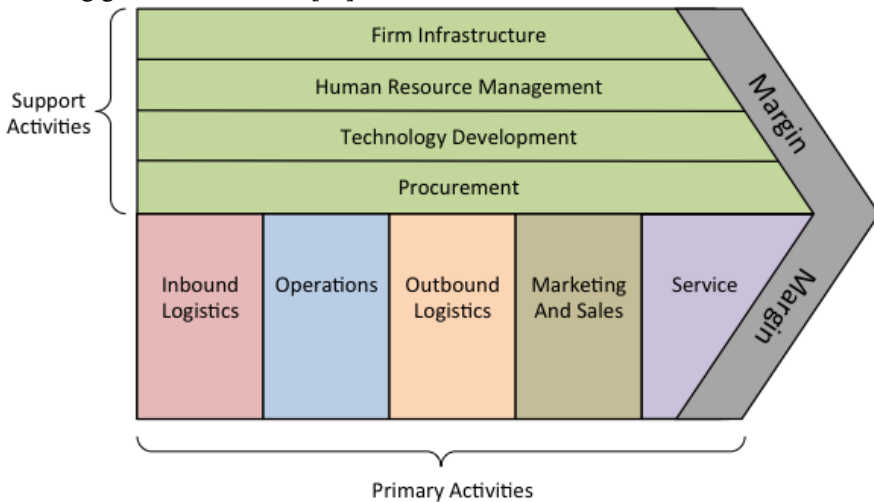


Fig. 1. Value Chain Porter

Because the competition for local products is becoming more fierce in domestic and international trade, MSMEs have value chain analyses to give them a competitive advantage that can create added value for MSME players and compete from obtaining input, processing, output, and marketing. Due to the intense competition, MSMEs must have a competitive advantage in their business [11]. Because of this, the value chain model is a good fit for implementing the Halal Guarantee System (SJH) in the MSME sector and the halal industry.

Food goods and halal supply chains are typically tightly related. Halal food integrity (food ingredients, hygiene, safety, health, nutrition, and quality), halal slaughter (the process of slaughtering poultry and meat following Sharia principles), and halal

logistics and marketing (storage, distribution, and display of halal and haram products) are among the issues and activities that are inextricably linked to the halal supply chain [12]. The use of technology to help the halal supply chain is an integral part of its existence in this current era of modernity. Digital supply chain management will significantly benefit from its adoption. When the halal supply chain is digitally connected, operating expenses can be reduced by over 30%, leading to a 60% reduction in missed sales opportunities or even a 70% reduction in inventory requirements. Businesses may become quicker, more nimble, precise, accurate, and efficient [13].

As regulators establish regulations and grow the halal business in Indonesia, academia and the government are beginning to develop and investigate various halal value chain concepts and models. Waharini and Purwantini's study on the Indonesian Halal Food Industry Development Model is divided into three stages: halal control, logistics, and verification [14]. In addition, Rohaeni and Sutawijaya's (2020) research using an Indonesian case study created a conceptual halal supply chain management model. This model included the following parties: 1) halal business/industry actors, 2) government, 3) universities/research institutions, and 4) chain-supporting infrastructure business actors. Halal provisions, and 5) neighbourhood [15]. Additionally, Noordin, N., Noor, N. L. M., Hashim, M., & Samicho, Z. (2009) have researched the challenges facing Malaysia in implementing the halal value chain. These challenges include the ineffectiveness of the country's halal certification system process and authority conflicts and governance between the federal and state governments [16].

The studies above have provided business players seeking to establish a halal guarantee system with models for halal value chains. Implementing the halal value chain model presents both an opportunity and a difficulty for business actors, particularly for MSME participants who continue to do unorganized, essential, and manual business administration tasks. Naturally, implementing the Halal Value Chain (HVC) to ensure their products' halalness presents a difficulty for MSMEs. Therefore, the research is distinctive since it applies Porter's value chain theory to the study of halal value chain capital and evaluates the model's efficacy in enhancing MSMEs' performance and the degree of preparedness of each variable.

2 Method

This research adopts the Digital Value Chain theory approach that has been developed by Porter, as depicted in Figure 1.0, with the problem formulation being to: 1) Analyze the role of the Halal Value Chain (HVC) in improving the sustainability of MSMEs both from marketing and financial aspects; 2) Identify what the determinant factors are Halal Value Chain (HVC) in MSME businesses.

