

Strategy for Developing MSME's Products through Halal Certification Labels in Batu Bara Regency

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Abstract: This study analyzes the product development strategies of MSMEs in Batu Bara Regency through the improvement of halal certification status. MSMEs are a key component of the country's economic growth, especially in terms of increasing the competitiveness of local products and community welfare. Trust in MSME products tends to decline due to unguaranteed processes and quality. Emphasizing the importance of product legality and the application of sharia values in business activities, this study aims to examine the development strategies of MSMEs in Batu Bara Regency that have obtained halal certification. A descriptive qualitative methodology was used to obtain objective interview results. Interviews were conducted with MSME actors and authorities. The research findings show that the sustainability of halal MSMEs is influenced by external elements (opportunities and threats) and internal elements (strengths and weaknesses), which were identified through SWOT analysis. Based on the calculation findings, MSMEs are in quadrant II (Strengths–Threats) of the Cartesian SWOT diagram with an IFAS score of 3.11075 and an EFAS score of 3.31712. The ST strategy, which maximizes internal strengths to overcome various external challenges, including company competition and certification process barriers, is the best step in this case. Halal certification has been proven to strengthen the ability to build consumer trust, improve product quality, and open new markets, which helps MSMEs become more sustainable and competitive.

Keywords: MSMEs, Halal Certification, SWOT, Development Strategy

Introduction

With nearly 209 million people, or 87.2% of the population, being Muslim, Indonesia is recognized as the country with the largest Muslim population in the world. Indonesia is currently the world's largest market for halal businesses. Indonesia leads the world in halal product consumption, according to the State of the Global Islamic Economy 2022 study.¹ However, as Indonesia is not yet among the top 10 halal food producing countries in the world, the government has not fully utilized this huge market opportunity to make Indonesia a significant halal food producer. Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the national economy. The people-based economic system is based on MSMEs, which aim to alleviate poverty, and as they grow, their economic base can be expanded and significantly increase regional and national economic resilience.²

Today, halal is no longer seen solely as a religious matter. In the context of global society, the halal label has evolved into a symbol of quality as well as part of a lifestyle. From a business perspective, products with halal certification can provide added value and significant profits for producers. Halal certification serves as a means for producers and traders to provide information to consumers and assure them that the products offered not only comply with religious requirements but also meet quality standards and are safe for consumption.³

The description of MSME products above is similar to the development of MSMEs in Batu Bara Regency, North Sumatra. Batu Bara Regency is one of the regions in North Sumatra Province that has great potential for MSME development, particularly due to its strategic location on the National Strategic Industrial Zone (KISN) route. As a region rich in culinary diversity and offering promising business opportunities, MSME players are required to maintain the quality of the products they offer, including ensuring their halal status, so that consumers can feel safer and more satisfied.

¹ Rejeb, A., Keogh, J. G., Rejeb, K., & Dean, K. (2021). Halal Food Supply Chains: A Literature Review Of Sustainable Measures And Future Research Directions. *Foods And Raw Materials*, 9(1), 106–116.

² Adriansyah Hidayat, Tri Inda Fadhila Rahma, and Muhammad Ikhsan Harahap, "Analysis of The Role of Cooperatives and MSME's Sectors in The Empowerment of MSME's in Medan City," *Jurnal Manajemen Bisnis* 11, no. 2 (2024): 1332–40, <https://doi.org/10.33096/jmb.v11i2.871>.

³ Fadinsi Prima Putra, Aep Kusnawan, and Yuliani, "Strategi Pemasaran Produk UMKM Melalui Sertifikasi Halal MUI," *Tadbir: Jurnal Manajemen Dakwah* 6 (2021), <https://doi.org/10.31092/kuat.v4i2.1697>.

Table 1.
Number of MSMEs in Batu Bara Regency in 2023-2024

Halal certification status	Number of MSMEs	Percentage (%)
Halal certified	80	56,75 %
Not yet halal certified	61	43,25%
Total	141	100%

Source: Cooperative and Small and Medium Enterprises Agency of Batu Bara

According to data released by the Batu Bara Regency Cooperative and SME Office, in the 2023–2024 period, there were 141 MSMEs operating in the food and beverage sector. Of these, 80 businesses, or around 56.75%, have obtained official halal certification from the relevant institutions, while 61 businesses, or 43.25%, have not yet obtained such certification. This fact shows that although MSME operators' awareness of the urgency of halal certification has increased, there are still a large number who have not made optimal use of it.

The phenomenon occurring in Batu Bara Regency shows that there has been a real change in MSME operators after obtaining halal certification. Before obtaining certification, MSMEs usually had difficulty expanding their market reach. Their products tended to be marketed only locally and faced consumer doubts about the halal status of the products offered. Consumer confidence was also low due to the lack of official proof that the products consumed truly met halal standards.

On the other hand, after obtaining halal certification, MSMEs showed a significant improvement. Their products became more trusted by consumers because they had undergone a verification process by an official institution. When choosing products, this situation gave customers a sense of security and comfort. In addition, the image of the product is also elevated so that it looks more professional and has stronger selling power. Halal certification also opens up opportunities for businesses to enter modern markets, such as large retailers and certified souvenir centers, and even expand into export markets that require product halal guarantees.

