

HALAL MSMEs DEVELOPMENT MODEL THROUGH THE APPLICATION OF BUSINESS COMPETITION FIQH



Abdul Hadi Ismail¹

Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia
abdulhadi@umsu.ac.id

Khairunnisa²

Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia
khairunnisa@umsu.ac.id

Abstract

One of the main problems that occur in the development of halal MSMEs is the complex and expensive halal certification process. This study aims to obtain a halal MSME development model through business competition fiqh. This research will also later explore related to the fiqh of business competition which is not widely known by Halal MSMEs. The research method used is quantitative description. The result 1) t -statistic $3.932 > 1.96$, P value of $0.000 < 0.05$ (Significant) then Marketing, has no effect on the development of Halal MSMEs. 2) t -statistic $0.630 < 1.96$, P value $0.592 > 0.05$ (Not Significant) then Digital literacy and product innovation have no effect on the development of Halal MSMEs. 3) $H_3: X_3$ Against $Y = t$ -statistic $2.902 > 1.96$, P value $0.004 < 0.05$ (Significant) then product innovation has an effect on the development of Halal MSMEs. 4) Then Z against $Y = t$ -statistic $1.310 < 1.96$, p value $0.191 > 0.05$ (Not Significant) . MRA (Moderated Regression Analysis): 5) $H_5 : X_1 * Z$ on $Y: -0.056$ (negative / weakening), p value $0.529 > 0.05$ (Not Significant) then Fiqh of Business competition does not play a role in moderating the marketing relationship with the development of Halal MSMEs. 6) $H_6 : X_2 * Z$ to $Y: 0.090$ (positive, p value $0.281 > 0.05$ (Not Significant) then Fiqh competition does not play a role in moderating the relationship between digital literacy and the development of Halal MSMEs. 7) $H_7: X_3 * Z$ to $Y: -0.087$ (positive, p value $0.064 > 0.05$ (Not Significant) then Fiqh competition does not play a role in moderating the relationship between Product Innovation and the development of Halal MSMEs.

Keywords: Halal MSMEs, Fiqh of Business Competition, Development of Halal MSMEs

INTRODUCTION

MSMEs are one of the contribution in increase economy Indonesian society . Where MSMEs have role in absorb power Work amounting to 96.9% of the total power work absorbed in a way national (Pradesyah et al., 2016). Now MSMEs continue to become center attention government in growth and development that occurs . The development of halal Micro , Small, and Medium Enterprises (MSMEs) in Indonesia has a very important role in economy national . However , even though great potential , sector This face various challenges that hinder its growth . One of underlying factors problem This is complexity and cost related height with the halal certification process . Many MSMEs do not own access or source sufficient power For fulfil condition certification , which results in limitations they in entering an increasingly competitive market competitive (Harsanto, 2024)(Hidayah, 2024). In addition to that , the competition is not healthy in the market to be issue the main thing that needs to be done noticed (Sari, 2024)(Meldona, 2023). The perpetrator business big often adopt an aggressive pricing strategy , which can harming more MSMEs small . In the context of jurisprudence competition business , practice kind of This contradictory with principle justice and ethics , where all perpetrator business should own equal opportunity For compete . Injustice This No only reduce Power competitiveness of MSMEs, but also reduces diversity halal products available in the market.

Access to markets is also an issue significant challenges . Many halal MSMEs are trapped in limitations knowledge about digital marketing and modern marketing strategies. With rapid development technology and shift behavior consumers , MSMEs that do not capable adapt at risk lost market (Muin, 2023). Lack of understanding about method utilizing digital platforms in promote products , so that hinder growth and development business . In addition , innovation product become factor key in Power halal UMKM competition . Many actors business Still use practice conventional and less production brave do innovation . In perspective fiqh , important For encourage SMEs to innovate without ignore the halal values that they hold . With integrate principles ethics in innovation , UMKM can create more products interesting and relevant for Consumers . Support from government and policy halal UMKM development is very necessary . Policies that favor UMKM, such as help For management halal certification and training programs , of course can help increase Power competition they (Qoyum, 2019). With an integrated and collaborative approach , it is hoped that halal MSMEs can develop and contribute more significant to economy national , while still stick to the principles jurisprudence in doing business . Research This related with with the strategic issues of the Islamic Banking Study Program , where the issues are captured in the research roadmap that is Development Sharia Management and Halal Production . In addition , the research This also supports one of the National Religious Research Agendas or ARKAN in 2018-2028 from 13 research agendas . religion , namely development sharia economy and business.

