Available online at https://e-journal.unair.ac.id/JEBIS

p-ISSN: 2442-6563 e-ISSN: 2525-3027

doi: 10.20473/jebis.v10i2.60491

HALAL CERTIFICATION STRATEGY IN THE DEVELOPMENT OF SMALL AND MEDIUM INDUSTRIES

A. Jajang W. Mahri^a Isnaeni Gelda^b Juliana Juliana^c Aneu Cahkyaneu^d Aam Selamet Rusydiana^e

^{abc}Department of Islamic Economics and Finance, Faculty Economics and Business Education,
Universitas Pendidikan Indonesia, Indonesia

^dGraduate School Doctoral Program, Universitas Gadjah Mada, Indonesia ^eDepartment Islamic Finance, Faculty Economics and Finance, Sakarya University

Email: <u>ajajangwmahri@upi.edu^a</u>; <u>isnagelda11@gmail.com^b</u>; <u>julian@upi.edu^c</u>; <u>aneufpeb@upi.edu^d</u>; <u>aamsmart@gmail.com^e</u>;

ARTICLE HISTORY

Received:

17 July 2024

Revised

24 July 2024

Accepted:

29 July 2024

Online available:

30 November 2024

Keywords:

Expert Judgment, Halal Certification Strategy, IFAS-EFAS Assessment, Small and Medium Industries, SWOT analysis

*Correspondence: Name: Juliana Juliana E-mail: julian@upi.edu

ABSTRACT

Introduction: This research was carried out to find out appropriate alternative strategies from halal certification institutions in their contribution to developing Small and Medium Industries (SMI). Method: The method uses quantitative descriptive methods; this research analyzes strategies based on expert judgment surveys. In the process, the collected data is analyzed internally and externally and developed in a matrix using SWOT analysis. Meanwhile, quantitative tools use the IFAS-EFAS approach in the form of rating and weighting questionnaires.

Result: Based on the results of the SWOT analysis, the halal certification strategy can be optimized through a combination of SO, WO, ST, and WT strategies. Based on the results of the IFAS EFAS assessment, the halal certification strategy occupies quadrant I, namely growth and build. Explains conditions that are in the growth stage and must be developed. This research shows the position of halal certification institutions in the IA quadrant with the "Rapid Growth" strategy, where the S>O value supports the SO strategy.

Conclusion and Suggestion: This research succeeded in uncovering strengths, weaknesses, opportunities, and threats and produced appropriate alternative strategies to be implemented by halal certification institutions in developing SMI. Based on the results of the IFAS EFAS alternative strategy analysis, halal certification institutions

need to increase cooperation with external parties, collaborating with the government and training institutions. From the internal side, strengthening institutional operational systems, education, and communication, as well as disseminating information, must be distributed evenly to the community so that the implementation of strategies runs well.

INTRODUCTION

The halal industry has experienced rapid development in recent years (Juliana et al., 2024a). Halal is a universal indicator to guarantee product quality and living standards, even in countries with minority Muslim populations (Gillani, Ijaz, & Khan, 2016). Indonesia is one of the countries with the highest Muslim population in the world. This affects the demand for halal products in various industrial sectors, including the food and beverage industry (Juliana et al., 2024c). The high demand for halal products in the Indonesian food and beverage industry is a challenge for MUI, the party authorized to issue halal certification, according to an opportunity for business actors as the first link in the distribution of goods to consumers (Amrullah, 2023).

According to the Global Islamic Economic (GIE) Indicator Score, Indonesia experienced an increase from the previous year but was still unable to maximize its market potential, so it was ranked 5th globally in the sharia economy, driven by the halal food and beverage sector, which has an average of 8.5% per year in Indonesia (Saparini, Susamto, & Faisal, 2018). In fact, Indonesia has the potential to become one of the main players in the halal industry in the future by ranking in the top 3 in the GIE Indicator Score category (Mahri et al., 2024). It is proven that Indonesia is the country with the largest Muslim population in the world and still one of the largest countries in the global halal industry (Juliana et al., 2024b; Reuters, 2018). Muslim spending on food and drink was worth \$1.4 trillion in 2018 and is expected to reach \$2.0 trillion by 2024.

In 2018 and previous years, according to IBRA (2018), Halal certification is voluntary, and starting from 2019 it will become mandatory. The law emphasizes that products entering, circulating, and being traded in Indonesian territory must be halal certified (Article 4). For this reason, the government is responsible for implementing Halal Product Guarantees (LPPOM MUI, 2020). Based on data from LPPOM MUI, the number of policies in 2019 regarding mandatory halal certification has actually decreased. The highest number of halal certifications occurred in 2018, namely 17,398, which then experienced a drastic decline in 2019 to 11,442 halal certifications. In 2024, the government implemented mandatory halal certification for all products circulating in Indonesia, especially products with food and beverage categories, so during 2023, LPPOM MUI has attracted 18,701 companies; this number increased from the previous year (2022) of 11,686 companies.

The global demand for halal-certified products is growing rapidly, driven by increasing Muslim populations and greater consumer awareness about halal standards. However, the current implementation of halal certification presents significant challenges, particularly for small and medium-sized enterprises (SMEs). These challenges include the complexity and cost of certification processes, limited knowledge and resources among SMEs to meet stringent halal requirements, and the inconsistent enforcement of halal standards across regions. In many cases, SMEs lack the capacity to navigate the bureaucratic procedures involved in certification, resulting in delays and difficulties in obtaining the necessary certifications (Juliana et al., 2024d). As a result, many SMEs are unable to access lucrative markets that demand halal-compliant products, hindering their growth and competitiveness in the global halal industry.

The purpose of this study is to analyze how the SWOT strategy of halal certification in the development of Small and Medium Industries (SMI) and analyze how alternative halal certification strategies with expert judgment are useful for SMI actors in West Java. West Java was chosen as the observation unit because West Java is a province that has quite a lot of potential in food processing, which is very diverse and unique. This research makes a significant contribution by focusing on the strategic implementation of halal certification specifically for small and medium industries. It provides insights into how SMEs can effectively navigate the certification process by optimizing internal and external factors through the analysis of Internal Factors Analysis Summary (IFAS) and External Factors Analysis Summary (EFAS). By identifying key strengths, weaknesses, opportunities, and threats in the certification landscape, this study offers practical strategies that SMEs can adopt to overcome certification barriers. The findings of this research provide valuable input for policymakers and certification bodies aiming to make halal certification more SME-friendly. By understanding the specific challenges that SMEs face, regulators can streamline certification procedures, reduce bureaucratic bottlenecks, and provide targeted support (e.g., subsidies, training) to assist smaller businesses in complying with halal standards.