Furthermore, MSMEs that have obtained halal certification find it easier to obtain support from the government and related institutions, such as training programs, business assistance, and financial assistance. This is in stark contrast to the situation before certification, where access to such assistance was still very limited. In terms of competitiveness, certified MSMEs are able to compete better with similar products that also meet halal standards, both locally and nationally. This comparison shows that it is important for MSME players to start viewing

halal certification not as an administrative burden, but as a strategy to strengthen their position in the face of increasingly competitive markets.

Research conducted on Opportunities and Challenges of Halal Certification for Food Products of Micro, Small, and Medium Enterprises in Jambi City revealed that the main reasons MSMEs do not have halal certification include a lack of willingness on the part of business owners, a belief that Allah SWT has provided sustenance in the form of sustenance, and a preference for product taste to attract consumers. The dominant factor found is the lack of understanding and awareness among MSME actors regarding the importance of halal certification. In line with these findings, a study conducted by Suryaputri and Kurniawati confirms that the existence of halal certification can influence consumer interest in purchasing products.⁴ Therefore, halal certification offers substantial benefits for businesses and consumers. Therefore, a deeper understanding of the importance of halal certification is needed.

The focus of this study is the difference between this study and previous studies. Previous studies focused more on the causes of low halal certification and its effect on consumer purchasing interest. The current study focuses on developing the right strategy to increase the number of halal-certified MSMEs in Batu Bara Regency. This study aims to formulate a strategy for developing MSMEs through halal certification by utilizing the strengths and opportunities possessed by Batu Bara Regency, while overcoming the weaknesses and threats that hinder the growth of halal-certified MSMEs.

This study aims to formulate a strategy for developing MSMEs through halal certification by utilizing the strengths and opportunities possessed by Batu Bara Regency, while overcoming the weaknesses and threats that hinder the growth of halal-certified MSMEs. The main focus is to analyze the awareness, understanding, and obstacles faced by MSME actors in obtaining halal certification, as well as to develop appropriate and implementable strategies so that halal certification functions as a tool to increase competitiveness in the domestic and international markets in addition to being a legal requirement.

Method's

The method used in this study is qualitative descriptive research by describing objective, accurate, and reliable information about the conditions of MSMEs related to the halal certification process. This study was conducted on MSME actors in Batu Bara Regency with a focus on strategies that can be applied to encourage an increase in the number of halal-certified MSMEs in the region. This study used primary data sources in the form of interviews with representatives from the Batu Bara Regency Cooperative, SME, and Industry

⁴ Sari, (2019)

Office, which plays a role in policy and support for halal certification for MSMEs, and two MSME actors who have obtained halal certification to find out their experiences, benefits, and strategies in the certification process. The data analysis approach in this study is SWOT analysis, which identifies opportunities, threats, weaknesses, and strengths of the MSME halal certification process. This analysis is used to formulate appropriate, applicable, and sustainable strategies to encourage an increase in the number of halal-certified MSMEs in Batu Bara Regency.

Theoretical Framework

MSME Development

Through education and training, development can be defined as efforts to improve a person's intellectual, theoretical, technical, and moral competencies in order to meet the demands of a job or position. Through the use of innovation and technology, SME development aims to create highly competitive economic actors by increasing entrepreneurial spirit, improving productivity, and adapting to market demands.⁵

Meanwhile, Law Number 20 of 2008 defines Micro, Small, and Medium Enterprises (MSMEs) as independent productive economic units, which are run by individuals or legal entities and are not subsidiaries or branches of medium or large companies, either directly or indirectly.⁶ The Indonesian Cooperative Council (DEKOPIN) defines MSMEs as small-scale business units that generally use simple technology and are managed in a traditional manner.⁷ Innovation is very important for MSMEs to remain competitive in the market.⁸ Micro businesses can be the answer to creating jobs for the lower class.⁹

⁵ Bastomi Dani Umbara and Ach Faqih Supandi, "Analisis Strategi Pengembangan UMKM Halal Di Jember Dalam Menghadapi Persaingan Pasar Nasional (Studi Pada Peluang Dan Tantangan)," *Jurnal Ekonomi Dan Bisnis Islam (JEBI)* 2, no. 2 (2022): 86–103, <https://doi.org/10.56013/jebi.v2i2.1584>.

⁶ A.A. Imsar, Nasution J.& Ndraha, 'Analisis Pengaruh Pembiayaan Paket Masa Depan (Pmd) Terhadap Pertumbuhan Usaha Mikro Kecil Dan Menengah (Umkm) Dan Peningkatan Pendapatan Nasabah Dalam Perspektif Ekonomi Islam (Studi Pada Btpn Syariah Mms Medan Marclan)', *Alfida Amilah Ndraha*, 3 (2022), P. 86.

⁷ Nurbaiti Nurbaiti et al., "Behavior Analysis of MSMEs in Indonesia Using Fintech Lending Comparative Study between Sharia Fintech Lending and Conventional Fintech Lending," *JPPPI (Jurnal Penelitian Pendidikan Indonesia)* 9, no. 4 (2023): 92, <https://doi.org/10.29210/020232273>.

⁸ Enita Indramayani Gaja, Maryam Batubara, and Marliyah Marliyah, "Influence Investment, Financing, and MSMEs Against Growth Medan City Community Economy 2017-2022," *Quantitative Economics and Management Studies* 5, no. 5 (2024): 1011–20, <https://doi.org/10.35877/454ri.qems2862>.