The problem-solving thinking framework can be explained as follows in light of this problem-solving methodology:

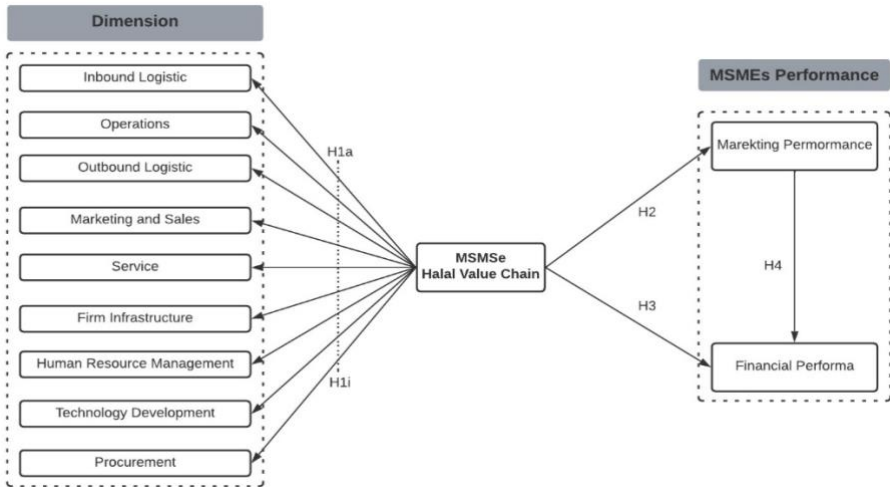


Fig. 2. Framework of Thought

Based on the conceptual framework depicted in Figure 2, the subsequent research hypothesis may be put forth:

- H1: The Halal Value Chain has a noteworthy and favourable impact on marketing performance. MSMEs
- H2: The Halal Value Chain has a significant and favourable impact on MSMEs' financial performance.
- H3: The financial performance of MSMEs is positively and significantly impacted by the Halal Value Chain through marketing performance

Therefore, the evolution and fusion of Porter's Value Chain theory or concept represents this field's state of the art (1985). The Halal Value Chain (HVC) model is a concept for implementing the Halal Guarantee in MSMEs, and it was developed using the Value Chain theory as its foundation. Additionally, the Halal Value Chain (HVC) model is used to gauge the performance of MSMEs in terms of how well their products are marketed and how well their businesses succeed financially. The exogenous variable in this study is the Halal Value Chain; the endogenous variable is Financial Performance, and the mediating variable is Marketing Performance.

This study analysis uses a design for quantitative research, encompassing several stages such as instrument preparation, feasibility testing, data collecting, data processing, analysis, and interpretation of processing results. The analysis of the implementation of the halal value chain on MSMEs' performance is the scope of the research object. MSMEs in Semarang City with halal certification for their products make up the research participants. Primary data collected by delivering research questionnaires to participants was used in this study. Finding out how many respondents applied the Cochran technique [17].

$$n = \frac{z^2 pq}{e^2}$$

Description: n=sample; z=price in the standard curve for a deviation of 5%, with a value of 1.96; p=50% chance of being correct = 0.5; q=50% chance of being wrong = 0.5; e=10% margin of error. So:

$$n = \frac{(1,96)^2(0,5)(0,5)}{(0,10)^2}$$

From the results above, 96.04 is a fraction, and according to Sugiyono (2019), calculations that produce fractions (with commas) should be rounded up. So, the minimum number of samples in this study is 97 respondents.

The researchers employed a questionnaire method to collect the necessary data. This approach gathers information by posing queries or demands that respondents provide written responses. Changeable indicators direct the questionnaire's questions, and responses are chosen from possible replies. According to Fernand (2012), the study employed a tabulation questionnaire with an interval scale for disagreement. Each topic is presented with an extreme angle of strongly agree and strongly disagree on a scale of 1 to 5.

The questionnaire is initially tested for validity and reliability before being distributed. This test aims to evaluate the reliability and validity of a questionnaire used during the data-gathering procedure. As per point e. concerning descriptions of data analysis methods and tools, confirmatory factor analysis is used to test the validity and reliability of the instrument.

Structural Equation Modeling (SEM) is a method used in data analysis that predicts the relationship between numerous factors in the data. Technique model of structural equations (SEM) Confirmatory factor analysis, which verifies the instrument's validity and reliability; path analysis, which examines the link between variables; and structural model analysis and regression analysis, which produces an appropriate prediction model, are the three simultaneous operations. In essence, comprehensive modelling comprises a measurement model and structural or causal models. While the structural model is used to model the proposed relationships, the measurement model generates judgments of validity and discriminant validity. The statistical program WarpPLS 8.0 will be used to process the SEM data.

