

Strategy for Developing Halal-Certified MSMEs (Case Study of MSMEs in Percut Sei Tuan District)

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Abstract

Halal certification is a crucial instrument for the development of Micro, Small, and Medium Enterprises (MSMEs), particularly in the culinary sector. This study aims to evaluate the MSME development approach based on halal certification in Percut Sei Tuan District using descriptive qualitative methods. The study involved five culinary MSME actors and one halal certification facilitator as key informants, with data collected from October 2024 to January 2025. Information was collected through observation, interviews with MSMEs and halal certification facilitators, and document review. Data processing was conducted using a SWOT analysis approach to identify internal and external factors influencing the implementation of halal certification. The findings of this study indicate that MSMEs have advantages in the form of using halal raw materials and existing consumer trust, but still have weaknesses in terms of administrative understanding and limited resources. On the other hand, increasing public awareness of halal products and support from government policies can present valuable opportunities, although business competition and legal changes remain challenges. This study concludes that halal certification plays a role not only in fulfilling regulations but also as a strategic step to increase the competitiveness and sustainability of MSMEs if supported by mentoring and capacity building for business actors.

Keywords

MSMEs; Halal Certification; SWOT Analysis; Development Strategy

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1. INTRODUCTION

The majority of Indonesians are Muslim. According to Global Religious Future data, the Muslim population in Indonesia is recorded at 237.53 million, representing 87% of the population. Based on this data, Muslims generally apply the concept of halal (lawful) in their transactions. Practicing a halal lifestyle is the right of every Muslim to ensure their safety and control the morality of all matters (Daulay et al., 2023). The need for halal products is not simply a choice, but a religious obligation for Muslims, particularly in food and beverage products. This situation makes the halal industry a strategic sector with vast economic potential, while simultaneously necessitating the assurance of halal certification for products distributed to the public (Marliyah et al., 2022).



From an Islamic perspective, economic activity is not only aimed at profit, but must also consider aspects of lawfulness and blessings. This is as explained in the words of Allah SWT in Surah Al-Baqarah, verse 168:

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

Meaning: "O mankind, eat of what is lawful and good on earth and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy." (QS. Al-Baqarah: 168)

This verse emphasizes that every product consumed must meet the principles of halal and goodness, so business actors, including MSMEs, have a responsibility to ensure the halal nature of their products.

MSMEs play a crucial role in the country's economy. According to information from the Ministry of Cooperatives and SMEs, in 2024, there were approximately 65.5 million to 66 million Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, making them the most significant sector in the national economy. This figure indicates that MSMEs not only play a role in creating jobs but also play a vital role in driving economic activity at the national level. MSMEs contribute more than 60% to the national Gross Domestic Product (GDP) and absorb nearly 97% of the total workforce, with the total number of MSMEs now exceeding 64 million. This demonstrates that MSMEs are the foundation of the Indonesian economy (Piliang, 2024).

Halal Product Guarantee is implemented by the Halal Product Guarantee Agency (BPJPH). According to BPJPH information, by 2025, approximately 9.6 million products in Indonesia will have received halal certification. However, this figure is still relatively small compared to the total number of MSMEs in Indonesia, especially after the implementation of the mandatory halal certification policy for all goods traded in Indonesia. At the regional level, North Sumatra Province also has a large and diverse number of MSMEs, particularly in the culinary sector (Charity, 2017).

Before narrowing to the sub-district level, it is important to situate Percut Sei Tuan within North Sumatra's broader halal governance environment. The province has actively expanded halal certification infrastructure through the Regional Halal Certification Agency (LPJH), local government socialization programs, and partnerships with Islamic higher education institutions that operate halal centers offering certification assistance (Suwarsi et al., 2022). These provincial-level efforts mean that certification support is, in principle, available to MSMEs across the region, including those in Deli Serdang Regency. However, the extent to which such support reaches the sub-district level varies considerably, and Percut Sei Tuan District illustrates this gap: despite operating within a province with relatively well-developed halal certification infrastructure, the district's own certification rate remains markedly low. This discrepancy between provincial-level institutional capacity and local-level outcomes is the central problem this study seeks to explain.