⁹ Andri Soemitra, Kusmilawaty, and Tri Inda Fadhila Rahma, "The Role of Micro Waqf Bank in Women's Micro-Business Empowerment through Islamic Social Finance: Mixed-Method Evidence from Mawaridussalam Indonesia," *Economics* 10, no. 7 (2022), <https://doi.org/10.3390/economics10070157>.

The development of MSMEs is a strategic step in facing various challenges and a solution to the problems that must be faced by business actors so that MSMEs can be competitive in both the domestic and foreign markets. The responsibility for this development does not only lie with the government, but also involves community participation.¹⁰ Several efforts that can be made in the context of MSME development include:

- a. Creating a conducive business climate. The government plays a role in providing a safe, peaceful, and supportive business environment by simplifying licensing procedures, providing tax breaks, and creating regulations that facilitate business actors.
- b. Provision of access to capital. Capital support can be provided through formal and informal financial service institutions, young entrepreneur funding programs, and other forms of financial assistance that encourage business sustainability.
- c. Business protection. MSME players need to obtain business protection guarantees, either through the implementation of clear rules and regulations, the provision of work safety equipment, or insurance for employees and companies.
- d. Development of partnerships. MSMEs are encouraged to establish mutually beneficial partnerships, either with fellow MSME players, large domestic entrepreneurs, or international business partners. In this case, the government needs to open up wider access, including facilitating export activities.
- e. Training and capacity building. Training programs for MSME players, particularly in the fields of administration, management, promotion, and other technical skills, are essential. Furthermore, the results of such training must be implemented in a tangible manner in business management.
- f. Promotion. MSMEs need specific media to market their products in order to grow. Using social media for advertising is one strategy to attract public attention.¹¹

Halal Certification

Halal certification is a multi-stage process used to achieve halal recognition to ensure that production procedures, raw materials, and the Halal Assurance System (SJH) meet the requirements set by LPPOM MUI (LPPOM MUI, 2008).

¹⁰ Bagus Hadi Mustofa and Luhur Prasetyo, "Strategi Pengembangan Bisnis Usaha Mikro Kecil Dan Menengah (UMKM) Melalui Sertifikasi Halal Di Kabupaten Ponorogo," *Istithmar* 7, no. 2 (2024): 159–72, <https://doi.org/10.30762/istithmar.v7i2.716>.

¹¹ Dea Cahya Ramadhani and Kharis Fadlullah Hana, "UMKM Naik Kelas : Pengembangan Melalui Digital Marketing Dan Sikap Kewirausahaan Islam," *Fokus Bisnis Media Pengkajian Manajemen Dan Akuntansi* 23, no. 1 (2024): 58–72, <https://doi.org/10.32639/fokbis.v23i1.751>.

Law Number 8 of 1999 plays a significant role in ensuring legal certainty for the community.¹² Prior to this regulation, the implementation of halal certification in Indonesia was still voluntary and the authority lay with the Indonesian Ulema Council (MUI), with technical implementation handled by the Food, Drug, and Cosmetics Assessment Agency (LPPOM).¹³ Prior to this regulation, halal certification in Indonesia was still voluntary and the authority lay with the Indonesian Ulema Council (MUI) together with the Food, Drug, and Cosmetics Assessment Agency (LPPOM) as the technical authority responsible for implementation.¹⁴

The concept of halal originally comes from Islamic teachings in the Qur'an, which states that Muslims must only consume halal (approved or lawful) and tayyib (clean) food products and avoid haram (unlawful) food.¹⁵ The majority of people believe that food or food-related products are the main association with halal. However, in reality, halal refers to every aspect of Muslim life. Halal is particularly relevant to the use of cosmetics, medicines, banking and finance, employment, travel, technology, and transportation services, as well as food and beverages.¹⁶ Both the Quran and Sunnah set out the sharia requirements that must be adhered to for halal goods. Allah SWT warns us as Muslims to strictly consume halal things. This is mentioned in the words of Allah SWT in the Qur'an surah Al-Baqarah verse 168:¹⁷

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ ﴿١٦٨﴾

¹² M Yasir Nasution, Azhari Akmal Tarigan, and Nur'ain Harahap, "The Influence of Product Knowledge on Attitude And Interest in Buying Halal Products," *European Journal of Management and Marketing Studies* 5, no. 3 (2020): 198–212, <https://doi.org/10.46827/ejms.v5i3.876>.

¹³ Panji Adam Agus Putra, 'Kedudukan Sertifikasi Halal Dalam Sistem Hukum Nasional Sebagai Upaya Perlindungan Konsumen Dalam Hukum Islam', *Amwaluna: Jurnal Ekonomi Dan Keuangan Syariah*, 1.1 (2017).

¹⁴ Warto Warto and Samsuri Samsuri, "Sertifikasi Halal Dan Implikasinya Bagi Bisnis Produk Halal Di Indonesia," *Al Maal: Journal of Islamic Economics and Banking* 2, no. 1 (2020): 98, <https://doi.org/10.31000/almaal.v2i1.2803>.

¹⁵ Chuzaimah Batubara and Isnaini Harahap, "HALAL INDUSTRY DEVELOPMENT STRATEGIES Muslims' Responses and Sharia Compliance In Indonesia," *Journal of Indonesian Islam* 16, no. 1 (2022): 103–32, <https://doi.org/10.15642/JIIS.2022.16.1.103-132>.