3 Findings and Discussion

This study occurred using structural equation modelling techniques based on PLS. In order to demonstrate how the indicators represent the latent variables to be measured, the first stage in this research is to develop an outer model or measurement model. The components that make up the outer model are Cronbach Alpha, Composite Reliability, Discriminant Validity, and Convergent Validity. Once the outer model is satisfied, the inside model undergoes evaluation, which involves hypothesis testing and goodness of fit tests.

The aim of convergent validity (convergent validity) is to quantify the strength of the connection between the latent variables and the measurement items (indicators). The loading factor numbers for each item shows this measurement. The factor of loading This explains how much each measurement item (indicator) and the latent variable are correlated. If a correlation's value is more than 0.7, it is considered valid. Mahfud and Ratmono state that, particularly for recently created surveys, conditions loading factors exceeding 0.7 are frequently not reached in some situations [18]. As a result, as long as the composite reliability and AVE value (Average Variance Extracted) continue to be fulfilled, the loading factor between 0.40-0.70 should be kept. Table 1.0 below displays the test results for Convergent Validity in this study:

Table 1. Convergent Validity, Average Variance Extracted and Composite Reliability Test

Variable	Indicator	Outer Loading	AVE	Composite Reliability	Cronbach's Alpha
Halal Value Chain	HVC1	0.764	0.609	0.861	0.805
	HVC2	0.775			
	HVC3	0.758			
	HVC4	0.797			
	HVC5	0.730			
	HVC6	0.742			
Marketing Performance	MP1	0.806	0.752	0.901	0.834
	MP2	0.891			
	MP3	0.901			
Financial Performance	FP1	0.852	0.775	0.912	0.855
	FP2	0.911			
	FP3	0.878			

Regarding the test Convergent Validity results, It is evident that every indicator has a value loading factor greater than 0.7. Thus, it may assumed that it proves a relationship between the construct or latent variable and the indicators employed in this study. In addition, test results showing that all variables had Average Variance Extracted (AVE) values greater than 0.5 support it. Thus, research indicators should be used to gauge the variables under investigation. Next, every variable is over 0.70 according to the test findings for Composite Reliability. Concurrently, the test findings' Cronbach's Alpha value indicates results higher than 0.70. Therefore, the research instrument satisfies the requirements for validity and reliability.

An examination of discriminant validity is also included. Making sure that each item or construct is a measure of that variable and not a measure of some other variable is the goal of the discriminant validity test. Measurements of cross-loading between items or constructs are used to determine the test's outcomes. The latent construct outpredicts the indication more accurately than the other construct if its correlation with each

indicator is higher than its size. Table 2.0 below shows the test results for discriminant validity:

Table 2. Discriminant Validity Test

Variable	Indicator	Loading Factor		
Halal Value Chain	HVC1	0.748	-0.083	0.139
	HVC2	0.662	-0.055	0.096
	HVC3	0.687	0.557	-0.532
	HVC4	0.812	-0.120	-0.001
	HVC5	0.691	-0.078	0.245
	HVC6	0.670	-0.177	0.001
Marketing Performance	MP1	0.096	0.510	0.384
	MP2	-0.064	1.081	-0.241
	MP3	-0.023	0.977	-0.105
Financial Performance	FP1	-0.072	0.227	0.692
	FP2	0.062	-0.011	0.914
	FP3	0.005	-0.209	1.031

Considering test findings, Table 2.0 demonstrates discriminant validity by demonstrating that the loading factor value for each indicator for each variable is higher than the loading factor value for the indicators of the other variables. Thus, it is possible to determine that discriminant validity based on tests of any idea from any latent model may be guaranteed to be distinct from the other variables.