According to data from the North Sumatra LPJH (Regional Halal Certification Agency) for 2023, approximately 22,999 MSMEs in North Sumatra Province have obtained halal certification. This figure indicates that the level of halal certification in the region still needs to be improved through ongoing mentoring and outreach (Anas et al., 2023)

Based on data from the Cooperatives and SMEs Office of Percut Sei Tuan District, in 2025, only two MSMEs in Percut Sei Tuan District had obtained halal certification. This number indicates that the ownership of halal certification among MSMEs in the region is still relatively low (Gaja et al., 2024). However, halal certification plays a crucial role in increasing consumer trust in marketed products, particularly food and beverage products. The low number of MSMEs with halal certification indicates that various obstacles remain for business owners, such as a lack of understanding of halal certification procedures, limited funding, and minimal assistance in the halal certification process (Hermayani & Arif, 2022)

It is important to clarify the temporal scope of the statistics cited above. While this article was first submitted in 2022, the field research underlying this study was conducted from October 2024 to January 2025, and the manuscript was substantially updated prior to publication to incorporate the most recent institutional data available at the time of fieldwork, including BPJPH's 2025 certification figures and the district office's 2025 records. These figures are therefore descriptive of conditions at the time data collection was completed, rather than projections (Harahap et al., 2023).

This condition is a concern because halal certification is not only related to fulfilling Islamic sharia obligations, but can also be an added value for MSMEs in facing business competition. (Aprillia et al., 2023) explained that halal certification has a positive impact on MSME performance, particularly in increasing consumer trust and business quality. Furthermore, (Armiani, 2021) states that halal certification can strengthen a product's image and increase a business's competitiveness in the market.

Theoretically, this can be explained through the Resource-Based View (RBV) theory, which states that a business's competitive advantage is determined not only by its physical assets but also by its intangible resources. In this context, halal certification is a strategic asset that can enhance a business's image, expand market access, and create added value for MSME products (Arif et al., 2023). Thus, the low number of halal-certified MSMEs in Percut Sei Tuan District indicates that many business owners are still unable to utilize halal certification as a business development strategy.

Furthermore, the mandatory halal certification stipulated in Law Number 33 of 2014 concerning Halal Product Assurance further emphasizes the importance of halal certification for MSMEs. If business owners fail to comply with these regulations, this could hinder their business sustainability in the future. Therefore, a halal certification-based MSME development strategy is needed that focuses not

only on regulatory compliance but also on increasing business capacity, strengthening business management, and exploiting the growing halal market opportunities.

Based on several previous studies, discussions on halal certification for MSMEs generally focus on the impact of halal certification on consumer purchasing interest, product quality, and increased sales. However, research addressing halal certification-based MSME development strategies at the sub-district level is relatively limited, particularly in Percut Sei Tuan District. However, the low number of MSMEs with halal certification indicates a need for more optimal development and mentoring efforts for business actors. Therefore, this study was conducted to analyze the halal certification-based MSME development strategy in Percut Sei Tuan District.

Percut Sei Tuan District, which is part of Deli Serdang Regency, has shown significant progress in the micro, small, and medium enterprise (MSME) sector in the culinary sector. Its strategic location as a buffer zone for Medan City makes this region possess significant economic potential. According to a 2023 publication by the Central Statistics Agency of Deli Serdang Regency, MSME data in Percut Sei Tuan District is generally available, but specific data regarding MSME halal certification ownership has not been recorded in detail. This situation indicates that not all MSMEs are able to access and optimally utilize the halal certification program (Fuadi et al., 2022). In accordance with Government Regulation No. 39 of 2021, the government will impose sanctions on businesses that still do not have halal certification by the deadline. These penalties can include written warnings, administrative fines, or product removal from sale (Pida & Imsar, 2022).

According to research conducted by (Sari et al., 2024), Halal certification is seen as a factor that can strengthen the competitiveness of MSMEs, particularly in food and beverage products. His literature-based research explains that halal labels can increase consumer trust and create a positive image of MSME products. However, this research is more general in nature because it does not directly involve MSMEs in the field. As a result, the actual conditions faced by small business owners, particularly regarding the halal certification process and obstacles, are not fully described.

Another study conducted by (Dewi et al., 2023) focused on halal certification assistance for MSMEs in specific regions. The results showed that assistance plays a significant role in helping MSMEs understand halal certification procedures and improving the quality of their products. However, this study focused more on the role of the assistance institution and did not address how MSMEs utilize halal certification as part of their business development strategy after obtaining the certificate. In other words, halal certification is still positioned as an end in itself, rather than as a tool for business development.