¹⁶ Mohd Imran Khan and Abid Haleem, "Understanding ' Halal ' and ' Halal Certification & Accreditation System ' - A Brief Review," *Saudi Journal of Business and Management Studies* 1, no. 1 (2016): 32–42.

¹⁷ Imsar Imsar et al., "The Impact of the Halal Industry and Islamic Financial Assets on Indonesia'S Economic Growth Using the Vector Autoregression (Var) Approach," *EKUITAS (Jurnal Ekonomi Dan Keuangan)* 8, no. 2 (2024): 274–87, <https://doi.org/10.24034/j25485024.y2024.v8.i2.6299>.

Meaning: *“hi mankind, eat of what is lawful and good on earth, and follow not the footsteps of Satan. Verily, he is to you an enemy manifest.”*

Building consumer trust, reaching a wider audience, and promoting higher business sales are all aided by halal certification. Moreover, halal certification can be a strategy to strengthen consumer loyalty, differentiate from competitors, and add value to the products offered. The inclusion of halal labels has been proven to have a positive impact on increasing company profits because consumers feel more confident about the products they consume. As a result, halal certification directly increases business revenue or turnover while upholding consumer trust.¹⁸

Results

MSME Development Strategy in Batu Bara

The halal certification program for food businesses is one of the strategies to empower Micro, Small, and Medium Enterprises (MSMEs) developing in Batu Bara Regency. Through this program, the local government strives to encourage MSMEs to advance and compete in larger markets, particularly in the halal product sector. Amid the growing number of local culinary entrepreneurs, Batu Bara Regency has consistently organized a free halal certification program every year as a form of commitment to supporting the national halal industry. This interview illustrates the experiences and perspectives of two MSME actors who have obtained halal certification, namely Ms. Dea and Ms. Dewi, as well as the Batu Bara Regency Office of Cooperatives and MSMEs as the program facilitator. The halal certification program in Batu Bara Regency continues to show positive progress. The Office of Cooperatives and MSMEs explained:

“Batu Bara Regency has great potential in terms of the number of MSMEs, especially in the culinary sector. In addition, the entrepreneurial spirit of the community is quite high, and support from the central government in the form of a free halal program has also become a major strength.”¹⁹

From the above explanation, the potential of MSMEs can be seen from the massive culinary industry and the production of local products spread across

¹⁸ Hana Khairunnisa, Deni Lubis, and Qoriatul Hasanah, “Kenaikan Omzet UMKM Makanan Dan Minuman Di Kota Bogor Pasca Sertifikasi Halal,” *Al-Muzara’Ah* 8, no. 2 (2020): 109–27, <https://doi.org/10.29244/jam.8.2.109-127>.

¹⁹ Vina Oktaviani, “Interview” (Batu Bara, 29 Julii 2025, 2025).

many areas. Based on the data collected by the Office of Cooperatives, the halal certification program appears overwhelmed by the large number of product applications. This free halal certification program is regularly held every year and has become one of the concrete steps to improve the competitiveness of local MSMEs. MSME actors such as Ms. Dea stated that her motivation to pursue halal certification was to build consumer trust.

Halal certification for MSMEs is not only an administrative symbol but also functions as an important instrument in building consumer confidence. As expressed by Dewi, *“I want to provide a sense of security for consumers, especially Muslims. With the halal label, consumers trust me more, and my sales increase.”*²⁰ This statement affirms that the halal label not only strengthens the religious dimension but also has a direct impact on increasing business turnover. Sales increased because customers felt more assured. I can also participate in more bazaars and events because now the requirement is halal certification. From this, it is evident that halal certification opens wider market access opportunities, particularly in official events that require halal legality.²¹

In addition to economic benefits, the interviews also revealed internal factors supporting the success of entrepreneurs in obtaining halal certification. Dewi emphasized the importance of the work team in the production process: *“I have a disciplined production team that is already accustomed to implementing SOPs. We also actively participate in training provided by the government office, so we were more prepared during verification.”*²² This statement shows that internal discipline and openness to external training are important assets in achieving certification. Support from the local government further strengthens this factor. For instance, the Batu Bara Regency Office of Cooperatives and MSMEs reinforced its commitment through various programs. They stated, *“We facilitate training, mentoring, and coordination with related institutions such as BPIPH and LP3H. In addition, we actively promote the benefits of halal certification through collaboration with MSME actors.”*²³

Concrete government policies are also reflected in the provision of free halal certification every year. The office explained that this free halal certification program serves as an important step to ensure that MSME actors who are unable to manage it on their own can still obtain an official halal certificate. From a public policy perspective, this is a tangible form of the government’s support for small MSMEs with financial limitations and low administrative literacy. The presence of this program also shows a paradigm shift, where halal legality is not merely an administrative burden but a strategic effort to strengthen the competitiveness of local MSMEs in the halal industry.

²⁰ Dewi, “Interview” (Batu Bara, 30 Juli, 2025).

²¹ Dewi.

²² Dewi.

²³ Oktaviani, “Interview.”