Following the outer model test, Once all the prerequisites have been accomplished, the inner model is constructed and tested for both goodness of fit and model estimation of specified hypotheses. The following table displays the test's findings for goodness of fit:

Table 3. Goodness of Fit

Goodness of Fit Test	Value	Cut Value	Criteria
Average path coefficient (APC)	0.377, $P < 0.001$	$P < 0.05$	Good
Average R-squared (ARS)	0.296, $P < 0.001$	$P < 0.05$	Good
Average adjusted R-squared (AARS)	0.287, $P < 0.001$	$P < 0.05$	Good
Average block VIF (AVIF)	1.002	acceptable if ≤ 5 , ideally ≤ 3.3	Ideal
Average full collinearity VIF (AFVIF)	1.530	acceptable if ≤ 5 , ideally ≤ 3.3	Ideal
Tenenhaus GoF (GoF)	0.449	small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36	Large

Sympson's paradox ratio (SPR)	1.000	acceptable if ≥ 0.7 , ideally = 1	Ideal
R-squared contribution ratio (RSCR)	1.000	acceptable if ≥ 0.9 , ideally = 1	Ideal
Statistical suppression ratio (SSR)	1.000	acceptable if ≥ 0.7 , ideally = 1	Ideal
Nonlinear bivariate causality direction ratio (NLBCDR)	1.000	acceptable if ≥ 0.7	Ideal

Table 3.0 demonstrates that it has satisfied the excellent or ideal criterion for goodness of fit across all test criteria. Thus, the model suggested in this study has been deemed suitable or fit based on evaluating the inner model on goodness of fit characteristics.

R-Square (R2) testing follows to ascertain the structural model's predictive capacity. To describe how some external latent factors affect whether some endogenous latent variables have a particular influence, use R-Square (R2). Regarding the test outcomes, R-Square (R2) is entered into Table 5.0 as follows:

Table 4. R-Square (R2) Test

	R Square
Marketing Performance	0.046
Financial Performance	0.547

Marketing Performance has a value of 0.046, according to the findings of the R-Square analysis of the variables. On the other hand, R-Square indicates a value of 0.547 for the Financial Performance variables. This figure demonstrates the impact of the Halal Value Chain variable on marketing performance. In Semarang City, MSMEs make up 4.6%. 54.7% of the variables in this research—the Halal Value Chain and Marketing Performance variables—impact the Financial Performance of MSMEs in Semarang City. Other factors influence the other variables.

Furthermore, the model estimation and hypothesis testing in this research can be seen in Figure 2.0 below:

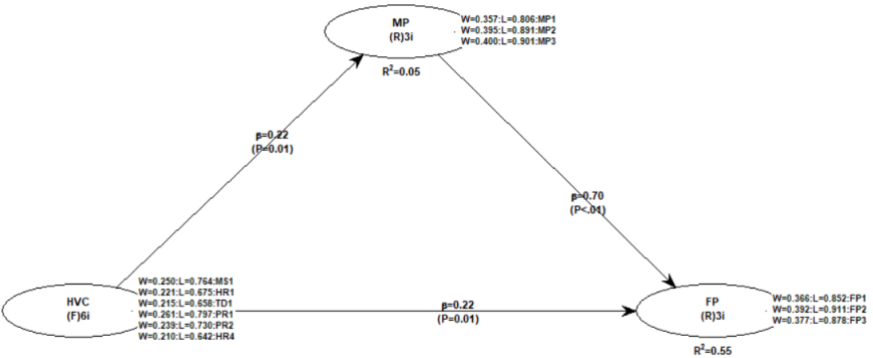


Fig. 3. Table 5. Fig. 4. Table 6. Figure 2.0: Path Analysis

This study uses two types of hypothesis testing: direct effect and indirect indirect effect. Table 4.0 below displays the findings of the direct effect hypothesis test:

Table 7. Direct effect Test

	Hypothesis	Coefficient	P-value	Result
H1	Halal Value Chain positively and significantly affects MSME Marketing Performance.	0.215	0.012	Acceptable and significant
H2	Halal Value Chain positively and significantly affects MSME Financial Performance.	0.219	0.011	Acceptable and significant
H3	Marketing Performance positively and significantly affects MSME Financial Performance.	0.698	<0.001	Acceptable and significant

This table suggests that all hypotheses, from H1 to H4, have a direct effect and are therefore accepted. The P-value values for H1 (0.012), H2 (0.011), and H3 (<0.001) demonstrate this. All three hypotheses have a substantial effect because their P-values are less than 0.05. In addition, the coefficient values of the three hypotheses—H1 being 0.215, H2 being 0.219, and H3 being 0.698—support this. It indicates that the research's overall hypothesis has a favourable outcome. Thus, it may stated that the direct effect hypothesis test results indicate a noteworthy and favourable effect.