While many studies have examined the importance of halal certification for large enterprises, there is limited research on its impact and implementation in SMEs. Most of the existing literature emphasizes the regulatory and consumer demand aspects of halal certification but does not explore the specific challenges and strategies required for SMEs to effectively comply with these standards. Juliana, Faathir, and Sulthan (2019) conducted research on micro-businesses in West Java and found that field facts from 4 MSMEs state that only 1 MSME studied has business-related legalization and skills certificates, and the other 3 MSMEs do not yet have permits related to halal legality, Home Industry Food (PIRT), skills certificates, and business permits.

Abdul et al. (2008) studied SMEs and halal certification in Malaysia. The study concludes that there is a significant relationship between the religion of entrepreneurs and owning a

halal certification; however, not all Muslim entrepreneurs own halal certification. While Darmalaksana (2023) finds that the halal certification policy enjoys general acceptance among business actors. It is widely viewed as favorable and necessary for fostering halal awareness and creating a robust halal ecosystem within the business environment. The latest research conducted by Hafiyyan K. et al. (2024) related to halal certification strategies was conducted in the Bandung area. The halal certification strategy is in quadrant I, namely, "Grow and Develop." The role of strategic tools such as IFAS and EFAS in facilitating the certification process for SMEs, especially in West Java, has not been widely explored. This research fills that gap by applying an expert judgment survey, involving individuals with expertise or understanding of halal certification, which includes regulators, academics, practitioners, and community members with IFAS and EFAS methodologies to better understand and address the barriers faced by SMEs in the halal certification process. Improve significantly and become a source of sustainable competitive advantage for SMEs (Ghani, Karim, & Muhammad, 2020). The values of halal certificates in business have their own wider appeal, not just regarding religious matters (Hasan, Sulong, & Tanakinjal, 2020), but also facilitate the functioning of the halal market for companies and businesses (Ahadi, Saberian, & Pani, 2019).

Halal certification is a solution to help Indonesia become a country that applies the halal lifestyle concept in a big way and is a solution to problems in the development of small and medium industry (SMI) players, both Muslims and non-Muslims. With all the problems that occur, this solution needs to be developed by analyzing SWOT (Strength, Weakness, Opportunities, and Threats) using the IFAS and EFAS matrices, namely factors from the internal and external environment of halal certification.

LITERATURE REVIEW

Theory of Competitive Advantage and Stakeholder Theory

The theory of competitive advantage, introduced by Michael Porter, emphasizes that a firm's success is driven by its ability to create value superior to that of its competitors through strategies such as cost leadership and differentiation. In halal certification, SMEs can achieve differentiation by obtaining the halal certificate, which serves as a unique value proposition, especially for Muslim consumers who prioritize halal products. This certification can enhance a firm's competitive position in both local and international markets, opening doors to new customer segments and increasing consumer trust in the product's compliance with Islamic principles (Porter, 1985).

Stakeholder theory, introduced by R. Edward Freeman (Freeman, 1984) also plays a crucial role in understanding the implementation of halal certification. According to Freeman (1984), a firm's success is not solely determined by its shareholders but by satisfying the needs of all its stakeholders, including employees, customers, suppliers, government agencies, and the wider community. Halal certification exemplifies this approach, as it involves multiple

stakeholders who have a vested interest in ensuring that products meet halal standards. Government bodies may regulate and oversee the certification process, while consumers demand transparency and assurance that products are halal. Additionally, suppliers must adhere to specific halal standards when providing raw materials, making stakeholder collaboration essential for the successful implementation of halal certification.

Both theories emphasize the importance of strategic thinking, with competitive advantage focusing on outperforming competitors and stakeholder theory highlighting the need for balanced and ethical management of stakeholder relationships to ensure long-term sustainability.

Halal Certification

A halal certificate is a fatwa written by the Indonesian Ulema Council (MUI) that states the halalness of a product in accordance with Islamic law. A halal certificate is a requirement to obtain permission to include a halal label on the packaging of a product from an authorized government agency (Sari DI, 2018). Meanwhile, halal products are products that meet the halal requirements in accordance with the rules of Islamic law (Department of Religion of the Republic of Indonesia, 2003).

Halal certification is a form of testing for food and drinks starting from preparation, slaughter, cleaning, processing, care, disinfection, storage, and transportation, as best as possible, including management practices. So halal certification is a procedure that proves that a product is required to have halal standards, is good, safe, and suitable for consumption in accordance with the teachings of the Islamic religion (Waskito, 2015).

In terms of previous research, there is a debate regarding the benefits and challenges of halal certification for SMEs. Some studies suggest that halal certification can provide significant advantages by boosting consumer confidence, increasing access to new markets, and improving a firm's overall brand reputation. In order to meet market needs regarding halal products, many ASEAN countries, such as Thailand, Malaysia, and Singapore, have now implemented halal certification and have formed a special body to handle it in collaboration with standards bodies in their respective countries (Johan & Eva, 2018). Halal certification institutions are a way to ensure the halalness of products that will be exported abroad, especially in countries with a majority Muslim population (Faridah, 2019). Halal certification is a business ethic that producers should carry out as a halal guarantee for consumers and provides benefits for producers, including increasing consumer confidence, having a USP (unique selling point), increasing product marketability in the market, and cheap investment when compared to revenue growth. Achievable (Ramlan & Nahrowi, 2014). This is done solely in order to penetrate the global market (Aminuddin, 2016).

The existence of a halal certificate is intended to protect Muslim consumers from products that are not halal (Hosanna & Nugroho, 2018) and increase consumer interest in

choosing products (Andriyani, 2016). Because Muslim consumers believe that food labeled halal meets Sharia principles and health and safety standards, Muslim consumers will always make food labeled halal their first choice for food shopping and recommended by others (Muflih & Juliana, 2020). However, other studies highlight that the certification process can be costly, time-consuming, and difficult for SMEs, especially those lacking the financial and human resources to navigate complex halal certification requirements (Zailani et al., 2012). Moreover, SMEs often face additional challenges, such as limited awareness of the certification process and a lack of institutional support, which can hinder their ability to secure certification despite its potential benefits (Ab Talib et al., 2016). Arika Isty Ainulqulbi (2017) says that the most significant indicator of the halal certification procedure is the complexity of the process. Several other obstacles faced by SMEs regarding halal certification include the lack of socialization of the halal product certification process. The amount of costs borne to obtain certification and extension when the period expires. Low and limited human resources in SMEs (Marijani, Budiman, Fahmi, & Nurhidayati, 2018).