This study uses a management science approach, an empirical approach and a comparative approach, in an effort to solve the problems found in the study. Where in the management science approach can reveal things that are used by MSMEs in the development of their businesses, as well as the risks faced in the application of business competition. Then the empirical approach is used to collect the data desired by researchers directly from respondents, while the comparative approach is used to answer existing problems in

accordance with the reality of the development of halal MSMEs in Medan City, this will later compare the existing model with the results obtained.

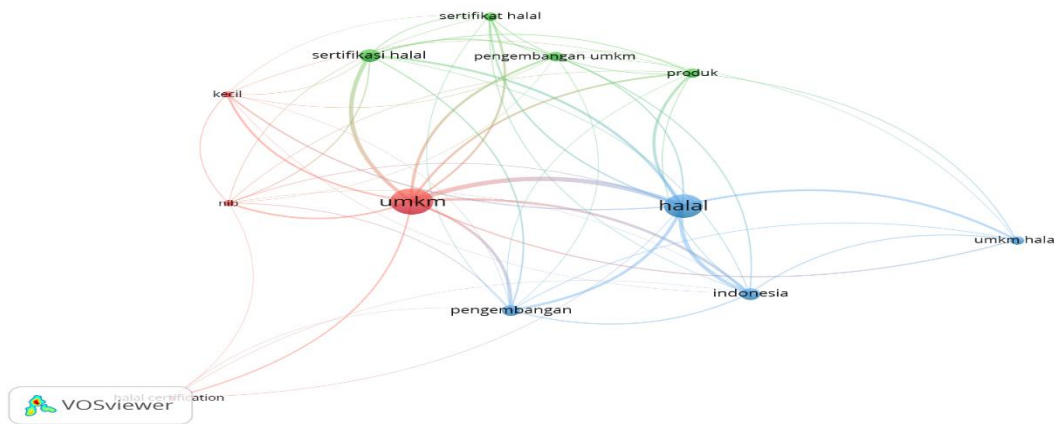


Figure 1.

Visualization of Article Network Regarding Halal MSME Development

From the visualization results above using VosViewers on the article network collected through publish or perish, with an estimate of articles published from 2019-2024, there were 1,000 articles related to Halal MSMEs indexed by Google Scholar. In the image above, it can be seen that the form of the network pattern that discusses the development of halal MSMEs is projected randomly, none of which are included in one title about the Development of Halal MSMEs themselves, and it can also be seen that the discussion of business competition jurisprudence has never been carried out or researched, so it does not appear in the network visualized in the VosViewers results. Research that is often conducted on MSMEs, Halal, Halal Certificates(Siska et al., 2020)(Fajriani, 2018)(Sihotang, 2023), products, MSME development, Halal MSMEs(Hakim & Putri, 2022)(Ali, 2021)(Anggarkasih, 2022), Small Businesses(Hasanah, 2023)(Olsson, 2021)(Soemitra & Mahendra, 2022), and business registration numbers (NIB)(Prawiro, 2023)(Azizah, 2023)(Kusumaningtyas, 2022). So from the results of the mapping, the current research update is related to the fiqh of business competition in the development of halal MSMEs. Where the problems that arise, halal MSMEs in Medan City do not yet know about the Fiqh of business competition, this results in many MSMEs having difficulty developing, both financially and in terms of products.

Study This will done during One year , with do identification problem in development of Halal MSMEs in Medan City, which has been This Still experience a number of constraints . Research this will also construct theory jurisprudence competition business , which is used as as intervening variables in see influence variable bound to variable free . Where in theory jurisprudence competition effort , will combined with maqosid sharia, in making questionnaire that will be will be shared to respondents .

Study This related with strategic issues Sustainable Development Goals (SDGs) or objective development sustainable , where one of the purpose is build strong infrastructure , promoting industrialization sustainable and encouraging innovation finance . For get strong infrastructure , and encourage innovation finance , of course need a model obtained from results qualified research . Research This later on can become a reference , in build

infrastructure economy in part innovation and development digital payments . Research This related with with the strategic issues of the Islamic Banking Study Program , where the issues are captured in the research roadmap that is Development Sharia Management and Halal Production . Research This use approach study quantitative , the data obtained originate from questionnaire distributed to respondents , then the data processed with use application SmartPLS , for get a Halal MSME development model through jurisprudence competition business , and respondents taken in study This is an MSME that has halal certification in Medan city.

