Milkiyah
Jurnal Hukum Ekonomi Syariah
p-ISSN 2962-7613; e-ISSN 2549-8312

DOI: 10.46870/milkiyah.v5i2.2064

Beyond Financial Outcomes: Evaluating the Multi-Dimensional Impact of Halal Certification on Food and Beverage MSMEs

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ABSTRACT

While existing research primarily emphasizes efficiency and market competitiveness, it often overlooks broader dimensions such as customer trust, internal processes, and organizational learning. This study investigates the multi-dimensional impacts of halal certification on MSMEs. Using the Balanced Scorecard framework, this qualitative case study examines the performance of food and beverage MSMEs in Palu City. Data were gathered from 16 purposively selected halal-certified MSMEs through semi-structured interviews and documentation, then analyzed thematically. The findings indicate that the most substantial impact of halal certification extends beyond financial outcomes, emerging most prominently within internal business processes, particularly in areas such as hygiene control, documentation, traceability, raw material selection, and production discipline. These improvements bolster customer trust and product legitimacy, which can facilitate broader market access and more stable sales. However, financial benefits tend to be indirect, depending on an MSME's ability to leverage certification for growth while managing compliance costs. Ultimately, this study highlights that halal certification serves not merely as a regulatory requirement, but as a vital organizational governance mechanism that strengthens business credibility and operational discipline.

Keywords: Balanced Scorecard, Food and Beverage Industry, Halal Certification, MSMEs

Received: 13 January 2026
Revised: 17 May 2026; 24 May 2026
Accepted: 09 June 2026

Published: Vol. 5, No. 2, 2026, pp. 75-86

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INTRODUCTION

Halal certification has become increasingly significant for the development of micro, small, and medium enterprises (MSMEs) in Indonesia, particularly within the food and beverage sector. It is no longer understood merely as a religious label, but as an instrument of product assurance, business legitimacy, and market credibility. In the Indonesian context, where MSMEs constitute the backbone of the economy, they contribute approximately 61% of the national Gross Domestic Product (GDP) and absorb about 97% of the workforce, highlighting their strategic role in the national economy (Kemnaker, 2023). Consequently, halal certification is expected to strengthen not only compliance with standards but also the competitiveness and sustainability of small businesses (Maflahah et al., 2025; Marlina et al., 2026).

Recent empirical studies confirm that halal certification is positively associated with MSME performance (Aisya & Syamsu, 2024; Azizah et al., 2025; Syamsu et al., 2025). They disclose that halal certification positively affects both operational and financial performance, with operational performance mediating the relationship between certification and financial outcomes. This suggests that halal certification creates value through both external recognition and internal operational improvements. Likewise, Giyanti et al. (2021) reported that halal standard implementation in food manufacturing SMEs contributes to better performance when supported by adequate internal readiness. Sadiyah & Erawati (2024) further show that halal traceability and self-declared certification can improve MSME performance, indicating that the discipline embedded in halal assurance practices is a productive organizational asset (Kristanto & Kurniawati, 2025; Makhasi et al., 2025). Subsequently, the literature indicates that halal certification is not a simple or uniform process. Pratama (2024) places halal certification within a broader ethical and sustainability framework, arguing that it can help businesses address issues such as greenwashing and foster a more responsible economic orientation. However, MSMEs often face substantial barriers in adopting and maintaining certification. Azizah et al. (2025) and Fathoni et al. (2025) note that micro and small enterprises in Indonesia continue to encounter administrative, informational, and institutional constraints. These findings imply that the contribution of halal certification to MSME performance depends not only on the certificate itself but also on how certification is implemented, internalized, and supported (Isabella & Loliyani, 2026; Usman et al., 2026). Despite these contributions, most existing studies examine halal certification primarily in terms of its direct effects on operational or financial outcomes (Esquivias et al., 2025; Susiang et al., 2026). Far less attention has been given to the broader mechanisms through which certification shapes business performance. In practice, halal certification may influence MSMEs through several interrelated pathways, including improved production discipline, stronger customer trust, enhanced market legitimacy, and greater organizational learning (Ariyantiningsih & Santoso, 2026; Ismail et al., 2026; Siregar et al., 2026). When these dimensions are not examined together, halal certification risks being understood too narrowly as either a legal requirement or a marketing symbol rather than as a multidimensional organizational process (Fianto et al., 2026; Maulana et al., 2026; Purnomo et al., 2026).