Furthermore, research conducted by (Munthay & Sembiring, 2024) examined the socialization of business legality, including Business Identification Numbers (NIK) and halal certification, among

culinary MSMEs at the village level. This research demonstrated that socialization was able to raise MSME awareness of the importance of business legality. However, this study focused more on community service activities and therefore did not delve deeply into the experiences of MSMEs in overcoming obstacles to halal certification or strategies for sustainable halal-based business development.

Based on these three previous studies, it can be seen that studies on halal certification in MSMEs are still dominated by discussions of general impacts, mentoring activities, and socialization of business legality. Research specifically addressing MSME development strategies based on halal certification from the perspective of business actors, especially at the sub-district level, is still relatively limited. Therefore, this study was conducted to complement previous research by examining MSME development strategies based on halal certification in Percut Sei Tuan District, including the obstacles faced by business actors and the role of local government and supporting institutions according to the local conditions of the study area.

This study is necessary because it specifically examines the approach to MSME development based on halal certification in Percut Sei Tuan District. The results of this study are expected to provide a comprehensive overview of the actual conditions of business actors and the obstacles they face in obtaining halal certification. Furthermore, this study is expected to explain strategies that can be implemented to increase the competitiveness of MSMEs and the role of local governments and supporting institutions in supporting the development of halal-certified MSMEs in Percut Sei Tuan District. Furthermore, the results of this study are expected to contribute to the formulation of public policies in the areas of strengthening the sharia economy and developing the national halal sector.

This research focuses on answering the development strategy for halal-certified MSMEs in Percut Sei Tuan District. The analysis was conducted by identifying internal and external business factors to formulate appropriate strategies to increase the competitiveness and sustainability of MSMEs.

2. METHODS

This research uses a qualitative descriptive approach to gain a deeper understanding of MSME development strategies focused on halal certification, through illustrating the realities of the field. This approach was chosen because it allows for a comprehensive exploration of the experiences, understanding, and perspectives of MSME actors and supporters regarding the implementation of halal principles and the certification process (Rahmani, 2022).

This research falls into the field research category because data was collected directly from primary sources, involving interactions between the researcher and informants. The focus of this research is on MSMEs in the culinary sector located in Percut Sei Tuan District, which have or are currently

undergoing the halal certification process through the Halal Product Guarantee Agency. The research process was conducted in Percut Sei Tuan District, Deli Serdang Regency, North Sumatra Province. This location was chosen due to the significant growth of culinary MSMEs and the significant potential for halal industry development. Data collection took place over a four-month period, from October to January 2025. As noted in the Introduction, this manuscript was originally submitted in 2022 and was substantially revised prior to publication to incorporate this later fieldwork together with the most recent institutional data available at the time, so the dates above describe when the data were physically collected rather than when the manuscript was first drafted (Sugiyono, 2023).

The subjects in the study were determined purposively, taking into account the informants' direct relationship with the research focus. The subjects included MSMEs in the culinary sector who have or are currently undergoing the halal certification process, as well as lecturers who act as facilitators in the halal certification process through the Halal Center.

Table 1. Identity of Research Informants

| No | Name | Gender | Age | Business/ Position | Year of Establishment | Halal Certification Status | Obstacles Faced | Role in Research |
|----|-------------------|--------|-----|--|--------------------------|----------------------------------|--|--|
| 1 | Novi | Female | 23 | Grilled food/ beverage business owner | 3 years | Halal certified | - | Key informants from MSMEs |
| 2 | Nadya | Female | 22 | Krispy Meatball business owner | 3 years | Halal certified/processed | Lack of understanding among MSME actors regarding procedures | Key informants from MSMEs |
| 3 | Sindi | Female | 23 | Kukusi Club business owner | 3 months | Halal certified | - | Key informants from MSMEs |
| 4 | Qori | Male | - | Food and Beverage business owner | 22 years | Halal certified | - | Key informants from MSMEs |
| 5 | Mas Ade | Male | 51 | Martabak business owner | 4 years | Halal certified | - | Key informants from MSMEs |
| 6 | Dr. Sugianto, M.A | Male | 59 | Halal Center Companion | 2 years | - | - | Key informants / Halal Center Facilitators |

Source: Research Data 2025

The research focused on MSME development strategies based on halal certification, encompassing

the internal conditions of business actors as well as external factors that can influence their sustainability and competitiveness.