RESEARCH METHOD

This research was conducted starting from the tabulation of data related to halal MSMEs in the city of Medan that have obtained halal certification, then refocused on the problems of developing halal MSMEs, and these problems were classified into problems caused by ineffective marketing, minimal digital literacy, the use of conventional product innovation, and lack of understanding regarding the fiqh of business competition. These problems will later be constructed into a questionnaire, and then will be distributed to halal MSMEs in the city of Medan. After distributing the questionnaires, the researchers will tabulate the data and then process the data using a statistical application, namely SmartPLS. SmartPLS is a software designed for statistical analysis, especially in the context of structural equation modeling using the Partial Least Squares method (PLS-SEM). This software offers an intuitive graphical interface, allowing researchers to design, test, and visualize models of relationships between variables with high efficiency(Wahyuni et al., 2023)(Maya Sari, Irfan, Jufrizen, 2020).

Technique of taking sample in study This use method slovin , where amount population or amount public city Medan reaching 2,300 Halal MSMEs, then entered in formulation slovin as following :

$$n = \frac{N}{1 + Ne^2} = \frac{2.300}{1 + (2.300(0,05)^2)} = \frac{2.300}{1 + 5,75} = \frac{2.300}{6,75} = 340,7$$

RESULTS AND DISCUSSION

Table 1.
Instrument Model Validity Testing

	X1	X1*Z	X2	X2*Z	X3	X3*Z	Y	Z
X1 * Z		1,099						
X1.1		0,821						
X1.11		0,808						
X1.12		0,757						
X1.13		0,817						
X1.14		0,739						
X1.15		0,779						
X1.2		0,864						
X1.3		0,814						
X1.4		0,768						
X1.5		0,727						

X1.6	0,722		
X1.8	0,727		
X2 * Z		1,126	
X2.1	0,813		
X2.10	0,762		
X2.11	0,809		
X2.12	0,850		
X2.15	0,731		
X2.2	0,737		
X2.3	0,808		
X2.4	0,822		
X2.5	0,765		
X2.6	0,837		
X2.7	0,783		
X2.8	0,771		
X2.9	0,766		
X3 * Z			1,107
X3.1		0,771	
X3.11		0,812	
X3.12		0,715	
X3.13		0,735	
X3.14		0,799	
X3.15		0,782	
X3.2		0,833	
X3.3		0,787	
X3.4		0,782	
X3.5		0,824	
X3.6		0,790	
X3.7		0,829	
X3.8		0,745	
Y.13			0,785
Y1.10			0,733
Y1.2			0,778
Y1.3			0,850
Y1.4			0,799
Y1.5			0,809
Y1.6			0,735
Y1.7			0,750
Y1.8			0,731
Y1.9			0,804
Z.1			0,776
Z.11			0,759
Z.15			0,747