METHODOLOGY

This research analyzes the strengths, weaknesses, opportunities, and threats in halal certification using IFAS and EFAS matrices. The IFAS (Internal Factor Analysis Summary) and EFAS (External Factor Analysis Summary) matrices are strategic management tools used to evaluate internal and external factors that influence an organization's performance. They form part of the broader SWOT analysis framework, which examines strengths, weaknesses, opportunities, and threats (Wheelen, T. L., & Hunger, J. D., 2012). IFAS focuses on internal factors, analyzing the strengths and weaknesses of an organization. It helps managers understand which internal resources or capabilities are strong enough to support strategic objectives and which areas need improvement, while EFAS focuses on external factors, specifically opportunities and threats that arise from the organization's environment. This matrix allows managers to systematically assess external trends, such as market conditions, regulatory changes, or competitive actions, which may affect the organization's strategic direction.

The use of IFAS and EFAS matrices in halal certification management offers several academic advantages. These tools provide a structured, quantitative approach to analyzing internal strengths and weaknesses, as well as external opportunities and threats. This helps businesses align internal capabilities with external market demands, ensuring more effective, data-driven decision-making. By integrating IFAS and EFAS with broader strategic tools like SWOT, businesses can develop comprehensive, sustainable strategies that meet halal certification standards and achieve long-term success.

Several tools are available to perform internal and external analysis. However, what is superior among them is Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis

with wide applications in industry. Meanwhile, for quantitative tools, there is Internal Factor Analysis Strategy (IFAS), which is usually combined with External Factor Analysis Strategy (EFAS) (Sholihah, Maezono, Mitake, & Shimomura, 2019).

Data obtained from internal and external company data collection is developed and included in the IFAS and EFAS matrices in the form of rating and weighting questionnaires (Rangkuti, 2017). The object of this research is halal certification. Meanwhile, the subject in this research is a SWOT analysis aimed at expert judgment respondents. Expert judgment is used to assess the selected factors using an interval scale. This level aims to find out how important the selected factors influence halal certification. Each level is calculated using IFE (internal factor evaluation) and EFE (external factor evaluation) (Tirdasari, Indrawan, & Fahmi, 2019).

The population in this research is expert judgment, namely parties who are competent and know the overall condition of halal certification both internally and externally in West Java. Meanwhile, the sample was aimed at 7 respondents who understood and mastered information regarding halal certification, namely regulators including LPPOM MUI and BPJPH, academics including expert lecturers and heads of university halal centers, communities including a group of people who research and study halal certification, and practitioners including SMI in West Java.

The IFE and EFE matrices, derived from interviews with expert judgment represented by regulators, academics, communities, and practitioners, require further analysis (Alamanda, Anggadwita, Raynaldi, Novani, & Kijima, 2019).

- Identify Internal and External Factors: Gather a panel of halal certification experts (regulators, academics, practitioners). They help identify key internal strengths and weaknesses (IFAS), such as operational efficiency or resource limitations, and external opportunities and threats (EFAS), like regulatory changes or market demand for halal products.
- 2. Assign Weights: Sum the weights of strengths and weaknesses. Then, calculate the relative weight for each indicator so that the total weight equals 1. Perform the same calculation for the indicators of opportunities and threats. The relative weight is used in the calculation of the weighted score, which is obtained by multiplying the weight by the rating.
- 3. Assign Ratings: Experts then rate each factor on a scale of 1 to 5. If a strength indicator is given a score of 5, it means that the performance of that indicator is improving; if it is given a score of 1, the performance of that indicator is poor or declining. This scoring system is the same as for opportunity indicators.
- 4. For weakness indicators, it is the opposite: a score of 1 means the weaknesses are greater or more severe, and a score of 5 means the weaknesses are decreasing. The same applies to rating the threat indicators. Calculate weighted scores: Multiply the

- weight by the rating to obtain the weighted score for each factor. Weighted Score = Weight × Rating.
- **5.** Analyze and Interpret: Sum the weighted scores for IFAS and EFAS. Identify the strategy of this object using the internal-external (IE) matrix. This internal-external matrix was developed from the GE Model (General Electric Model) and then analyzed using the SWOT matrix analysis tool.

RESULT AND ANALYSIS

Evaluation of Internal Factors

Evaluation of internal factors is seen from the weight values and ratings given by respondents to each strength and weakness factor. The results of the internal factor evaluation can be seen in Table 1. The results of the internal factor assessment showed that the total weight value and strength factor rating were 2.080 and the total weight value and weakness factor rating was 1.554, with a total IFAS score of 3.635.

Table 1 explains about IFAS factor assessment. It can be seen that the highest influence on the current conditions shows that the quality of the audit is strong based on the very good results of the audit and fatwa review. This is indicated by the very high rating obtained at 4.286. This means that factors including the quality of inspections, audit results, and MUI fatwa reviews need to be maintained. MUI is the only institution that determines the halal-ness of a product through a combination of two approaches, namely science and sharia. From the science side, it is carried out by LPPOM MUI, and the sharia side is determined through the MUI Fatwa Commission. The results of the examination are then reported to the MUI Fatwa Commission to determine its sharia legal status. LPPOM MUI's scientific examination is carried out by professional and trusted halal auditors. More than 124 auditors have professional work competency certificates for halal auditors from the National Professional Certification Agency (BNSP).