The Balanced Scorecard provides a relevant framework for addressing this limitation because it conceptualizes performance through four interconnected perspectives: financial, customer, internal business processes, and learning and growth (Kaplan & Norton, 1992). In other sectors, particularly Islamic banking (Akhiroh et al., 2025), the BSC has been used to explain organizational performance more comprehensively. For example, the growth of an Islamic bank in Oman can be understood through its financial strength, internal processes, customer orientation, and organizational development (Ahamed, 2025). Similar studies support the value of multidimensional performance assessment in explaining institutional resilience and effectiveness (Alzadjal et al., 2021; Alexakis et al., 2018; Berger et al., 2019; Tuan, 2020). However, this perspective has rarely been applied to halal-certified MSMEs, especially in the Indonesian context.

This study is grounded in the view that the impact of halal certification on MSMEs cannot be adequately understood through financial indicators alone. Although halal certification is widely promoted as a strategic instrument for MSME development, its contribution to customer trust, internal process improvement, and organizational learning remains insufficiently explained, particularly in local and underrepresented settings. This limitation is especially apparent in Palu City, where MSMEs play a vital role in local economic resilience and post-disaster recovery. In such contexts, business scale, market structure, and recovery conditions may shape the meaning and impact of certification differently from what is reflected in national-level survey data.

Therefore, this study examines how halal certification shapes the performance of food and beverage MSMEs in Palu City through the Balanced Scorecard framework, with particular attention to financial outcomes, customer trust, internal business processes, and learning and growth. By doing so, this study seeks to provide a more comprehensive explanation of how halal certification contributes to MSME performance and to enrich the literature on halal business development in Indonesia.

This study provides a significant theoretical contribution by validating the utility of the Balanced Scorecard framework in explaining the multidimensional impact of halal certification on MSMEs. While existing literature frequently isolates operational or financial outcomes, this study demonstrates that these dimensions are deeply interrelated. This integrated perspective argues that organizational performance in Islamic institutions must be understood through the interconnectedness of financial strength, customer orientation, internal process quality, and organizational development. Although MSMEs differ from banking institutions in scale, the finding shows that the multidimensional logic of the Balanced Scorecard remains a robust framework for understanding how halal certification propagates through connected organizational pathways.

METHOD

Research Design

This study employed a qualitative case study design to examine how halal certification influences the performance of food and beverage MSMEs in Palu City. A qualitative approach was selected because the study sought to understand not only whether halal certification affects business performance, but also how these effects are experienced, interpreted, and translated into daily business practices. The case study design facilitated the capture of organizational processes, customer responses, and capability changes that emerged following certification within a specific local context (Creswell & Poth, 2018; Yin, 2016). Data analysis was supported by NVivo 15. The process began with semi-structured interview data, which were transcribed and coded based on the four Balanced Scorecard dimensions: financial, customer and product, internal business processes, and learning and growth. Through this coding process, several subthemes were identified and organized according to relevant analytical categories. The coded interview data were then analyzed to identify patterns, relationships, and dominant themes across informants before being interpreted to explain how halal certification influences MSME performance in practice.

Informants and Research Setting

The study was conducted in Palu City, Central Sulawesi, Indonesia. Palu was selected because MSMEs play a significant role in the local economic recovery, while empirical research on halal-certified MSMEs in this area remains limited. The informants comprised 16 owners or managers of halal-certified food and beverage MSMEs, who were purposively selected to ensure each case was relevant to the research purpose. The inclusion criteria were as follows: (1) the business operates in Palu City; (2) it belongs to the food and beverage sector; (3) it holds a valid halal certificate; (4) it has been operating for at least two years; and (5) the halal certificate was obtained at least one year before the interview. These criteria ensured that the informants had sufficient experience to reflect on post-certification changes within their businesses.