Data sources in this study included primary and secondary data. Primary data were obtained through direct observation of culinary industry activities, open interviews with micro, small, and medium enterprise (MSME) actors, and discussions with facilitators during the halal certification process. Secondary data were drawn from reports from the Halal Product Guarantee Agency (BPJPH), government policy documents, and academic publications related to MSME development and the halal industry. The data collection process utilized three main methods. Observations were used to understand business situations, the implementation of hygiene standards, and the use of halal raw materials during production. Interviews were conducted to explore MSME actors' experiences, challenges, and perspectives on halal certification as a business development step. Documentation was used to gather supporting information, including regulations, mentoring program reports, and data on MSMEs that had received halal certification.

Data analysis was conducted using a descriptive qualitative approach through several steps: data reduction, data presentation, and conclusion drawing. The reduced data was then analyzed using the SWOT analysis method, which serves to identify and classify internal and external factors influencing the development of MSMEs based on halal certification.

In this study, data accuracy was ensured through source triangulation, namely by comparing data obtained from interviews, observations, and documentation from various informants, resulting in a more objective and reliable picture. This study also considered ethical aspects of social research, including obtaining informed consent from informants, maintaining the confidentiality of informants' identities, and using data solely for academic purposes. SWOT was used as a tool for formulating strategies based on findings in the field, not simply as a theoretical framework (Ramdhan, 2021).

To improve methodological transparency, the weighting and rating procedure used to construct the IFE and EFE matrices is clarified as follows. Rather than relying on a separate quantitative instrument, weights were derived directly from the qualitative data: the relative frequency and emphasis with which each internal or external factor emerged across the six interview transcripts, observation notes, and supporting documentation determined its proportional weight, so that factors raised more consistently and emphatically by informants received a proportionally larger weight. Ratings were assigned by the research team on a 1–4 scale based on the perceived intensity of each factor's influence on business performance (4 indicating a major strength/opportunity, 1 a minor one, with the reverse logic applied to weaknesses and threats). To reduce subjectivity in this coding process, the resulting weights and ratings were cross-checked with the Halal Center facilitator, whose expert perspective served as a validation step consistent with the source-triangulation procedure described

above.

3. FINDINGS AND DISCUSSION

3.1. Understanding and Implementation of Halal Principles by MSMEs

Based on interviews and direct field observations, culinary MSMEs in Percut Sei Tuan District have a basic understanding of the basic principles of halal product certification. This understanding is evident in their selection of raw materials believed to be halal, their careful selection of suppliers, and their efforts to maintain cleanliness throughout the production process. However, prior to undergoing halal certification, the implementation of these halal principles was still carried out in a rudimentary manner and was not supported by structured recording or documentation. This situation indicates that halal practices have become part of the habits and values practiced by MSMEs, but have not been formalized within the business system. This reinforces the view that (Supriyadi et al., 2023) which states that halal certification serves as a form of official recognition of halal practices implemented by business actors. With halal certification, these practices become more standardized and institutionally recognized, thereby increasing consumer trust in the products produced.

Furthermore, DiMaggio and Powell (1983), in their Institutional Theory, explain that business actors tend to adapt to evolving social norms, values, and demands within their communities. In the context of this research, the increasing awareness of the Muslim community regarding the importance of halal products encourages MSMEs to implement halal principles in their business activities (Yusvita Aprilyan et al., 2022).

From an Islamic economic perspective, the application of halal principles is also related to the concept of *maslahah*, namely the effort to provide benefits and avoid harm in economic activities. Therefore, halal products are seen not only as a religious obligation but also as a form of consumer protection, ensuring that consumers receive products that are safe, clean, and in accordance with Islamic law.

3.2. Benefits of Halal Certification for MSMEs

The research results show that having a halal certificate has a positive impact on MSMEs, particularly in building consumer trust. Informants reported that after their products were halal-certified, consumers became more confident in purchasing them, especially those who were new to the product. Furthermore, including a halal label on packaging was considered to help strengthen the business's image and simplify the marketing process, both directly and through online media. These findings align with the opinion of (Adi Wicaksono et al., 2024) which explains that halal certification plays a crucial role in building consumer trust and loyalty. This trust not only increases market

acceptance but also contributes to strengthening the competitiveness of MSMEs, particularly in the food and beverage sector.

Furthermore, Kotler and Keller (2016), in their Brand Image theory, explain that a positive brand image can increase consumer appeal to a product. In this study, halal certification serves as an additional identity that strengthens the positive image of MSME products, thereby enhancing the business's reputation in the eyes of consumers (Suhargo et al., 2022).