Table 1

IFAS Factor Assessment

	Internal Strategy Factors	Ratings	Weight	Ratings*Weight	Mark
Strength (S)	Has strong audit quality based on audit results and fatwa studies.	4,286	0.092	0.395	2,080
The MUI halal logo is known throughout the world and is recognized by various halal certification bodies.		4,000	0.084	0.336	
	Halal certification is mandatory for business actors.	3,857	0.095	0.366	
	A Halal Product Guarantee Organizing Agency (BPJPH) was formed which is located under and is responsible to the Minister of Religion.	4,000	0.076	0.304	

Has an influence in increasing consumer interest Weakness The cost of paying for halal certification is considered quite large and expensive Limited finances and minimal institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process.		Mandatory requirement to include a	4,000 0.089	0.358		
interest Weakness The cost of paying for halal certification (W) is considered quite large and expensive Limited finances and minimal institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process.		halal label	4,000	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0.556	
Weakness The cost of paying for halal certification (W) is considered quite large and expensive Limited finances and minimal institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,000 0.079 0.236 1,554 1,55		Has an influence in increasing consumer	3.714	0.087	0.322	
(W) is considered quite large and expensive Limited finances and minimal institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,000 0.079 0.236 1,554 0.081 0.267		interest	-,			
Limited finances and minimal institutional funds Cooperation between institutions or governments has not been well established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization process. 3,286 0.081 0.267 0.248 2,857 0.087 0.248 3,143 0.073 0.230 0.230 0.260 0.260	Weakness	The cost of paying for halal certification	3 000	0.070	0.236	1 55/
institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,286 0.081 0.267 0.248 3,143 0.073 0.230 0.230 0.260 0.260	(W)	is considered quite large and expensive	3,000	0.079	0.230	, 1,334
institutional funds Cooperation between institutions or governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process.		Limited finances and minimal	2 206	0.001	0.267	
governments has not been well 2,857 0.087 0.248 established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,143 0.073 0.230 3,429 0.076 0.260 3,857 0.081 0.314		institutional funds	3,200	0.061	0.207	
established Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,143 0.073 0.230 3,429 0.076 0.260 3,857 0.081 0.314		Cooperation between institutions or				
Fulfilling halal certification documents is quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,143 0.073 0.230 3,429 0.076 0.260 3,857 0.081 0.314		governments has not been well	2,857	0.087	0.248	
quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,143 0.073 0.230 3,429 0.076 0.260 0.260		established				
quite complicated. The halal certification process is not yet optimal There is still minimal socialization of the halal product certification process. 3,429 0.076 0.260 3,857 0.081 0.314		Fulfilling halal certification documents is	2 1 4 2	0.072	0.220	
optimal There is still minimal socialization of the halal product certification process. 3,429 0.076 0.260 3,857 0.081 0.314		quite complicated.	3,143	0.073	0.230	
There is still minimal socialization of the halal product certification process. 3,857 0.081 0.314		The halal certification process is not yet	2.420	0.076	0.360	
halal product certification process. 3,857 0.081 0.314		optimal	3,429	0.076	0.260	
halal product certification process.		There is still minimal socialization of the	2 057	0.001	0.214	
TOTAL 2.625		halal product certification process.	3,85/	0.081	0.314	
TOTAL 5,055		TOTAL				3,635

Source: Data processing results (2024)

Meanwhile, from the Sharia side, halal legal provisions are carried out by the MUI Fatwa Commission. Fatwa is a contemporary legal istinbath in the realm of religion. Namely a fatwa as a result of the ijtihad of scholars who are experts on legal phenomena that are not explained in the Al-Qur'an and Al-Hadith and studied based on the two main sources of sharia, as well as the ijma' of Salafist-sholih ulama (LPPOM MUI, 2020). A series of inspections are carried out at the manufacturer's location with careful testing. The halal statement for a product based on the MUI certificate is a requirement to obtain permission to include a halal label on the product packaging from the authorized government agency (Gerindra, 2003).

Meanwhile, currently the lowest strength factor is the influence of halal certification in increasing consumer interest, with a rating of 3.714. This means that there are still other factors besides halal certificates that influence consumers' buying interest in halal food. According to Izuddin (2018), the variables of halal awareness and food ingredients influence interest in buying halal food. However, the halal label has no effect on interest in buying halal food, which means that even though there is no halal label on the package of halal food, respondents actually still buy halal food. However, simultaneously, halal labels, halal awareness, and food ingredients influence purchases. This is based on several research results and theories, which state that halal labels, halal awareness, and food ingredients are considerations for the emergence of buying interest among Muslims.

The highest degree of importance of the strength factor is halal certification, which is mandatory for business actors with a weight value of 0.095. This means that the JPH Law, which contains halal certification obligations, is considered very important. When the JPH Law

was passed, the system or flow of implementing Halal Product Guarantee (JPH) in Indonesia underwent changes. Halal certificates in Indonesia are mandatory and no longer voluntary. Initially, halal certification only took the form of a binding fatwa and became a coercive regulation. According to Shoba (2018), there was a very good response from various parties regarding the passing of the JPH Law. The existence of the JPH Law can be a form of consumer protection, especially for Muslim customers.

Meanwhile, the strength factor with the lowest degree of importance is the establishment of the Halal Product Guarantee Organizing Agency (BPJPH), which is located below and is responsible to the Minister of Religion, which has a weight of 0.076, which means there are still things that need to be addressed in the formation of the Halal Product Guarantee Organizing Agency (BPJPH). By standard, the halal certification monitoring system, namely LPPOM MUI, already has a regulation called HAS 23000, while BPJPH does not yet have this standard. BPJPH only has a legal basis as a reference in carrying out its duties. Another weakness that BPJPH has is that it does not have a Halal Inspection Institution other than the LPH owned by LPPOM MUI. On this basis, BPJPH will collaborate with state universities that are willing to establish LPH as a form of BPJPH's efforts to improve its supervision system. (Arifin et al., 2020).

The weakness factor that has the greatest negative influence on the halal certificate strategy is the lack of socialization of the halal product certification process, with a rating value of 3.857. This means that in current conditions there are still many SMEs that have not developed due to the socialization of the halal certification process, which has not been fully distributed. The results of direct discussions with participants in the research of Mirdhawati et al. (2020) explained that business actors do not yet have halal certificates due to the lack of socialization regarding the processing of halal certificates by the government, and some people still do not know about the existence of the JPH Law.

Meanwhile, the weak factor that has the most tolerable rating is cooperation between institutions or governments that have not been established well, with a result of 2.857. This means that there is a significant effort to improve cooperation between LPPOM and the government, marked by the establishment of BPJPH. LPPOM MUI, together with the Halal Product Guarantee Organizing Agency (BPJPH) under the Ministry of Religion (Kemenag), are working together to facilitate halal certification for MSMEs. A total of 3,283 MSMEs are included in this collaboration. This program is spread to 20 provinces throughout Indonesia (LPPOM MUI, 2020).