The characteristics of the informants varied regarding business scale, length of operation, product type, and turnover. The MSMEs included micro, small, and larger-scale enterprises, such as home industries and small factories engaged in producing culinary products, processed foods, snacks, beverages, tofu, and other halal food products. Most businesses had been operating for at least two years, with several having operated for more than ten years. In terms of annual turnover, the MSMEs ranged from approximately IDR 90 million to more than IDR 1 billion, reflecting diverse levels of market capacity and business development. This variation was considered essential to capture diverse experiences and perspectives regarding the implementation and impact of halal certification.

Data Collection

Data were collected between August and November 2025 through semi-structured interviews, documentation, and limited observation. Semi-structured interviews served as the primary data source, allowing informants to explain their experiences with halal certification in relation to business performance in an open and contextual manner. Each interview lasted approximately 45 to 90 minutes and was recorded with the informants' consent. Interviews were conducted once with each MSME and were developed based on the four Balanced Scorecard perspectives: financial performance, customers, internal business processes, and learning and growth. The questions explored whether halal certification had impacted sales, market access, customer trust, internal production routines, quality control, documentation practices, and organizational learning.

To support the interview data, the study also collected relevant documents, including halal certificates, labels, and packaging, available business records, and evidence of participation in halal mentoring or certification programs. Limited direct observation was conducted through field visits to selected MSMEs to verify halal certificates, observe production and hygiene practices, and examine visible indicators of business development and documentation routines.

Data Analysis and Trustworthiness

The data were analyzed using thematic analysis guided by the Balanced Scorecard framework. This framework was selected because it allows performance to be understood through four interrelated dimensions: financial, customer, internal business processes, and learning and growth (Kaplan & Norton, 1996; Kaplan & Norton, 2005). The analysis employed both deductive and inductive procedures. Deductively, the four Balanced Scorecard perspectives served as the main analytical categories. Inductively, more specific themes were developed from the field data to capture how halal certification is experienced in practice.

The analysis was conducted in several stages. First, all interviews were transcribed and read repeatedly to build familiarity with the data. Second, relevant statements were coded based on recurring ideas, experiences, and patterns related to the effects of halal certification. Third, these codes were grouped into the four analytical domains of the Balanced Scorecard. Fourth, broader themes were developed by identifying relationships, similarities, and differences across cases. Finally, the findings were interpreted by tracing how changes in internal processes and organizational learning contribute to customer trust, market access, and financial outcomes (Braun & Clarke, 2006; Miles et al., 2014). To support the coding process and thematic organization, the study used NVivo 15 as an analytical tool. NVivo was used to organize interview transcripts, manage coding categories, and assist thematic mapping across the four Balanced Scorecard dimensions.

To enhance the credibility of the findings, this study applied several trustworthiness strategies. First, data triangulation was utilized by comparing interview results with documents and limited observations. Second, the coding and theme development process was documented to maintain analytical transparency. Third, attention was given to variation across cases to avoid overgeneralizing the effects of halal certification. These steps were intended to strengthen the credibility and dependability of the study (Lincoln & Guba, 1985).

RESULTS AND DISCUSSION

Thematic Distribution and Data Visualization

This study utilizes data visualizations and coding outputs. These visual materials are not treated as independent findings but serve as supporting tools that illustrate the relative prominence of themes across the four Balanced Scorecard dimensions. The overall pattern indicates that themes related to internal business processes occupy the largest share of the interview data, while learning and growth themes appear less frequently. This pattern reflects the practical nature of halal certification, which requires adjustments in production routines, documentation, and material control before business benefits become visible in other dimensions.

Figure 1 illustrates the relative distribution of coded themes across the four Balanced Scorecard perspectives. The internal business process dimension is the dominant area, indicating that halal certification is discussed mainly in relation to hygiene, production discipline, traceability, and documentation. By contrast, the learning and growth dimension is less prominent. This should not be interpreted as a lack of importance, but rather as an indication that MSME actors tend to describe capability improvement in practical and everyday terms.