“One of the main weaknesses is the low literacy and understanding of MSME actors regarding the importance of business legality, including halal certification. In addition, there are still obstacles in document collection and a lack of certified mentors in the field.”²⁴

This shows that knowledge gaps and limited human resources are structural barriers. Dea even added that another challenge lies in technical aspects of the supply chain: *“The main threat is maintaining consistency in raw materials. Sometimes distributors change, so we must be more thorough.”*²⁵ This statement affirms that halal certification does not end at the administrative stage but must be continuously maintained through raw material supervision.

In facing these challenges, mentoring programs have become one of the crucial solutions. Ms. Dewi acknowledged the real benefits of the mentoring program: *“I was greatly helped by the mentoring program from LP3H. There was a mentor who accompanied me from the beginning until the process was completed.”*²⁶ The presence of mentors not only makes it easier for entrepreneurs to understand technical procedures but also provides moral support so they do not give up halfway through the process. Similarly, Dea suggested that mentoring should be provided more intensively, *“The free halal certification program has been very helpful. But the most important thing now is intensive mentoring during the process. Many MSME actors still do not understand the flow, so they need direct guidance to avoid confusion or giving up in the middle of the process.”*²⁷

Meanwhile, from a policy perspective, the office emphasized the importance of continuous training. They stated that training serves as a concrete policy to ensure that MSME actors not only obtain certificates but also understand and maintain halal standards in their production processes. This confirms that halal certification should not end as a mere legal product but must be understood as a living standard internalized in daily production practices. The office also provided a strategic perspective for the future. According to them, *“An effective strategy is synergy between the government, certification bodies, and MSME communities. There also needs to be an acceleration of certification service digitalization and mapping of MSME sectors that are most ready to be facilitated first.”*²⁸

Halal certification has a multidimensional impact on MSMEs. Economically, certification increases sales and expands market access. Institutionally, government support through free programs, training, and

²⁴ Oktaviani.

²⁵ Dhea Rahma, “Interview” (Batu Bara, 28 Juli, 2025).

²⁶ Dewi, “Interview.”

²⁷ Rahma, “Interview.”

²⁸ Rahma.

mentoring serves as a vital instrument in accelerating the certification process. In terms of challenges, there are still obstacles in the form of low halal literacy, administrative hurdles, limited human resources, and raw material consistency. Therefore, future strategies need to emphasize strengthening halal literacy, intensive mentoring, multi-stakeholder synergy, and digital transformation. With these steps, halal certification can function not only as a formal label but also as a driving force for MSME competitiveness within a sustainable halal industry ecosystem.

Upon deeper analysis, the benefits experienced by MSMEs such as Ms. Dewi and Ms. Dea confirm a close relationship between halal legality and business sustainability.²⁹ Halal certification is not only about compliance with Sharia but also about building business reputation, expanding market access, and enhancing competitiveness. This demonstrates that the economic and religious dimensions can synergize within a single policy.

On the other hand, the issue of low halal literacy remains a structural problem that requires long-term intervention. The inability of some MSMEs to understand the importance of business legality indicates the need to expand outreach programs. The Office of Cooperatives and MSMEs has initiated this effort, but more innovative methods are still required, such as through digital platforms or collaborations with local communities. The issue of raw material consistency, as conveyed by Ms. Dea, also serves as an important reflection that halal certification must be maintained continuously. For MSMEs, changes in distributors or unsuitable raw materials can become serious threats. This means that halal regulations apply not only at the point of certification but must also become a standard embedded in the supply chain.

Mentoring, as experienced by Dewi, proves the vital role of supporting institutions such as LP3H. Without the presence of mentors, MSMEs risk being hindered in administrative or technical processes. This shows that future government strategies should increase the number of certified mentors and expand the coverage of mentoring services. Meanwhile, the strategy proposed by the office regarding the digitalization of halal certification represents an important modernization step. With digital acceleration, administrative barriers can be reduced, while enabling MSMEs to access services quickly and efficiently. Digitalization also allows for continuous monitoring of halal product quality.

Halal certification provides tangible benefits such as increased consumer trust, expanded market access, and business legitimacy. However, challenges such as low halal literacy, administrative barriers, limited mentoring resources, and raw material consistency remain obstacles that must be addressed. The proposed strategies—intensive mentoring, multi-stakeholder synergy, digitalized services, and priority sector mapping—can serve as effective solutions. Therefore,

²⁹ Rahma.

it can be affirmed that halal certification is not merely an administrative procedure but an empowerment instrument for MSMEs that can synergize religious values with economic sustainability. If current policies and practices are simultaneously strengthened, halal certification will become an essential driver in developing an inclusive, competitive, and sustainable halal industry ecosystem.

SWOT Analysis on the Strategy for Developing Halal Certification

1. Internal Factor Analysis Strategy (IFAS)

In preparing the IFAS, internal factors are identified by creating the IFAS Matrix through score calculations multiplied by ratings. The results are used to determine the company’s position while outlining the strengths and weaknesses of the internal environmental analysis. The scores and ratings of MSME internal factors, covering both strengths and weaknesses, can be seen in Table 2.