The results of this study can also be explained through the Resource Based View (RBV) theory put forward by Jay Barney (1991) in (Febriati et al., 2023). This theory explains that intangible assets can become a competitive advantage if they possess strategic value for a business. Halal certification is an intangible asset that can increase product added value and differentiate MSMEs from competitors that do not have halal certification.

Thus, halal certification not only serves as a legal basis for a business but also serves as a marketing strategy that can strengthen MSMEs' competitiveness in the market.

3.3. Experiences of MSMEs in the Halal Certification Process

Based on interviews, most MSMEs reported that the halal certification process still felt quite challenging. The most common obstacles were related to understanding administrative procedures, completing required documents, and a lack of experience in following the certification registration process. Several informants even stated that without assistance, they tended to feel hesitant and struggled to process halal certification independently. This situation reinforces the findings (Rusdi et al., 2022) which states that limited administrative capabilities and a lack of technical understanding are the main obstacles for MSMEs in adopting halal certification. Therefore, the availability of technical assistance and guidance is a crucial factor in helping MSMEs complete the halal certification process optimally.

Furthermore, the results of this study also align with the Human Capital Theory proposed by Becker (1964) in (Mahayani et al., 2024). Becker explained that the quality of human resources, such as knowledge, skills, and administrative abilities, significantly impacts a business's ability to grow and adapt to changes in the business environment. In this study, the limited knowledge of MSMEs regarding halal certification procedures indicates that human resource capacity still needs to be improved.

From a strategic management perspective, (Yumeina et al., 2024) explains that managerial skills play a crucial role in business success because they relate to planning, organizing, implementing, and supervising the business. Therefore, poor administrative and record-keeping skills can be an internal weakness that hinders the development of MSMEs.

3.4. Halal Certification as a Business Development Strategy

The research also shows that halal certification is no longer merely viewed as an obligation to comply with regulatory requirements, but is beginning to be understood as part of a business development strategy. MSMEs believe that having a halal certificate increases confidence in marketing their products, opens up opportunities for collaboration, and expands market reach. With halal certification, businesses perceive added value that differentiates their products from competitors.

From a Resource-Based View (RBV) perspective, halal certification can be viewed as an intangible resource with strategic value for MSMEs. Rauch, Wiklund, Lumpkin, and Frese (2019) explain that competitive advantage in small and medium enterprises is determined not only by physical assets but also by the ability to effectively utilize intangible resources. Thus, halal certification can be a strategic asset that supports the long-term sustainability and competitiveness of MSMEs.

3.5. SWOT Analysis

This study uses a SWOT analysis as a strategic approach to understand the real-world conditions of halal-certified MSMEs in Percut Sei Tuan District. Conceptually, SWOT is an analytical tool that examines two main dimensions: internal factors, consisting of strengths and weaknesses, and external factors, encompassing opportunities and threats. Through this grouping, organizations or business actors can more objectively assess their strategic position in the face of a dynamic business environment.

Table 2. SWOT Analysis of Halal Certified MSMEs

| Strengths | Weaknesses |
|---|--|
| <ol style="list-style-type: none"> 1. The business has a halal certificate. 2. The raw materials used are halal. 3. The raw material supplier is halal. 4. The production process meets halal standards. 5. Halal certification increases consumer confidence. | <ol style="list-style-type: none"> 1. Limited budget for halal certification costs 2. Raw material recording is still not organized 3. Halal certification costs are considered burdensome 4. Understanding the halal certification registration mechanism |
| Opportunities | Threats |
| <ol style="list-style-type: none"> 1. The halal lifestyle trend opens up business opportunities 2. Halal certification helps keep up with halal trends 3. Halal certification gives businesses a competitive edge 4. Halal certification increases product competitiveness. Collaboration with digital platforms. 5. Digital platforms increase sales. | <ol style="list-style-type: none"> 1. Competition with large businesses 2. The price of halal raw materials is higher 3. Halal certification regulations are a challenge 4. Halal issues/hoaxes raise concerns |

Source: Research Data 2025

After conducting a SWOT analysis, the next step is to describe it using the IFE and EFE matrices, which aim to determine the current state of the business. The following table shows the IFE and EFE

matrices.