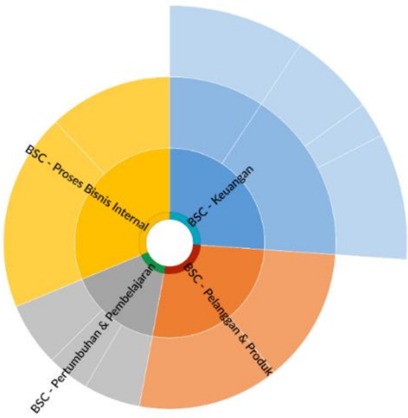

Figure 1. Hierarchical Mapping
Source: NVivo coding output

The words appear most frequently in the interview transcripts as shown in Figure 2. Terms such as *halal*, *sertifikasi*, *produk*, *pelanggan*, *proses*, and *kebersihan* suggest that the interviews centered on certification, production practices, customer responses, and business operations. The dominance of terms related to hygiene, process, and halal assurance indicates that MSME actors perceive halal certification primarily as an operational governance mechanism rather than merely a religious label or marketing attribute.

Figure 2. Word Cloud of Frequently Used Terms in the Interview Data
Source: NVivo word-frequency output

Financial Performance

The study defines four financial themes (A1–A4) used to code interview data from MSMEs (Tabel 1). Each code represents a type of financial impact or concern expressed by MSME owners. Table 2 shows how strongly each MSME expressed each financial theme during interviews. The percentages represent coding coverage (the proportion of interview text related to each theme). The financial coding results show that Expanding Market Access (A3) emerges as the most dominant theme across MSMEs, indicating that many business owners are strongly focused on reaching new customers and growing their market presence. Alongside this, increased Income (A1) is also widely emphasized, reflecting the common perception that improved performance is closely tied to revenue growth. In contrast, Financing Increase (A2) appears less frequently, suggesting that only a limited number of MSMEs explicitly highlight the need for additional capital or external funding. Finally, Financing Stability (A4) is the least mentioned theme, showing that concerns about long-term financial resilience or stable cash flow are not as prominent in MSME discussions compared to more immediate growth-oriented priorities.

Several MSMEs reported that certification facilitated entry into more formal sales channels, improved product acceptance, and strengthened credibility in markets where halal assurance is considered essential. Consequently, certification serves as a tool for legitimacy that may provide access to broader market opportunities. Simultaneously, financial gains do not always manifest in the short term. Some MSMEs incurred additional costs following certification, particularly for packaging adjustments, documentation, hygiene inputs, and the procurement of raw materials from verified halal sources. For small businesses with limited resources, these adjustments may create a temporary burden even when certification offers long term advantages.

These findings indicate that halal certification does not automatically generate higher profits. Its financial value is contingent upon whether a business can convert certification into market access, customer retention, and more stable sales. This pattern aligns with Azizah et al. (2025), who found that halal certification improves both operational and financial performance among Indonesian MSMEs, with operational performance serving as a mediating variable. The present study complements that finding by showing that, in a local MSME setting such as Palu, financial outcomes are strongly shaped by internal business readiness and the practical costs of compliance.

Table 1. Coding Categories for the Financial Perspective

Perspective	Code	Indicators
Financial Performance	A1	Increased Income
Financial Performance	A2	Financing Increase
Financial Performance	A3	Expanding Market Access
Financial Performance	A4	Financing Stability

Source: Developed by Author(s)

Table 2. Coverage of Financial Themes across MSME Informants

Name of MSME	BSC Aspects			
	A1	A2	A3	A4
Palu Beef Shredded Meat	1.32%	1.70%	3.74%	-
Banua Chocolate Palu	1.01%	-	-	-
Cendana Fried Shallot Food	2.92%	0.66%	1.84%	-
Sri Rejeki Fried Shallot	1.05%	1.32%	2.37%	-
Refill Water Depot	2.18%	2.69%	1.67%	-
Crystal Ice Block	2.81%	3.46%	7.39%	-
Noodle Industry	2.51%	-	1.92%	1.45%
Pakde Ahmad Khosim Canteen	3.18%	-	-	4.05%
Banana Chips	6.16%	1.82%	4.28%	-
Surayyah Ginger Coffee	0.67%	-	2.87%	1.92%
Zen Coffee Mobile Cart	1.09%	-	2.21%	0.84%
Afifah Tofu Factory	1.55%	3.76%	-	-
Pato Donut	3.04%	-	6.24%	4.27%
Chicken Slaughterhouse	0.31%	1.03%	2.20%	-
Roa Fish Chili Sauce	2.06%	2.36%	2.46%	-
HB Traditional Tempeh	2.61%	2.99%	4.68%	-