Table 2
Matriks IFAS

Internal Factors								
No	Strengths	R1	R2	R3	Total	Weight	Rating	Score
1	The halal certification program has increased consumer trust in MSME products	4	4	4	12	0,16901	4	0,67604
2	Halal certification helps improve the quality, legality, and competitiveness of MSME products	3	3	3	9	0,12676	3	0,38028
3	Government support (guidance, facilitation, promotion) strengthens the	3	3	2	8	0,11267	2,66	0,2997

	development of halal MSMEs							
4	Coordination among parties (MSMEs, government agencies, BPJPH, MUI, certification institutions) is effective	3	2	2	7	0,09859	2,33	0,22971
	Total				36			1,58675

Internal Factors

No	Weaknesses (Weakness)	R1	R2	R3	Total	Weight	Rating	Score
1	The process of obtaining halal certification is still quite difficult or confusing for MSMEs	3	3	3	9	0,12676	3	0,38028
2	The cost of halal certification remains a major obstacle for MSME actors	4	4	4	12	0,16901	4	0,67604
3	Outreach and education about the benefits of halal certification remain insufficient	3	2	3	8	0,11267	2,66	0,2997

4	Post-certification supervision and mentoring have not been maximized	2	2	2	6	0,0845	2	0,169
Total					35			1,52502
Total S+W					71	1		3,11075

Source: Survey Results and Processed Data (2025)

The results of the calculations in Table 2 using the IFAS matrix show that the internal factor, namely the strength factor, has a total score of 1.58675. Then, the weakness factor has a total score of 1.52502. The total overall IFAS or S+W score is 3.11075.

2. External Factor Analysis Strategy (EFAS)

In the EFAS analysis, external factors are identified by multiplying scores and ratings, where the calculation results are used to determine the company's position. The EFAS Matrix compiled for MSMEs includes two main aspects, namely opportunities and threats, which can be seen in Table 3.

Table 3.
Matriks EFAS

External Factors								
No	Opportunities	R1	R2	R2	Total	Weight	Rating	Score
1	Halal MSME products have significant opportunities to penetrate local, national, and international markets	3	2	2	7	0,0909	2,33	0,21179
2	The halal lifestyle trend in society is an opportunity for the growth of halal products	3	2	3	8	0,10389	2,66	0,27634

3	The existence of regulations and central government programs drives the development of halal MSMEs	3	3	3	9	0,11688	3	0,35064
4	Halal certification opens opportunities for collaboration with retailers, distributors, and financial institutions	4	4	4	12	0,15584	4	0,62336
Total					36			1,46213

External Factors

No	Threats	R1	R2	R3	Total	Weight	Rating	Score
1	Competition among halal MSME actors is becoming increasingly fierce	3	3	3	12	0,15584	4	0,62336
2	Halal products from other regions or abroad pose a threat to local products	3	2	3	8	0,10389	2,66	0,27634
3	The awareness of MSMEs regarding the importance of halal certification remains low	2	3	3	10	0,12987	3,33	0,43246

4	Maintaining halal certificates (renewals, audits) requires considerable cost and time	3	4	4	11	0,14285	3,66	0,52283
	Total				41			1,85499
	Total O+T				77	1		3,31712

Source: Survey Results and Processed Data (2025)

Based on the calculations in Table 3, it shows that external factors, namely opportunity factors and threat factors, obtained total scores of 1.46213 and 1.85499, respectively. Thus, the total EFAS or O+T factor score is 3.31712.

3. SWOT Strategy Formulation

The SWOT analysis in Tables 2 and 3 can be used to formulate strategies for developing halal-certified MSMEs. The strategy formulation in the SWOT Matrix combines various strategic factors, namely strengths with opportunities (SO), weaknesses with opportunities (WO), strengths with threats (ST), and weaknesses with threats (WT).

Table 4.
SWOT Matrix

	IFAS	<i>Strength (S)</i>	<i>Weakness (W)</i>
	EFAS		S1. The halal certification program has increased consumer trust in MSME products
		S2. Halal certification helps improve the quality, legality, and competitiveness of MSME products	W2. The cost of halal certification remains a major obstacle for MSME actors
		S3. Government support (guidance, facilitation, promotion) strengthens the development of halal MSMEs	W3. Outreach and education about the benefits of halal certification remain insufficient
		S4. Coordination among parties (MSMEs, government agencies, BPJPH, MUI, certification institutions) is effective	W4. Post-certification supervision and mentoring have not been maximized
	<i>Opportunities (O)</i>	<i>Strategi SO</i>	<i>Strategi WO</i>
	O1. Halal MSME products have significant opportunities to penetrate local, national, and international markets.	1. Menggunakan kepercayaan konsumen (S1) dan kualitas produk (S2) untuk memperluas pasar lokal hingga internasional (O1).	1. Meningkatkan sosialisasi dan edukasi (atasi W3) dengan memanfaatkan program pemerintah pusat (O3).
	O2. The halal lifestyle trend in society is an opportunity for the growth of halal	2. Memanfaatkan dukungan pemerintah (S3) untuk menjawab tren gaya hidup halal (O2) dan memperkuat posisi UMKM di pasar.	2. Menyederhanakan proses sertifikasi (atasi W1) melalui kerja sama dengan lembaga terkait (O4).
		3. Mengoptimalkan	3. Mengurangi kendala

products.	koordinasi antarlembaga (S4) untuk memperluas kerja sama dengan retail, distributor, dan lembaga keuangan (O4).	biaya sertifikasi (atasi W2) dengan memanfaatkan fasilitasi program halal nasional (O3).
O3. The existence of regulations and central government programs drives the development of halal MSMEs.	4. Mendorong peningkatan daya saing (S2) seiring adanya regulasi dan program pemerintah pusat (O3).	4. Meningkatkan pendampingan pascasertifikasi (atasi W4) sejalan dengan peluang kerja sama lembaga dan dukungan tren halal (O2, O4).
O4. Halal certification opens opportunities for collaboration with retailers, distributors, and financial institutions.		