The weakness factor that has a high degree of importance is that cooperation between institutions or governments has not been established well with a weight of 0.087. This means that cooperation between institutions and the government is an important aspect to improve. In Muhtadi (2020), With the collaboration between BPJPH and LPPOM, the implementation of halal certification has a sufficient level of certainty considering that products from each

producer will go through a laboratory test process, even though the mechanism is relatively longer because it involves two institutions.

Meanwhile, the weakness factor that has a low degree of importance is that fulfilling halal certification documents is quite complicated with a weight of 0.073. This means that the complexity of fulfilling documents in applying for halal certification is felt to be very difficult for SMEs. However, this low degree of weight shows that this is not too important to be used as urgent treatment. Because at the beginning of LPPOM's establishment, halal certification was carried out manually. The company collects all required documents in hard copy form, which is then submitted to LPPOM MUI. However, now LPPOM MUI is launching online halal certification/cerol v3.0 to coincide with LPPOM MUI's 30th anniversary. Development of the Cerol-SS23000 continues and is progressing quite rapidly. Since its launch, Cerol-SS23000 has reached 31,323 users and 53,096 registrations from 58 countries. The number of halal-certified companies is 12,883 companies. The number of halal certificates is 15,981 and the number of products certified is 605,848 products. This data is based on the online halal certification application (Cerol-SS23000) and does not include certification carried out manually (LPPOM MUI, 2020).

Evaluation of External Factors

Evaluation of external factors is seen from the weight and rating values given by respondents to each opportunity and threat factor. The results of the external factor evaluation can be seen in Table 2. The results of the external factor assessment show that the total weight value and opportunity factor rating is 1.801 and the total weight value and threat factor rating is 1.422. and the total EFAS assessment was 3,223.

Table 2 explains about the Assessment of EFAS Results, the best current condition of the opportunity factor is the trust of Muslim consumers as guarantors of non-halal products with a rating value of 4.286. This means that Muslim consumers place very high trust in halal certificates as the only guarantee for products distributed in society. According to Fadzlurrahman & Suparto (2019), when SMEs register their products for certification, it is a form of producer responsibility to Muslim consumers considering that halal issues are part of the principles of Muslim life, increase consumer trust and satisfaction, improve the company's image and competitiveness, as a marketing tool, and to expand the network area and provide benefits to producers by increasing the competitiveness of production and sales turnover.

Meanwhile, the worst condition in terms of opportunity factors is consumer interest in choosing halal products with a rating value of 3.429. This means that currently, the condition of consumer interest in choosing halal products is not good. This is indicated in the research of Khasanah & Mufidah (2019). In Indonesia, there is an opinion in society that every product produced by Muslims is halal, so halal certification is not needed. This assumption cannot be fully justified because halal certification is one of the instruments that the government must

pay attention to in order to be able to compete in the halal industry.

Furthermore, the most important opportunity that requires urgent handling is the trust of Muslim consumers as guarantors of non-halal products with a weight of 0.085. Food and drink guarantees are very necessary for Muslim consumers because this need can no longer be tolerated, as Muslims are obliged to eat halal food and drinks (Juliana et al., 2020). To date, LPPOM MUI has transformed into the only LPH that has been established. Consumer trust and loyalty towards the credibility of halal certification is something that must be maintained. Because halal certification will be the main capital in gaining the trust and loyalty of Muslim consumers. Consumers will feel safe because they do not violate the Shari'a when consuming halal products (Aisyah et al., 2020).

Table 2
Assessment of EFAS Results

E	external Strategy Factors	Ratings	Weight	Ratings*Weight	Mark
Opportunity (O)	The existence of law number 33 of 2014 concerning Halal Product Guarantee (JPH)	3,714	0.072	0.269	1,801
	The safety and quality of a product is guaranteed	4,000	0.080	0.319	
	Collaborating with many parties in coaching and assisting MSEs to meet halal certification requirements	3,714	0.075	0.278	
	Consumer interest in choosing halal products	3,429	0.080	0.273	
	Muslim consumer trust as a guarantor of non-halal products	4,286	0.085	0.362	
	Product competition is increasingly competitive	4,000	0.075	0.300	
Threat (T)			0.080	0.251	1,422
	Lack of awareness among business actors to carry out halal certification	2,714	0.082	0.223	
	Lack of public awareness of the mandatory halal certification law	2,857	0.080	0.228	
	The policies and regulations of ministries or institutions regarding mandatory halal certificates are not yet synergistic and mutually supportive	2,429	0.075	0.182	

	TOTAL				3,223
there	fore receive rejection.				
recog	nized by other countries and				
organ	izations are sometimes not	2,286	0.070	0.180	
estab	lished by non-governmental				
Privat	te certification bodies or those				
obliga	ations				
fulfill	their halal certification	2,714	0.072	0.197	
Not a	Il business actors are ready to		•	_	
must	be halal certified				
regar	ding product categories that	2,429	0.075 0.182	0.102	
public	have the same perception			O 192	
Not a	all JPH stakeholders and the				

Source: Data processing results (2024)

and presentation of halal products by legal procedures makes it easier to serve Muslim consumers. Judging from the economic impact, the mandatory Halal certification for packaging products, which applies to all business actors, will open up business opportunities, and the products in circulation will be safe for consumption by the Muslim community, especially (Dzumirroh & Nurhasanah, 2020).

The threat factor that has the highest influence is the assumption that every food product produced in that country is halal, so halal certification is not required for these products with a rating of 3.143. This means that the highest threat to halal certification strategy efforts in developing SMEs is currently in the form of consumers' or producers' assumptions that products in Indonesia are halal, so they no longer need halal certification.

In research by Hosanna & Nugroho (2018), it was stated that there are still many companies or business actors who think that halal certification is not important, so if they do not register, their products will still sell. The biggest obstacle is that business actors are not aware and have the desire to carry out halal certification. However, in Juliana's research, Faathir & Sulthan (2019) stated that these business actors always ensure to each consumer that the materials used and the services provided always pay attention to safety, comfort, and halal aspects. So this really needs to be a concern for the institutions responsible for JPH.