Source: NVivo coding output

Customer Trust and Market Response

As shown in Table 3 and 4, the customer-related coding results reveal two dominant themes shaping MSME perspectives: Halal Product Image (B1) and Customer Improvement & Satisfaction (B2). Across the informants, B2 consistently appears with higher coverage, indicating that most MSMEs place strong emphasis on enhancing customer experience, meeting consumer expectations, and ensuring satisfaction as a core driver of their performance. Meanwhile, B1 also emerges as a meaningful theme, particularly among businesses whose products are closely tied to halal assurance such as Crystal Ice Block, Noodle Industry, and Roa Fish Chili Sauce, which show relatively high attention to maintaining a trustworthy halal image. Although the intensity varies across MSMEs, the overall pattern suggests that customer satisfaction is the most widely discussed priority, while halal product image remains important but more context-specific, reflecting differences in product type and market orientation.

Table 3. Coding Categories for the Customer Perspective

Perspective	Code	Indicators
Customer & Product	B1	Halal Product Image
Customer & Product	B2	Customer Improvement & Satisfaction

Source: Developed by Author(s)

Table 4. Coverage of Customer Themes across MSME Informants

Name of MSME	BSC AspectS	
	B1	B2
Palu Beef Shredded Meat	3.97%	5.01%
Banua Chocolate Palu	1.03%	3.76%
Cendana Fried Shallot Food	1.23%	4.96%
Sri Rejeki Fried Shallot	0.51%	1.26%
Refill Water Depot	3.31%	5.79%
Crystal Ice Block	5.62%	5.70%
Noodle Industry	5.07%	1.47%
Pakde Ahmad Khosim Canteen	2.65%	0.08%
Banana Chips	1.04%	2.86%
Surayyah Ginger Coffee	3.55%	6.54%
Zen Coffee Mobile Cart	1.99%	4.44%
Afifah Tofu Factory	3.26%	5.48%
Pato Donut	3.23%	7.84%
Chicken Slaughterhouse	1.24%	2.37%
Roa Fish Chili Sauce	5.07%	4.92%
HB Traditional Tempeh	-	1.15%

Source: NVivo coding output

Many informants explained that certification reassures consumers, especially when buyers do not know the producer personally or when products are sold through wider channels such as retail outlets, souvenir centers, or online platforms. In such instances, the halal certificate functions as visible evidence that the product has passed formal verification.

However, customer responses are not uniform across all market segments. Some MSMEs reported that their consumers focused more on price, taste, and habit than on formal halal certification. This indicates that the customer related effect of certification is stronger in segments where verified halal status is considered important, whether due to religious commitment, quality assurance, or consumer caution. In more price sensitive markets, the effect is less visible.

Therefore, halal certification does not produce the same business effect in every case. Its impact depends not only on the presence of the certificate but also on the type of consumer and the market context in which the product is sold. In this study, the customer dimension serves as a bridge between internal business improvement and financial outcomes. When certification strengthens trust, it can support broader market acceptance and enhanced sales performance

Internal Business Process

The internal business process coding highlights two major operational themes among MSMEs: Quality Control (C1) and Halal Production Process (C2). As shown in Table 6, C1 appears as the most dominant and consistently discussed theme, with several MSMEs such as Refill Water Depot (12.99%), Afifah Tofu Factory (11.34%), and Crystal Ice Block (8.27%), showing strong emphasis on maintaining product standards, safety, and reliability. This suggests that many MSMEs view quality assurance as central to sustaining competitiveness and customer trust. Meanwhile, C2 is also present but with more variation across businesses. Some MSMEs, including Pakde Ahmad Khosim Canteen (6.10%), Roa Fish Chili Sauce (4.76%), and Afifah Tofu Factory (4.13%), demonstrate notable attention to halal compliance, reflecting the relevance of halal assurance for certain product categories. However, several MSMEs show minimal or no coverage for C2, indicating that halal production considerations are more context-specific and strongly influenced by the nature of the product. Overall, the pattern suggests that while halal compliance is important for relevant MSMEs, quality control remains the most widely prioritized internal process theme across the group.