Table 3. IFE MATRIX (Internal Factor Evaluation)

| Internal Factor | Amount | Weight | Rating | Score |
|--|--------|--------|--------|-------|
| Strength | | | | |
| 1. The raw materials used are guaranteed halal. | 20 | 0.14 | 4 | 0.56 |
| 2. MSMEs have halal raw material suppliers. | 20 | 0.14 | 4 | 0.56 |
| 3. The production process meets halal standards. | 20 | 0.14 | 4 | 0.56 |
| 4. Halal certification increases consumer confidence in MSME products. | 20 | 0.14 | 4 | 0.56 |
| Total | 80 | 0.56 | - | 2.24 |
| Weakness | | | | |
| 1. Halal certification fees/halal certification renewal fees | 12 | 0.08 | 2.4 | 0.19 |
| 2. Raw material recording remains disorganized | | | | |
| 3. Halal certification fees are perceived as burdensome for businesses | 20 | 0.14 | 4 | 0.56 |
| | 12 | 0.08 | 2.4 | 0.19 |
| 4. MSMEs do not yet understand/know the halal certification registration mechanism | 20 | 0.14 | 4 | 0.56 |
| Total | 64 | 0.44 | - | 1.50 |

Source: Processed Data 2025

Table 4. EFE MATRIX (External Factor Evaluation)

| External Factor | Amount | Weight | Rating | Score |
|---|--------|--------|--------|-------|
| Opportunity | | | | |
| 1. The halal lifestyle trend creates opportunities for businesses. | 20 | 0.13 | 4 | 0.5 |
| 2. Halal certification helps businesses keep up with the halal lifestyle trend. | 20 | 0.13 | 4 | 2 |
| | | | | 0.5 |
| 3. Halal certification gives businesses a competitive edge over similar businesses without halal certification. | 20 | 0.13 | 4 | 2 |
| 4. Halal certification increases product competitiveness. | 20 | 0.13 | 4 | 0.5 |
| 5. MSMEs collaborate with digital platforms (GoFood/GrabFood/ShopeeFood). | 16 | 0.11 | 3.2 | 2 |
| | | | | 0.5 |
| | | | | 2 |
| | | | | 0.3 |
| | | | | 5 |
| Total | 96 | 0.63 | - | 2.4 |
| | | | | 3 |
| Threat | | | | |
| 1. MSMEs are concerned about competition from larger businesses. | 12 | 0.08 | 2.4 | 0.1 |
| 2. The price of halal-certified raw materials is relatively more expensive. | | | | 9 |
| 3. Halal certification rules and regulations pose a challenge for your business. | 8 | 0.05 | 1.6 | 0.0 |
| | | | | 8 |
| 4. Issues or hoaxes related to halal certification pose a concern for businesses. | 12 | 0.08 | 2.4 | 8 |
| 5. Failure to participate in halal certification can result in sanctions. | 8 | 0.05 | 1.6 | 0.1 |
| | | | | 9 |

| | | | | |
|-------|----|------|-----|------|
| | 16 | 0.11 | 3.2 | 0.08 |
| | | | | 0.35 |
| Total | 56 | 0.37 | - | 0.89 |

Source: Processed Data 2025

Based on the EFAS matrix calculations, which include opportunities and threats, it appears that external factors present more opportunities than obstacles for halal-certified MSMEs in Percut Sei Tuan District. The greatest opportunity arises from increasing public awareness of the importance of halal products. The growing halal lifestyle trend is opening up a wider market for MSMEs. Furthermore, the use of digital platforms, such as food delivery services, is a supporting factor that can help expand marketing reach. With halal certification, MSME products are considered more competitive than similar businesses that do not have certification.

However, threats remain and cannot be ignored. Competition with large-scale businesses is a real challenge for MSMEs. Furthermore, fluctuations in raw material prices and changes in regulations related to halal certification can also impact business continuity. However, when compared to the available opportunities, these threats are still manageable as long as business owners are able to adapt and continuously improve the quality of their business management.

From the external and internal table calculations, the following points are obtained:

| | |
|---|------|
| X | 0.74 |
| Y | 1.54 |

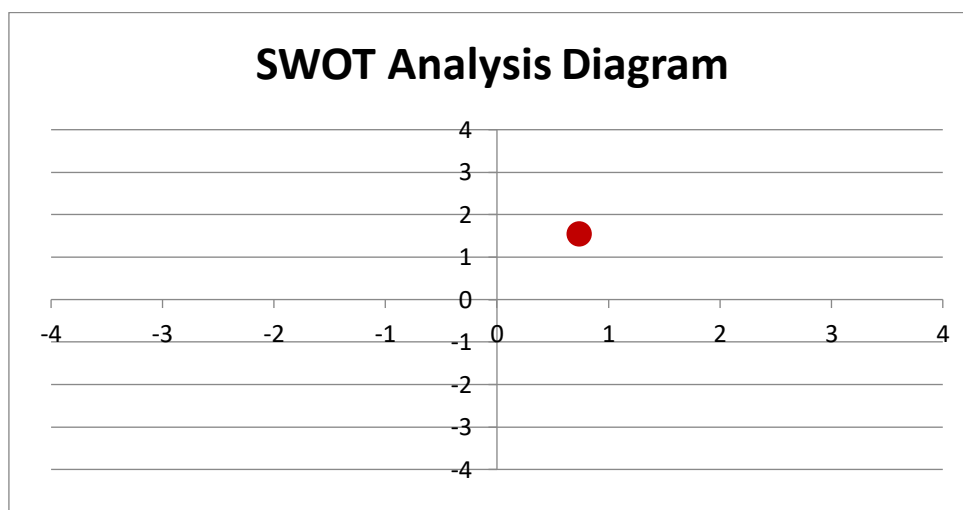


Figure 1. SWOT Analysis Matrix Diagram

Based on the SWOT analysis diagram compiled from the IFAS and EFAS matrix calculations,

culinary MSMEs in Percut Sei Tuan District are positioned in the quadrant indicating relatively dominant strengths and opportunities. This position illustrates that MSMEs are well-prepared internally, particularly in implementing halal principles, from raw material selection and production processes to a commitment to maintaining product halal status. Furthermore, the external environment also presents significant opportunities for MSME development. Increasing public awareness of halal products, government policy support for halal certification, and advances in technology and digital platforms are factors driving MSMEs to expand. This combination of internal strengths and external opportunities is reflected in the MSMEs' position in the SWOT diagram. It should be noted that, once the IFE/EFE weights are corrected so that all internal factors (and all external factors) sum to 1.00, the resulting margin is positive but moderate ($S-W = 0.74$; $O-T = 1.54$) rather than overwhelming, so this quadrant position should be read as a net advantage rather than a dominant one.

This position demonstrates that the appropriate development strategy for MSMEs is a proactive one, leveraging all available strengths to seize existing opportunities. In the context of this research, halal certification serves not only to fulfill regulatory obligations but also to provide added value and a competitive advantage. By maximizing the role of halal certification and supported by better business management, MSMEs in Percut Sei Tuan District have the potential to increase their competitiveness and sustainability. Given that the corrected internal and external margins are modest rather than overwhelming, and that only two MSMEs in the district have actually obtained halal certification, this proactive posture is best pursued gradually, prioritizing phased capacity-building, such as simplified administrative guidance, financing assistance, and structured record-keeping training, before pursuing larger-scale expansion.

Based on the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices presented in the research findings section, the internal and external conditions of halal-certified MSMEs in Percut Sei Tuan District can be measured. The IFAS matrix identifies strengths and weaknesses originating from within the business, while the EFAS matrix analyzes opportunities and threats originating from the external environment. The calculations show that the total strengths score is greater than the total weaknesses score. Key strengths of MSMEs include halal certification, maintained product quality, increased consumer trust, and the commitment of business actors to maintaining halal production standards. Weaknesses identified include limited business capital, suboptimal production capacity, and suboptimal use of digital marketing. However, these weaknesses do not outweigh the strengths.

For external factors, the total opportunities score is greater than the threats. Identified opportunities include increasing public awareness of halal product consumption, government regulatory support for mandatory halal certification, and the development of digital technology that

opens wider market access. Meanwhile, threats include increasingly fierce business competition and fluctuating raw material prices. However, these threats can be managed through appropriate strategies.

When the IFAS and EFAS results are mapped onto a SWOT Matrix, MSMEs are positioned in Quadrant I (SO Strategy/Growth Strategy). This position indicates that the business is in a favorable position due to its internal strengths that can be leveraged to optimally respond to external opportunities. Because the corrected margin between strengths and weaknesses (0.74) and between opportunities and threats (1.54) is comparatively narrow, this favorable position is best read as cautiously favorable rather than strongly dominant.

This finding aligns with research by (Novia Indah & Ramadani, 2022) A study in the Journal of Islamic Marketing explains that the halal certification system has a significant impact on the food industry, particularly in increasing consumer trust, ensuring product quality, and expanding market access. The study confirms that halal certification is not only a symbol of religious obedience but also a strategic instrument that enhances industrial competitiveness through standardization of production processes and quality assurance. Therefore, in this study, halal certification constitutes a strategic strength that is both theoretically and empirically relevant.