Meanwhile, the threat factor that has the lowest influence is that private certification institutions or those established by non-governmental organizations are sometimes not recognized by other countries, so they receive rejection with a rating value of 2.286, meaning that in the current condition, the institutions that provide halal certification for existing products in Indonesia have been recognized by other countries. Because the existence of a halal certification agency is a way to ensure the halal-ness of products that will be exported abroad, especially in countries with a majority Muslim population. However, Indonesia has made efforts to transfer the certification body, which was initially carried out by a non-

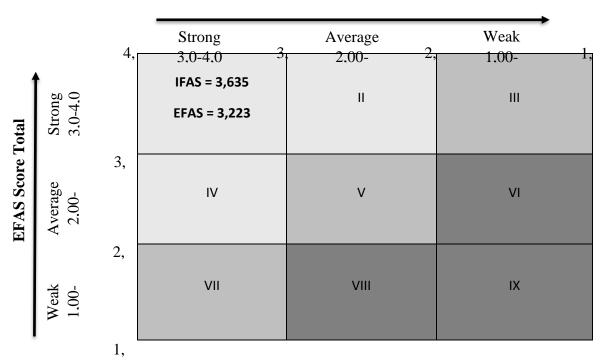
governmental institution, namely MUI, to a government institution under the Ministry of Religion, namely BPJPH (Faridah, 2019).

The threat factor that has a high degree of importance is the lack of awareness of business actors in carrying out halal certification, with a weight of 0.082. This means that it needs very important handling and special attention to this matter. Research by Sari & Sulistyowati (2020) states that there is a lack of awareness among business actors to have halal certificates for the processed food products they trade, due to a lack of knowledge about the rules and the dangers posed by not having a halal certificate. The main causes are the lack of socialization carried out by the government regarding procedures for applying for halal certificates, the lack of initiative for business actors in seeking information regarding halal certificates, and the lack of supervision and sanctions measures carried out by the government against business actors who do not yet have a halal certificate. Thus, there are still many violations of regulatory provisions governing halal certificates.

Meanwhile, the threat factor that has the lowest weight value of 0.070 is that private certification institutions or those established by non-governmental organizations are sometimes not recognized by other countries and therefore receive rejection. However, because it is protected by a legitimate institution under the government, things like rejection are increasingly minimal. The government must be consistent in determining requirements and selecting institutions that issue halal certificates for Indonesian products. This is considered important to strengthen the penetration of products from Indonesia in the OKI market. Indonesia must have a single halal certificate that is recognized by the state and can be used internationally (Andri, 2019). The Ministry of Trade is working with halal certification agencies and institutions to increase exports and the competitiveness of Indonesian halal products so that Indonesian products are loved by all foreign consumers, not only because the prices are competitive but also because of the ability to track halal status (halal traceability) so that certainty is guaranteed that the product is of high quality and halal thayyiban (Ministry of Trade, 2020).

Internal and External Quadrant Matrix Position (IE)

The position of the internal-external (IE) matrix quadrant can be determined after evaluating internal and external strategic factors, knowing the highest to lowest weight values and the rating values from highest to lowest, and then evaluating the IE matrix quadrant position, which aims to see the position of the IFAS and EFAS in determining the assessment of halal certification strategies in developing SMEs in West Java.



Position of Halal Certificate Institutions in West Java (IFAS = 3,635; EFAS = 3,223) Quadrant 1



Source: Data processing results (2024)

Figure 1. IE Matrix Quadrant Position

After knowing that the internal factor evaluation result (IFAS) was 3.635 and the external factor (EFAS) was 3.223. It can be seen in Figure 1 that this value is in quadrant I, namely "Grow and Develop." This quadrant explains the condition of the halal certification strategy in West Java, which is in the growth stage and must continue to be developed. This shows that halal certification has very strong internal potential to continue to be optimized, especially for developing small and medium industries (SMI). This finding is in accordance with the theory put forward by Rangkuti (2017), where quadrant I is a very profitable situation because the institution is in the growth stage and has opportunities that can be developed to increase the growth of the institution. The strategy that can be implemented in this condition is to support aggressive growth policies (growth-oriented strategy). The results of the findings of internal and external factors become a reference in improving halal certification strategies in the development of small and medium industries (SMI) in West Java. The diagram in quadrant I, which has been explained above, can be seen in Figure 2 below:



Explanation:

- 1. Support aggressive strategies
- 2. Support diversification strategies
- 3. Support turn-around strategies
- 4. Support defensive strategies

Source: Data processing results (2024)

Figure 2. Position of alternative strategies

The process of determining strategy options is carried out through several stages. In the IFAS and EFAS quadrants, weights and ratings are given to the SWOT components. As seen in Table 6, the SWOT values are obtained as follows: S=2,080; W=1,554; O=1,801; T=1.422, so the IFAS and EFAS strategy positions are obtained by IFAS=3.635 and EFAS=3.223. In the growth position in determining strategy choices by looking at the results of the internal score S being greater than W and the results of the external score O being greater than T, this states that IE's position is in quadrant I (positive).

Table 3
IFAS EFAS Strategy Options

Internal Strategy	External Strategy	Strategy Options	Mark
S>W (+)	O>T (+)	Growth	S=2,080
S <w (-)<="" td=""><td>O<t (-)<="" td=""><td>Survival</td><td>W=1.554</td></t></td></w>	O <t (-)<="" td=""><td>Survival</td><td>W=1.554</td></t>	Survival	W=1.554
S>W (+)	O <t (-)<="" td=""><td>Diversification</td><td>O=1,801</td></t>	Diversification	O=1,801
S <w (-)<="" td=""><td>O>T (+)</td><td>Stability</td><td>T=1.422</td></w>	O>T (+)	Stability	T=1.422

Source: Data processing results (2024)

Next, determining alternative strategy options after knowing the quadrant position of the IFAS and EFAS matrices is carried out in several stages. Firstly, by creating an intersection point for the X and Y axes, where the value of the opportunities and total threats (threats).