The internal business process dimension represents the most significant finding. Across the interviews, halal certification is most consistently associated with changes in hygiene control, production discipline, documentation, raw material selection, and process traceability. For many MSMEs, certification encouraged a shift from informal routines toward more organized and accountable practices. Activities that were previously performed habitually became more structured because businesses were required to maintain consistent procedures and clearer records.

Several informants also described halal certification as a means of strengthening quality control. In some cases, basic cleanliness and product care were already in place before certification. However, certification made these practices more systematic by requiring clearer procedures, more careful material handling, and enhanced documentation. These improvements in internal processes appear to be the primary pathway through which halal certification influences other dimensions of performance.

Table 5. Coding Categories for Internal Business Processes

Perspective	Code	Indicators
Internal Business Process	C1	Quality Control
Internal Business Process	C2	Halal Production Process

Source: Developed by Author(s)

The finding constitutes a key contribution of this study. Previous research on halal certification and MSME performance has predominantly emphasized operational efficiency, financial outcomes, or market competitiveness using quantitative and outcome-oriented approaches (Giyanti et al., 2021; Azizah et al., 2025). Consequently, limited attention has been given to how halal certification gradually shapes the internal organization of MSMEs through changes in production discipline, documentation practices, traceability, and process governance. By applying the Balanced Scorecard framework within a qualitative local MSME context, this study extends the existing literature by demonstrating that the most immediate impact of halal certification lies in the strengthening of internal business processes rather than in direct financial gains alone. While many earlier studies focus on direct performance outcomes, the evidence from Palu shows that the most immediate effect of halal certification is found in the internal organization of the business. In this sense, halal certification should be understood not only as an external label but also as a form of internal governance that improves process consistency and strengthens the foundation for customer trust and market access.

Table 6. Coverage of Internal Business Process Themes across MSME Informants

Name of MSME	BSC Aspects	
	C1	C2
Palu Beef Shredded Meat	6.96%	2.34%
Banua Chocolate Palu	3.97%	5.17%
Cendana Fried Shallot Food	3.32%	2.83%
Sri Rejeki Fried Shallot	3.07%	1.99%
Refill Water Depot	12.99%	2.18%
Crystal Ice Block	8.27%	-
Noodle Industry	4.85%	2.24%
Pakde Ahmad Khosim Canteen	4.15%	6.10%
Banana Chips	7.13%	2.84%
Surayyah Ginger Coffee	3.98%	3.69%
Zen Coffee Mobile Cart	-	1.48%
Afifah Tofu Factory	11.34%	4.13%
Pato Donut	5.03%	3.71%
Chicken Slaughterhouse	7.36%	2.59%
Roa Fish Chili Sauce	6.51%	4.76%
HB Traditional Tempeh	2.85%	1.19%

Source: NVivo coding output

Learning and Growth

As shown in Table 7, the learning and growth coding results highlight three key developmental themes among MSMEs: Product Innovation (D1), Halal Awareness (D2), and Employee Training (D3). Across the informants (Table 8), Employee Training (D3) emerges as the most consistently emphasized theme, with several MSMEs such as Afifah Tofu Factory (7.16%), Chicken Slaughterhouse (3.64%), and Pato Donut (3.60%), showing strong attention to improving worker skills and operational competence. Product Innovation (D1) also appears across many MSMEs, though with varying intensity; Sri Rejeki Fried Shallot demonstrates the highest focus (5.31%), suggesting a strong drive toward product development and differentiation. Meanwhile, Halal Awareness (D2) is present but more uneven, with some MSMEs such as Cendana Fried Shallot Food (3.44%) and Crystal Ice Block (3.18%), showing notable concern for halal compliance, while others do not mention it at all. Overall, the pattern indicates that MSMEs prioritize human resource development most strongly, followed by innovation efforts, while halal awareness tends to be context-specific depending on product type and market orientation.