In the meantime, table 5.0 below displays the findings of the fourth hypothesis test regarding the indirect effect of two segments:

Table 8. Indirect effect 2 segment

	Hypothesis	Coefficient	P-value	Result
H4	Halal Value Chain positively and significantly effects MSME Financial Performance through Marketing Performance	0.150	0.015	Acceptable and significant

Table 5.0 indicates that the P-value is 0.015 or less than 0.05, and the Hypothesis 4 value is 0.150, indicating a positive effect. As a result, the indirect effect (indirect effect) 2 segment is consistent with hypothesis 4, which is accepted and claims that the Halal Value Chain has a favourable and significant impact on MSMEs' financial performance through marketing performance. Therefore, the adoption of the halal value chain and the financial performance of MSMEs might be mediated by marketing performance.

With a positive coefficient value of 0.215 and a significance value of 0.012, the data analysis results in this study demonstrate that the Halal Value Chain has a positive and substantial impact on the marketing performance of MSMEs in Semarang City. Therefore, MSMEs can enhance the marketing performance of their products by using the Halal Value Chain.

The Halal Value Chain is a business strategy that guarantees the production, processing, and distribution of goods and services in compliance with Islamic teachings and halal principles and regulations. Function Halal Value Chain Marketing of MSME products is necessary in the context of global business and markets, especially in the food and beverage industry for MSME products. It is consistent with the application of Law Number 33 of 2014, which establishes mandatory halal certification for Indonesian-made products, including MSME products.

The following are some of the indicators of the Halal Value Chain that, when applied to MSME products, can improve their marketing performance: 1. networks for obtaining halal raw materials; 2. halal SOPs being applied in production and warehousing operations; 3. the availability of a network for marketing halal products; 4. training employees to increase their competency and expertise; and 5. good use of technology in the marketing process conducted by MSMEs.

First, Micro, small, and medium-sized enterprises (MSMEs) should have access to a network to obtain raw halal materials. MSMEs must be involved in the halal goods industry. Products from MSMEs must be involved in the whole supply chain, from raw materials to finished goods, in order for them to be certified halal. Therefore, MSMEs must have access to a network that guarantees halal raw materials in order for them to meet this criterion. Networks of certified raw materials can assist MSMEs in obtaining the halal certification required for their products and meet legality standards. A network of recognized raw materials can assist MSMEs in obtaining the halal certification required for their products and meet legality standards.

Consumer confidence is strengthened by the availability of halal raw ingredients, particularly for Muslim consumers. Customers are more likely to purchase goods from MSMEs if they can attest to hallow materials halal compliance. MSMEs can reach a broader market by utilizing raw halal materials, particularly in the international market, where halal products are highly sought. MSMEs may benefit from this by seeing sales and market share rise. The availability of raw materials from halal may also aid the expansion of MSME businesses. MSMEs can enhance the quality of their products and draw in new clients by using superior raw materials that adhere to halal guidelines. Using halal raw materials might give MSMEs a competitive edge in a market where competition is fierce.

MSMEs can take several actions to access the availability of halal raw materials. These actions include collaborating with suppliers of halal-certified raw materials, corresponding with halal-authority organizations and authorities, and establishing robust business networks with stakeholders in the halal sector. It will assist MSMEs in upholding halal values and taking advantage of more significant market opportunities.

Second, Implementation of halal SOPs (Standard Operating Procedure) for MSMEs. Implementing SOPs halal in MSME businesses also has a crucial role in increasing the marketing of MSME products in the halal value chain. Implementing this SOP is, of course, to ensure that it is not just about ensuring the halalness of raw materials but also ensuring that the product's entire production, storage and distribution process complies with halal principles. Implementing halal SOPs can help MSMEs meet the requirements to obtain halal certification, opening the door to a larger market. Implementing halal SOPs can help MSMEs improve their business performance, expand market share, and

create consumer trust. It can also help MSMEs to compete in an increasingly global and competitive market.

Third, a network for marketing halal products is available. The existence of a marketing network for their halal products is a crucial component of MSMEs' implementation of the Halal Value Chain to enhance their marketing. As is well known, there is a sizable market for halal items in Indonesia and worldwide. With more than 225 million Muslims, Indonesia is home to one of the most significant Muslim communities worldwide. Because of this, Indonesia presents a sizable halal product market. The halal goods market has grown considerably and is now present outside nations with most Muslims. Because they believe halal products are safer and of higher quality, non-Muslim customers also seek out halal products. Thus, establishing business relationships and becoming a member of a marketing network are crucial steps that MSMEs should take to promote their halal products more widely.