<i>Threats (T)</i>	<i>Strategi ST</i>	<i>Strategi WT</i>
T1. Competition among halal MSME actors is becoming increasingly fierce.	1. Leveraging consumer trust (S1) and product quality (S2) to face intense competition among halal MSMEs (T1)	1. Developing technical assistance programs to address the complex certification process (W1) and the low awareness of MSMEs (T3).
T2. Halal products from other regions or abroad pose a threat to local products.	2. Optimizing government support (S3) in promotion and distribution to withstand the dominance of halal products from other regions or abroad (T2)).	2. Proposing special financing schemes or subsidies to help MSMEs overcome the challenges of certification costs (W2) and renewal expenses (T4)..
T3. The awareness of MSMEs regarding the importance of halal certification remains low.	3. Enhancing coordination among stakeholders (S4) to broaden education and awareness regarding the importance of halal certification (T3).	3. Enhancing cross-agency collaboration for more extensive outreach (W3) to reach more MSMEs and counter low awareness
T4. Maintaining halal certificates (renewals, audits) requires considerable cost	4. Strengthening legality and competitiveness (S2)	

and time.	to anticipate the burden of certificate sustainability, such as audits and renewals (T4).	(T3) 4. Building a sustainable post-certification assistance system to ease the burden of audits and ensure the continuity of halal certificates (W4, T4).
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4. Priority Strategies for Business Development

The priority strategies for tofu MSMEs in Laut Dendang Village are determined based on the combined scores obtained from the IFAS and EFAS Matrices. The following are the results of the priority strategies:

Table 5.
Kombinasi Strategi SWOT Matrix

	IFAS	Strength (S)	Weakness (W)
EFAS		Strategi S-O	Strategi W-O
Opportunities (O)		1,58675 + 1,46213 = 3,04888	1,52502 + 1,46213 = 2,98715
		Strategi S-T	Strategi W-T
Threats (T)		1,58675 + 1,85499 = 3,44174	1,52502 + 1,85499 = 3,38001

Source: Survey Results and Processed Data (2025)

Based on the combination of SWOT matrix tactics in Table 6, MSMEs should adopt ST strategies in business development to gain greater attractiveness. The highest score, 3.44174, serves as the main driver. The following strategies are: WO = 2.98715, SO = 3.04888, and WT = 3.38001.

5. Cartesian SWOT Diagram

Table 1 matriks IFAS menampilkan skor kekuatan total sebesar 1,58675 dan skor kelemahan total sebesar 1,52502. Terdapat selisih sebesar 0,06 karena skor kekuatan total lebih besar daripada skor kelemahan total. Table 2 matriks EFAS menampilkan skor peluang total sebesar 1,46213 dan skor ancaman total

sebesar 1,85499, dengan selisih -0,39. Hasil perhitungan ini memungkinkan pembuatan diagram Kartesius berikut:

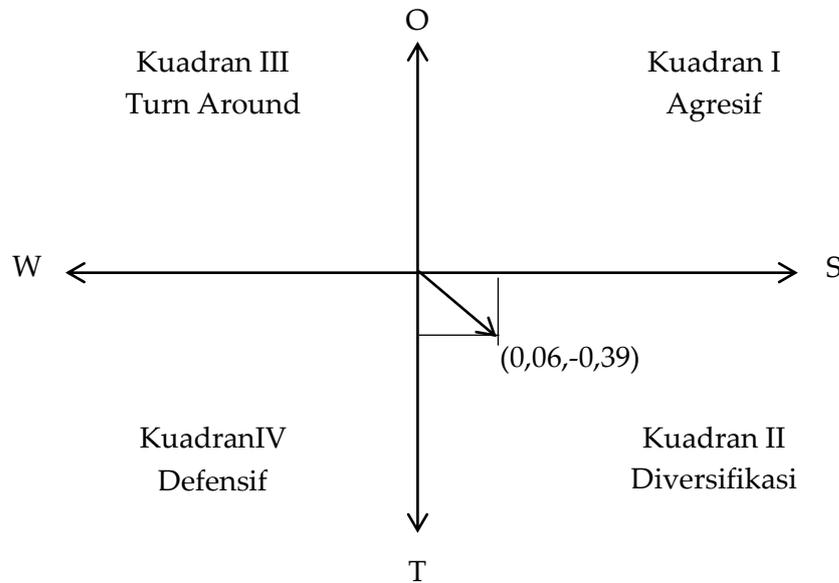


Figure 1. Cartesian Diagram of the SWOT Matrix

Based on the Cartesian diagram above, halal-certified MSMEs in Batu Bara Regency are positioned in Quadrant II (Diversification Strategy). This position indicates that MSMEs possess strengths such as increased consumer trust, government support, and inter-institutional coordination, but also face threats such as intense competition, the influx of external products, low awareness among entrepreneurs, and certification cost challenges. Therefore, the appropriate strategy is product and market diversification to expand reach and strengthen competitiveness.