Table 7. Coding Categories for Learning and Growth

Perspective	Code	Indicators
Growth & Learning	D1	Product Innovation
Growth & Learning	D2	Halal Awareness
Growth & Learning	D3	Employee Training

Source: Developed by Author(s)

Table 8. Coverage of Learning and Growth Themes across MSME Informants

Name of MSME	BSC Aspects		
	D1	D2	D3
Palu Beef Shredded Meat	1.79%	1.18%	2.39%
Banua Chocolate Palu	-	-	2.76%
Cendana Fried Shallot Food	-	3.44%	1.31%
Sri Rejeki Fried Shallot	5.31%	2.96%	1.54%
Refill Water Depot	2.51%	2.64%	2.89%
Crystal Ice Block	2.63%	3.18%	2.41%
Noodle Industry	1.06%	-	2.12%
Pakde Ahmad Khosim Canteen	1.32%	0.65%	1.16%
Banana Chips	1.35%	1.42%	1.63%
Surayyah Ginger Coffee	2.10%	1.89%	2.80%
Zen Coffee Mobile Cart	1.87%	-	1.75%
Afifah Tofu Factory	2.20%	-	7.16%
Pato Donut	0.73%	-	3.60%
Chicken Slaughterhouse	3.09%	2.26%	3.64%
Roa Fish Chili Sauce	1.86%	-	2.28%
HB Traditional Tempeh	1.82%	0.34%	3.08%

Source: NVivo coding output

The learning and growth dimension, although appearing less dominant in the coding results, remains essential for understanding the broader effects of halal certification. In the interviews, this dimension is reflected in increased awareness of halal responsibility, improved administrative habits, a greater understanding of production standards, and participation in mentoring or training activities. Some MSMEs also reported modest improvements in packaging, record-keeping, and managerial confidence following certification.

Nevertheless, certification does not automatically generate significant innovation outcomes. In most cases, product innovation remains more closely linked to market demand than to the certification itself. Instead, certification appears to more consistently support the gradual development of capability. It encourages business actors to be more systematic, careful, and aware of the importance of maintaining standards.

As a result, a lower coding frequency should not be interpreted as lower significance. In small businesses, organizational learning often takes place informally and is embedded in daily practice. While MSME actors may not describe these processes in formal management language, they remain visible through changes in behavior, awareness, and routine. For this reason, learning and growth should be viewed as a supporting dimension that helps sustain internal business improvements over time.

Discussion: Operational Outcomes

The findings of this study elucidate that halal certification contributes to MSME performance through a gradual and interconnected sequence of organizational transformations rather than through an immediate, uniform impact. In the context of Palu City, the most salient effects of certification manifest first within internal business processes, specifically in hygiene control, documentation, traceability, raw material selection, and production discipline. These internal refinements subsequently bolster customer trust and product legitimacy, which in turn facilitate broader market access and more stable sales volumes. This observed pattern corroborates the findings of Azizah et al. (2025), who identified that halal certification positively influences both operational and financial performance, with operational performance serving as a critical mediating variable. The present study extends this argument to a localized context, demonstrating that the transition from certification to performance is fundamentally driven by the institutionalization of practical business routines. Consequently, halal certification serves a dual purpose: it acts as a mechanism for formal recognition and as a catalyst for reorganizing daily operational structures.

Furthermore, these results reinforce the conceptualization of halal certification as a profound organizational process rather than a mere legal or symbolic designation. The evidence suggests that certification compels MSMEs to transition from informal, habit-based practices toward more structured, accountable, and standardized procedures. This shift aligns with the arguments of Giyanti et al. (2021), who posit that the efficacy of halal standard implementation is contingent upon internal organizational readiness, and with Sadiyah & Erawati (2024), who underscore the role of traceability and assurance in shaping MSME outcomes. Notably, this study advances this discourse by demonstrating that internal readiness is not merely a prerequisite for certification but is also a direct outcome of the process itself. As MSMEs navigate the requirements of certification, they are structurally pushed to enhance material handling, hygiene protocols, and rigorous documentation. Thus, halal certification functions as an instrument of internal governance that strengthens the organizational foundation upon which market credibility is built.