Fourth, providing training to MSME business actors and workers to raise their level of proficiency or skill. Enhancing the proficiency and know-how of workers or business partners is crucial for enhancing the performance of MSMEs while implementing the Halal Value Chain. Higher quality and more innovative product and service development are possible for MSMEs with enhanced skills. MSMEs can become more efficient by developing their operational management and business process skills. MSMEs can grow their customer base and revenue by developing their marketing and sales skills. Additionally, MSMEs can improve their financial management skills to handle their money more skillfully. Thus, enhancing the proficiency and know-how of MSMEs' human resources can enhance the companies' performance in terms of marketing and sales.

Fifth, MSME players are adopting technology well. A key sign of halal value chain implementation to boost MSME performance is MSMEs' capacity to integrate technology into their operations. Using technology to automate their company procedures, MSMEs can lower the time, money, and effort needed to conduct day-to-day operations. One straightforward example of how MSMEs can benefit from technology adoption is using e-commerce platforms and the internet to sell their goods online. It makes it possible to enter bigger markets with less work and expense domestically and internationally.

Utilizing technology for data collecting and analysis can yield insightful information on consumer behaviour, industry trends, and the efficacy of marketing campaigns. MSMEs may use this to make more informed decisions based on data. In addition, MSMEs with inventory can maximize stock levels and prevent shortages or excesses by utilizing a technology-based stock management system. Adopting technology has initial costs, but over time, it can frequently assist MSMEs in lowering operational costs, such as labour expenditures.

The successful interpretation of the research's results from examining many Halal Value Chain indicators leads one to believe that MSMEs may have both financial and marketing performance impacts from adopting the Halal Value Chain. Furthermore, a sizable Muslim population, like that of Indonesia, has a significant market share and naturally gives a product's halal status careful thought. Implementing a halal value chain makes sense in terms of improving the marketing effectiveness of MSMEs

products since it can assure Muslim customers that the goods and services they purchase comply with Islamic law. It can grow market share and boost customer loyalty. In addition, putting the halal value chain into practice will result in products that adhere to halal standards, which could lead to more accessible access to foreign markets, particularly those where a sizable portion of the population is Muslim. As a result, MSMEs have a larger market to sell their goods and have access to substantial commercial prospects in Muslim-majority nations.

This certification can be a powerful marketing tool to inform customers that the product was made following halal standards. When a product is implemented using the Halal Value Chain, its quality and safety are its main priorities. A product may appeal more to customers if it satisfies halal requirements and more excellent quality and safety requirements. MSMEs can enhance their reputation as ethically conscious and accountable business entities by adhering to the Halal Value Chain. It can play a significant role in enhancing one's reputation among clients and business associates.

By improving the marketing and financial performance of MSMEs, it is hoped that MSMEs can further contribute and strengthen their role in the national economy. Furthermore, MSMEs can contribute to the national SDGs because they can contribute to increasing inclusive and sustainable economic growth, opening up productive and comprehensive employment opportunities, and decent work for all, as stated in SDGs point 8.

4 Conclusion

Based on the results of this research, several conclusions can be drawn that along with the implementation of the obligation to certify halal products in circulation as regulated in UU Nomor 33 Tahun 2014 concerning Halal Product Guarantees or Jaminan Produk Halal (JPH), it has become a demand, including MSMEs, in their business activities to implement the Halal Value Chain (HVC). HVC implementation in MSMEs refers to a series of activities and processes involved in producing, processing and distributing halal products and services from start to finish. Includes all stages of business activities to ensure compliance with halal principles, from raw materials to finished products. Adopting Porter's value chain theory proves that the implementation of HVC has a positive and significant impact on the sustainability of MSMEs in terms of marketing and financial performance. So, it is hoped that the sustainability of MSMEs will play a role in supporting SDGs point 8, namely contributing to increasing inclusive and sustainable economic growth, productive and comprehensive employment opportunities, and decent work for all. The indicators of the Halal Value Chain that can influence the sustainability of MSMEs, as in this research, include 1). inbound logistics, namely network availability to obtain halal raw materials; 2). The operation, like implementing halal SOPs in MSME activities from upstream to downstream; 3) Marketing and Sales, such as the availability of a halal product marketing network; 4). Human Resources Management, such as increasing the competency/expertise of MSME business actors/employees through training, and 5). Technology Development: Good adoption of technology by MSMEs in their business activities.

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