Furthermore, research by (Nawawi & M. Karimah, 2022) The article "MSME Business Development Strategy with SWOT Analysis" explains that MSMEs with dominant strengths and opportunities in the SWOT matrix are in a growth-oriented position. Under these conditions, the recommended strategy is an aggressive strategy focused on market expansion, increased production capacity, product innovation, and branding. The study also confirms that a SWOT analysis combined with IFAS and EFAS weighting provides a more objective and measurable basis for strategic decision-making.

Thus, a Quadrant I position indicates that MSMEs are not in a defensive position, but rather in an offensive position with significant opportunities for sustainable growth. Halal certification has proven to be a key strength that can be leveraged to capture the growing halal market opportunities. Therefore, the appropriate development strategy is a growth strategy oriented toward expansion and increased business competitiveness. This strategy aims to optimize internal strengths to capitalize on opportunities in the external environment. Based on this description, it can be concluded that a Quadrant I position (SO strategy) indicates a favorable and supportive business environment.

This conclusion nevertheless needs to be qualified in light of the corrected IFE/EFE weighting. Because the combined weight of all internal factors, and likewise of all external factors, must each equal 1.00, the resulting margins ($S-W = 0.74$; $O-T = 1.54$) are considerably narrower than the original, uncorrected matrices suggested. Moreover, the wider context of this study, in which only two MSMEs in Percut Sei Tuan District have actually obtained halal certification, indicates that capital, administrative capacity, and technical knowledge remain significant constraints for most culinary

MSMEs in the area. A purely aggressive, expansion-oriented strategy therefore risks overstating what most resource-constrained MSMEs can realistically absorb at this stage. A more appropriate strategy is a phased, capacity-building approach: an initial stage focused on simplifying certification procedures, providing targeted financing or subsidy assistance, and structured record-keeping training, followed by a second stage in which MSMEs that have stabilized their administrative and financial capacity pursue more active market expansion and digital marketing initiatives. This staged interpretation remains consistent with the Quadrant I (SO) position while more realistically reflecting the resource conditions of the business actors studied.

4. CONCLUSION

Based on the findings and discussion, it can be concluded that culinary MSMEs in Percut Sei Tuan District have generally implemented halal principles in their business activities through the use of halal raw materials, the selection of trusted suppliers, and production processes that prioritize cleanliness and halal compliance. However, these practices remain largely informal and have not been fully supported by systematic administrative documentation and business management.

The study demonstrates that halal certification provides significant benefits for MSMEs by increasing consumer trust, strengthening brand image, and enhancing market competitiveness. In line with the Resource-Based View (RBV), halal certification functions as a strategic intangible asset that differentiates MSME products and supports long-term business sustainability. Nevertheless, the certification process is still constrained by limited administrative capacity, inadequate understanding of certification procedures, and resource limitations among business actors.

The SWOT analysis indicates that halal-certified MSMEs in Percut Sei Tuan District are positioned in a cautiously favorable growth quadrant, where existing strengths and opportunities exceed weaknesses and threats. However, the relatively narrow margins between internal and external factors suggest that a phased capacity-building strategy is more appropriate than an aggressive expansion strategy. Initial efforts should focus on improving administrative capabilities, financial accessibility, and digital readiness before pursuing broader market expansion.

From a policy perspective, halal certification should no longer be viewed merely as a regulatory obligation but as a strategic economic instrument for MSME development. Therefore, the local government, BPJPH, universities, and halal-supporting institutions should establish a collaborative support framework. One practical initiative is the creation of a “**Halal Corner**” at the district level that provides integrated assistance for certification registration, document preparation, and mentoring services while reducing administrative costs through targeted subsidies or cost-sharing schemes. In addition, halal certification programs should be integrated with digital business ecosystems, including

food delivery and e-commerce platforms, so that MSMEs obtaining certification can simultaneously access wider market opportunities. Such a public-private partnership approach would reduce transaction costs, accelerate certification adoption, and strengthen the competitiveness of local halal-certified MSMEs.

Overall, this study confirms that halal certification plays a strategic role in enhancing the sustainability and competitiveness of MSMEs. However, its successful implementation requires continuous mentoring, institutional support, digital integration, and coordinated stakeholder collaboration to transform halal certification from a compliance requirement into a driver of inclusive local economic development.

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