Regarding the customer perspective, the findings indicate that while halal certification acts as a significant driver of trust and legitimacy, its impact is contingent upon market segmentation. For many MSMEs, certification provides a vital layer of reassurance, particularly when products are distributed through impersonal channels such as retail outlets, online marketplaces, or souvenir centers where direct producer-consumer interaction is absent. This underscores the role of halal assurance in enhancing perceived reliability and market credibility (Ariyantiningsih & Santoso, 2026; Ismail et al., 2026; Siregar et al., 2026). However, the observed variation in consumer response suggests that the value of certification is not universal; in segments where price, taste, and habit remain the primary drivers, the influence of halal status is diminished. This implies that the strategic value of certification is maximized when MSMEs target consumer segments that prioritize religious commitment, quality assurance, or risk mitigation. Therefore, the efficacy of certification in driving customer response must be analyzed through the lens of market context and consumer orientation.

The financial analysis further clarifies that the economic benefits of halal certification should not be evaluated through short-term profit metrics alone. While certification facilitated enhanced market access and credibility, immediate financial gains were not always observed. This discrepancy is largely attributable to the additional compliance-related expenditures incurred by MSMEs, such as packaging adjustments, documentation costs, and the procurement of verified halal raw materials. This pattern is consistent with Azizah et al. (2025), suggesting that financial improvements typically follow the strengthening of operational capabilities. Moreover, this aligns with recent literature suggesting that the economic advantages of halal certification are most pronounced when supported by enabling ecosystems and proactive business adaptation (Esquivias et al., 2025; Susiang et al., 2026). Thus, the financial value of certification is best understood as an indirect, long-term outcome that is realized only when MSMEs successfully translate their newfound legitimacy into sustainable market opportunities.

A critical insight emerging from this study is that the challenges of halal compliance persist long after the certificate is obtained. While previous research has extensively documented the administrative and institutional barriers to accessing certification (Azizah et al., 2025; Fathoni et al. (2025)), this study highlights the substantial burden of post-certification maintenance. To retain the value of the certificate, MSMEs must sustain rigorous documentation, supplier verification, and hygiene standards. This finding supports the assertions of Isabella & Loliyani (2026) and Usman et al. (2026), who argue that continuous implementation support and follow-up assistance are vital to the success of halal programs. Consequently, halal certification should be viewed not as a static administrative achievement, but as an ongoing organizational commitment that necessitates continuous adaptation and external support.

CONCLUSION

Halal certification influences the performance of food and beverage MSMEs in Palu City through a gradual and interconnected sequence of organizational changes. The findings demonstrate that the most immediate impact of certification occurs within internal business processes, specifically regarding hygiene control, documentation, traceability, and production discipline. These internal improvements serve as a primary driver that strengthens customer trust and product legitimacy, which subsequently facilitates broader market access and more stable financial outcomes. Ultimately, halal certification functions not merely as a religious label or administrative requirement, but as a multidimensional governance mechanism that enhances organizational discipline and credibility.

These findings offer significant practical implications for stakeholders in the halal industry. For policymakers and certification bodies, the results suggest that support for MSMEs should extend beyond the initial issuance of certificates. To ensure that certification translates into sustainable business growth, ongoing assistance is required in areas such as process standardization, traceability, documentation, and market communication. For MSME owners, the study highlights that the true value of halal certification lies in its ability to institutionalize better operational routines, which provides a foundation for long-term competitiveness and market expansion.

This study has certain limitations. First, the research was conducted within a specific geographic context in Palu City and focused exclusively on the food and beverage sector, which may limit the generalizability of the findings to other regions or industries in Indonesia. Second, the qualitative approach, while providing deep insights into the mechanisms of certification, does not allow for statistical generalization across the broader MSME population. To address these limitations, future research should employ larger-scale quantitative methods to validate these findings across diverse provinces and sectors in Indonesia. Additionally, longitudinal studies are recommended to observe how the impact of halal certification evolves as MSMEs progress through different stages of business maturity. Finally, further investigation into the specific barriers faced by micro-enterprises compared to small-scale industries could provide more targeted strategies for halal ecosystem development.

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