Discussion

Based on the results of a SWOT analysis of MSMEs that have obtained halal certification in Batu Bara Regency, the Cartesian diagram shows that the position of MSMEs is in the diversification strategy quadrant, or Strength-Threats (ST). This indicates that MSME actors possess several internal strengths that can be optimally utilized to face threats originating from the external environment. This condition is reflected in the strength value, which stands at 1.58675, and is lower than the threat value, which reaches 1.85499. Thus, the strategic approach applied should not only focus on utilizing internal potential

but also be directed at responding to market pressures and external challenges that could hinder the growth of halal MSMEs.

The main strengths of halal MSME actors include the growing consumer trust in halal-certified products, improvements in product quality and legality, and the availability of mentoring support from government institutions, particularly the Office of Cooperatives and MSMEs. Halal certification provides significant added value, not only in terms of product credibility and safety but also as an essential asset in accessing broader markets. Collaboration between MSME actors, BPJPH, MUI, mentoring institutions, and local government strengthens a mutually supportive halal ecosystem.

Nevertheless, MSME actors also face significant threats. Increasingly tight business competition, both among local MSMEs and with halal products from other regions and even abroad, constitutes a major challenge. In addition, the low awareness among some entrepreneurs of the importance of halal certification, coupled with administrative and financial obstacles in the certificate renewal process, creates barriers that must be addressed promptly to ensure business sustainability.

The sustainability strategies that can be implemented include strengthening the internal capacity of halal MSMEs through product innovation, improving production quality, and expanding market access. Developing products that are aligned with consumer trends, creating attractive packaging designs, and applying higher production standards should become key priorities. On the marketing side, MSME actors need to leverage digital platforms and e-commerce to reach a wider consumer base. Government and mentoring institution support should be directed toward continuous training, facilitation of sharia-compliant financing, and strengthening MSME institutions to better prepare them for global market challenges.

By capitalizing on their strengths and adopting the right strategies to confront threats, halal MSME actors in Batu Bara Regency are expected not only to survive in a competitive environment but also to grow sustainably and emerge as leading economic players. This aligns with Fred R. David's strategic theory, which states that an effective strategy is one that leverages internal strengths to address external environmental pressures. In the case of halal-certified MSMEs, strengths such as increased consumer trust, product quality, and institutional support must be maximized to face threats such as market competition, low business awareness, and administrative barriers. With this approach, halal MSMEs can not only maintain their existence but also reinforce their position as key drivers of an economy based on Sharia values.³⁰

³⁰ Assyfa Urrahman, Nuri Aslami, and Purnama Ramadani Silalahi, "Amkop Management Accounting Review (AMAR) Strategy To Improve The Quality Of Human Resources Through Ziswaf Funds (Case Study Of The Smart West Pasaman Program)" 5, no. 2 (2025): 65–88, <https://doi.org/10.37531/amar.v5i2.2755>.

This finding is in line with a study conducted on “SWOT Analysis of the Implementation of Halal Certification for MSMEs in Tambakberas, Jombang,” which showed that halal certification strengthens product quality, consumer trust, and global market access while also identifying obstacles such as low technological literacy, administrative difficulties, and insufficient socialization.³¹ These results support the perspective that although MSMEs have significant strengths, external threats such as complex certification procedures and costs remain challenges that must be addressed with strong internal strategies.

Meanwhile, a study conducted on halal-certified tuna processing MSMEs in Bangkalan Regency revealed different results from this research. In that study, the recommended strategy was Strength–Opportunities (SO), which involves leveraging internal strengths to seize external opportunities such as high market demand, availability of raw materials, and institutional support to expand and diversify products.³² This approach emphasizes market development and business expansion by maximizing available potential.

Conclusion

This study shows that the development strategy for MSMEs through halal certification in Batu Bara Regency should focus on leveraging internal potential to respond to actual external pressures. It has been proven that halal certification enhances product quality and credibility while also strengthening MSME competitiveness when combined with flexible diversification strategies. Therefore, synergy between MSME actors, mentoring institutions, and local government is crucial to ensuring the sustainability of competitive halal businesses grounded in Sharia values. The SWOT analysis results demonstrate that halal-certified MSMEs in Batu Bara Regency occupy a Strength–Threats (ST) strategy position, where internal strengths remain lower than external threats. The MSME strength score is 1.58675, while the threat score reaches 1.85499. This indicates that although MSME actors have assets such as enhanced consumer trust, better product legality, and institutional support, external pressures such as intense competition, low awareness of halal certification, and administrative and financial barriers remain dominant challenges. Therefore, development strategies must focus on utilizing these strengths to respond to threats through product

³¹ Della Agustin et al., “Analisis Swot Terhadap Pelaksanaan Sertifikasi Halal Umkm Di Tambakberas Jombang,” *Al-Tsaman : Jurnal Ekonomi Dan Keuangan Islam* 7, no. 01 (2025): 29–37, <https://doi.org/10.62097/al-tsaman.v7i01.2125>.

³² Nurul Fitriyah, Trischa Relanda Putra, and Tripitono Adi Prabowo, “Analisis Swot Pada Umkm Produk Halal Olahan Ikan Tongkol Di Kecamatan Sepuluh, Kabupaten Bangkalan,” *Journal of Scientech Research and Development* 5, no. 2 (2023): 564–79, <https://doi.org/10.56670/jsrd.v5i2.237>.

quality enhancement, innovation, digital marketing, and sustainable mentoring facilitation.

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