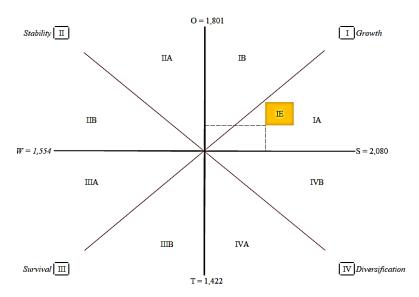


Figure 3. Position of alternative strategies

Quadrant IA also shows the right strategy choice, namely rapid growth, which can be seen in Table 3 and Figure 4. This strategy choice aims to determine the right alternative strategy to be carried out by halal certification institutions in developing small and medium industries (SMI) in West Java. Table 4 explains alternative strategies from the IFAS and EFAS matrices. The position of the halal certification strategy refers to the rapid growth strategy, which is located in the IA quadrant, meaning increasing the growth rate by improving quality, which is a strength, and taking advantage of existing opportunities. In this case, the value of strength is greater than opportunity; therefore, halal certification institutions need to improve their strategies so that small and medium industries (SMI) can continue to develop and experience improvement. However, we must remain alert to threats that may come in the process of developing small and medium industries (SMI). This research shows a total S value of 2.080 and W of 1.554 (S>W), O of 1.801 and T of 1.422 (O>T). >O, thereby supporting the SO strategy. Based on existing findings, a good alternative strategy to use in this problem is the SO strategy. This strategy is the result of the formulation of internal and external factor analysis as outlined in the SWOT matrix analysis. This strategy was created based on the company's way of thinking, namely by utilizing all strengths to seize and exploit opportunities as much as possible (Rangkuti, 2017).

Table 4
Alternative strategies from the IFAS and EFAS matrices

Technical Strategy	Score	Quadrant	Strategy Options
Growth	S>0	HE	Rapid growth
Glowth	S<0	IB	Stable growth
Survival	W>T	III A	Turn around
Suivivai	W <t< td=""><td>III B</td><td>Guerrilla</td></t<>	III B	Guerrilla
Diversification	S>T	IV A	Concentric
Diversification	S <t< td=""><td>IV B</td><td>Conglomerate</td></t<>	IV B	Conglomerate
Stability	O>W	II A	Aggressive maintenance
Stability	O <w< td=""><td>II B</td><td>Selective maintenance</td></w<>	II B	Selective maintenance

Source:(Rusydiana & Firmansyah, 2018)

SWOT Matrix Analysis Results

This strategy formulation process produces 12 alternative strategies that can be implemented by institutions responsible for the stability of halal certification in the development of small and medium industries (SMI). Alternative strategies consist of 3 combined strategies of strengths and opportunities (SO), 3 combined strategies of weaknesses and opportunities (WO), 3 combined strategies of strengths and threats (ST), and 3 combined strategies of weaknesses and threats (WT). So, the SWOT matrix analysis obtained from the results of this research is as follows:

Table 5 SWOT Analysis

SWOT Analysis	
STRENGTH (S)	WEAKNESS (W)
 Has strong inspection quality based on audit results and fatwa review 	 The amount of payment for halal certification is considered quite large and expensive
The MUI halal logo is recognized worldwide and acknowledged by	Limited finance and lack of institutional funds
various halal certification bodies 3. Halal certification is mandatory	3. Cooperation between institutions or government has
4. The Halal Product Assurance	not been well established
Organizing Agency (BPJPH) was established, under and	 Fulfilment of halal certification documents is quite complicated
responsible to the Minister of Religious Affairs	5. The halal certification process is not yet optimal
5. Mandatory requirement to include a halal label	6. There is still a lack of socialization of the halal
Has an influence on increasing consumer interest	product certification process

Table 5
SWOT Matrix Analysis (Cont.)

	OPPORTUNITY (O)	STRATEGI 'SO'	STRATEGI 'WO'
1.	Law number 33 of 2014	Products that have undergone strong	The amount of payment for halal
1-	concerning the Halal	checks based on the results of audits	certification is considered quite large and
	Product Guarantee	and fatwa studies have good quality so	expensive, but it is comparable to gaining
2.	The safety and quality of a	that they are ready to face the	the trust of Muslim consumers as a
۷.			
١,	product is guaranteed	increasingly competitive world of	guarantor of non-halal products (W1-
3.	Has cooperation with many	product competition (S1-O6).	O5).
	parties in fostering and	With the existence of law number 33 of	Limited finances and the lack of
	assisting MSEs to meet halal	2014 concerning Halal Product	institutional funds can be overcome by
	certification requirements	Guarantee (JPH), it is a legal basis for	making many efforts to collaborate or
4.	Consumer interest in	the mandatory requirement of halal	apply for sponsorship because the halal
	choosing halal products	certification for all products in	certification body has cooperation with
5.	Muslim consumer trust as a	Indonesia (S3-O1).	many parties in fostering and assisting
	guarantor of products that		MSEs to meet halal certification
	are not halal		requirements (W2-O3).
6.	Increasingly competitive	Having halal-certified products will	The halal certification process is not
	product competition	influence increasing consumer	optimal, so it takes a very long time to
		interest. Because currently, many	issue. However, this long process
		consumers choose halal products (S6-	ensures that the safety and quality of a
		O4).	product is guaranteed (W5-O2).
		,	. ,
	TUDEAT(T)	STRATEGI 'ST'	STRATEGI 'WT'
	THREAT (T)		
1.	The assumption that every	The problem of private certification	Cooperation between institutions or the
	food product produced in	bodies or those established by non-	government is not well established so
	the country is halal so there	governmental institutions is sometimes	that not all JPH stakeholders and the
	is no need for halal	not recognized by other countries so	public have the same perception of the
	certification on the product	that they get rejected, but now the MUI	mandatory halal certified product
2.	Lack of awareness of	halal logo is known throughout the	category. So, communication between
	business actors to carry out	world and is recognized by various halal	institutions and the government must be
	halal certification	certification bodies.(S2-T7)	improved immediately to provide
3.	Lack of public awareness of		maximum service to the public (W3-T5)
	the mandatory law of halal	Policies and provisions of ministries or	Fulfilling halal certification documents
	certification	institutions related to mandatory halal	that are quite complicated has always
4.	Policies and provisions of	certificates are considered not	been an excuse for the majority of
	ministries or institutions	synergistic and support each other.	business actors not to fulfil their halal
	related to mandatory halal	However, with the establishment of the	certification obligations. However, as the
	certificates have not	Halal Product Guarantee Agency	times become more sophisticated, the
	synergized and supported	(BPJPH) which is domiciled under and	fulfilment of documents that were
	each other	responsible to the Minister of Religion,	originally offline and hard files can be
I	Cadil Other	responsible to the Minister of Kenglon,	onbinary offine and hard files can be

5.	Not all JPH stakeholders and the public have the same	policies and matters related to halal certification can become more	transferred to online and soft files (W4-T6).
6.	perception of the mandatory halal certified product category Not all business actors are ready to fulfil the obligation	synergized (S4-T4).	
7.	to be halal certified Private certification bodies are sometimes not recognized	With the mandatory requirement to include a halal label created by the government. Business actors will always certify their halal products even though there are many assumptions that every food product produced in the country is halal (S5-T1).	The lack of public awareness of the mandatory law of halal certification is due to the lack of socialization of the halal product certification process. In this case, the institution responsible for halal certification must carry out intensive socialization (W6-T3).

DISCUSSION AND IMPLICATIONS

Table 6 explains about the IFAS and EFAS assessments. From the internal factor assessment, it was found that the total weight value and strength factor rating were 2.080 and the total weight value and weakness factor rating was 1.554, with a total IFAS score of 3.635. Meanwhile, from the assessment of external factors, it was found that the total weight value and opportunity factor rating was 1.801 and the total weight value and threat factor rating was 1.422, with a total EFAS assessment of 3.223.

Table 6
IFAS EFAS Assessment Results

	SWOT	MARK	TOTAL
INTERNAL FACTORS	Strength Strength	2,080	2 625
INTERNAL FACTORS	Weakness	1,554	3,635
EVIEDNAL FACTORS	Opportunity	1,801	2 222
EXTERNAL FACTORS	Threat	1,422	3,223

Source: Authors' own

The halal certification strategy is in quadrant I, namely, "Grow and Develop." This quadrant explains the condition of the halal certification strategy, which is in the growth stage and must continue to be developed. This research also shows a total value of S of 2.080, W of 1.554 (S>W), O of 1.801, and T of 1.422 (O>T), explaining that the position of halal certification institutions is in the IA quadrant with the choice of the "Rapid Growth" strategy, which is the value S>O, thereby supporting the SO strategy. This shows that halal certification has very strong potential from the internal and external side to continue to be optimized, especially for developing SMEs.

Based on the results of the SWOT matrix analysis obtained by combining internal and external potential or by filling each other's deficiencies with existing potential. This strategy asks halal certification bodies to improve and improve performance as well as take advantage

of the situation and seek support (Setiawan, 2021). Something that can be used as an alternative to the problem of socialization is to utilize an online system in accordance with the times (Girang et al., 2024). This will make it easier for business actors to register their products. Furthermore, halal certification institutions can strengthen cooperation with the government or partners to collaborate with each other to support small and medium industries (SMI). Strengthening the internal side of the institution should also be carried out considering the need for superior and reliable service quality.

The strategy in terms of competency of halal certification institutions is good. However, it is necessary to optimize the socialization of food safety and halal guarantees, which must be a mandatory agenda carried out in an effort to raise public awareness of the importance of halal certification. One form of socialization is providing training and mentoring aimed at the general public, especially MSMEs, to provide new insights regarding distribution permits for Home Industry Food (PIRT), distribution permits from the Food and Drug Supervisory Agency (BPOM), the meaning of halal and haram, and introduction to raw materials. halal, the introduction of halal guarantee systems, halal certification, sharia finance, and providing online marketing materials. Furthermore, intensive and programmed assistance will be provided so that MSMEs participating in the training apply all the rules that apply in Indonesia (Gunawan et al., 2021).

The findings of this study provide several theoretical and practical implications. As for the theoretical implications of this research, it contributes to the existing literature on halal certification by integrating SWOT analysis with the IFAS and EFAS frameworks. This approach offers a comprehensive understanding of how internal and external factors influence the optimization of halal certification strategies. It also highlights the role of halal certification in enhancing the competitiveness and sustainability of small and medium industries (SMIs), particularly in the halal market, enriching the strategic management and Islamic business practice literature.

Practically, the study provides practical insights for stakeholders involved in halal certification and SMI development. Utilizing social media and online systems is recommended to improve the dissemination and socialization of halal certification, aligning with modern digital trends. Additionally, the research emphasizes the need for collaboration between halal certification bodies, the government, and industry partners to support the growth of SMIs. By optimizing internal strengths and external opportunities, halal certification can serve as a critical tool for enhancing the competitiveness and growth of small businesses. These strategies can be implemented to improve accessibility, foster market expansion, and ensure halal certification contributes actively to the economic development of the SME sector.

CONCLUSION

Based on the results of the SWOT matrix analysis, halal certification strategies can be optimized through a combination of "SO," "WO," "ST," and "WT" strategies. By maximizing potential strengths and opportunities as well as overcoming weaknesses and threats, halal certification can play an active and optimal role in efforts to develop small and medium industries (SMI). Something that can be used as an alternative to the problem of socialization is to use social media or online systems that are appropriate to the times. Halal certification institutions can also strengthen cooperation with the government or partners to collaborate with each other to support the development and progress of small and medium industries (SMI). In addition, the results of the IFAS and EFAS assessments show that halal certification has very strong potential from the internal and external sides to continue to be optimized, especially for developing small and medium industries (SMI). The halal certification strategy is in quadrant I, namely, 'Grow and develop'. This quadrant explains the condition of the halal certification strategy, which is in the growth stage and must continue to be developed. This shows that halal certification has very strong potential from the internal and external sides to continue to be optimized, especially to develop small and medium industries (SMEs).

There are several recommendations offered from the results of this study. First, to optimize the potential of halal certification in supporting small and medium enterprises (SMEs), BPJPH should prioritize enhancing the accessibility and efficiency of the certification process. This can be achieved by developing a more robust digital infrastructure, such as an online certification system, which would streamline applications and make the process more transparent. BPJPH should also invest in comprehensive socialization efforts by utilizing social media and digital platforms to raise awareness and educate SMEs about the benefits and requirements of halal certification. Strengthening partnerships with the government, private sector, and industry associations can further amplify these efforts, ensuring that SMEs receive the support needed to comply with certification requirements and improve their market competitiveness. Second, SME entrepreneurs should take proactive steps to incorporate halal certification as part of their business strategy. Entrepreneurs should leverage the online tools and resources provided by BPJPH to simplify the certification process. Furthermore, they should remain engaged with industry networks and government initiatives to stay informed about changes in certification requirements and best practices. Collaborating with other certified businesses and industry partners can also help SMEs gain the knowledge and resources necessary to grow within the halal market. Entrepreneurs should recognize halal certification not just as a compliance requirement but as a strategic asset to enhance their business growth and competitiveness.

AUTHOR CONTRIBUTIONS

The first author contributed the majority of the manuscript's content, ideas, and writing. Co-authors contributed equally to support the manuscript content. We declare no conflict of interest among the contributors.

FUNDING

This article has not received any funding or grants.

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