Z.2	0,769
Z.3	0,781
Z.4	0,795
Z.5	0,804
Z.6	0,800
Z.7	0,805
Z.8	0,773

Source: by Researcher

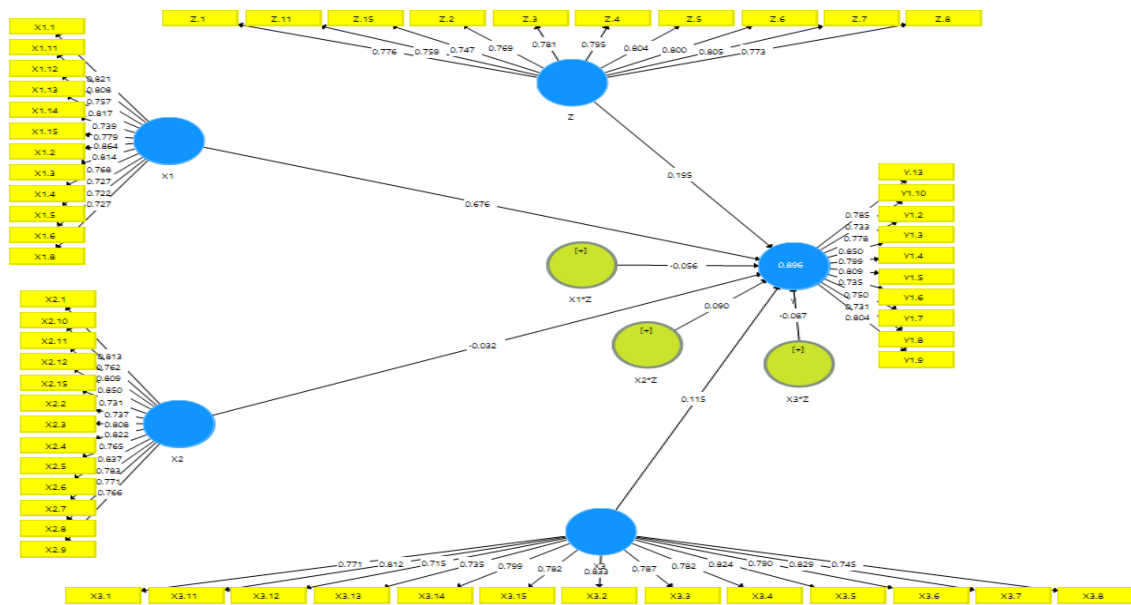


Figure 2.
Loading Factor Value

In the figure, it is clear that the loading factor value of each instrument on the construct variable is at a value greater than 0.7. Thus, it can be concluded that the convergent validity test with the loading factor approach has been fulfilled; in other words, the construct variable instrument in the study is valid.

Table 1.
Discriminant Validity

Discriminant Validity

	X1	X1*Z	X2	X2*Z	X3	X3*Z	Y	Z
X1	0.780							
X1*Z	-0.374	1.000						
X2	0.832	-0.247	0.790					
X2*Z	-0.241	0.824	-0.302	1.000				
X3	0.756	-0.237	0.825	-0.266	0.786			
X3*Z	-0.236	0.701	-0.271	0.822	-0.222	1.000		
Y	0.939	-0.375	0.817	-0.262	0.765	-0.280	0.778	
Z	0.925	-0.293	0.925	-0.256	0.800	-0.245	0.900	0.781

The Ave value of each variable is greater than the root of AVE so that discriminant validity is met.

Reliability Test

Tabel 2.
Construct Reability and Validity
Construct Reliability and Validity

Matrix	Cronbach's Alpha	rho_A	Composite F
	Cronbach...	rho_A	Composi...
X1	0.941	0.943	0.949
X1*Z	1.000	1.000	1.000
X2	0.949	0.950	0.956
X2*Z	1.000	1.000	1.000
X3	0.948	0.949	0.954
X3*Z	1.000	1.000	1.000
Y	0.927	0.929	0.939
Z	0.929	0.930	0.940

The table above shows the Cronbach alpha value above 0.70, meaning that in this study all instruments are declared reliable. The table shows that the Average Variance Extracted value of all construct variables in this study has a value greater than 0.5 (AVE > 0.05), thus it can be concluded that all construct variable instruments used in this study have met the criteria for convergent validity testing.

Reliability

1. Chronchbrach alpha > 0.7
2. rHo > 0.7
3. Composite Reliability > 0.6

Table 3.
Construct Reliability and Validity

Matrix	Cronbach's Alpha		rho_A		Composite Reliability	
	Cronbach...	rho_A	Composi...	Average ...		
X1	0.941	0.943	0.949	0.609		
X1*Z	1.000	1.000	1.000	1.000		
X2	0.949	0.950	0.956	0.623		
X2*Z	1.000	1.000	1.000	1.000		
X3	0.948	0.949	0.954	0.617		
X3*Z	1.000	1.000	1.000	1.000		
Y	0.927	0.929	0.939	0.606		
Z	0.929	0.930	0.940	0.610		

It can be concluded that Chronchbrach alpha > 0.7, rHo > 0.7, and Composite Reliability > 0.6 have met the requirements and are said to be reliable.

Model Structure/Inner Model Test
R-square

Table 4.
Coefficient of Determination

No	Coefficient Value	Determination
1	0.00 – 0.199	Very Low
2	0.20 – 0.399	Low
3	0.40 – 0.599	Currently
4	0.60 – 0.799	Strong
5	0.80 – 1.000	Very strong

The coefficient of determination (R square) value of 0.894 or 89.4% indicates a very strong ability of the independent variables, namely Marketing, digital literacy, and product innovation, on the development of halal MSMEs, while the remaining 10.6% are to other variables that were not studied in this study. This means that the model used is increasingly strong in explaining the influence of the independent variables studied on the dependent variable.

Table 5.
R-Square

Matrix	R Square		R Square Adjusted	
	R Square	R Square ...		
Y	0.896	0.894		

RSquare 0.894 means that the ability of exogenous variables to explain Y is 89.4%, meaning it is strong. that the ability of Marketing, Digital Literacy and Product Innovation variables in explaining the Halal MSME development variable (Y) is strong, namely 89.4%, while the remaining 10.6% is the influence of other independent variables that were not measured in this study.

Hypothesis Testing

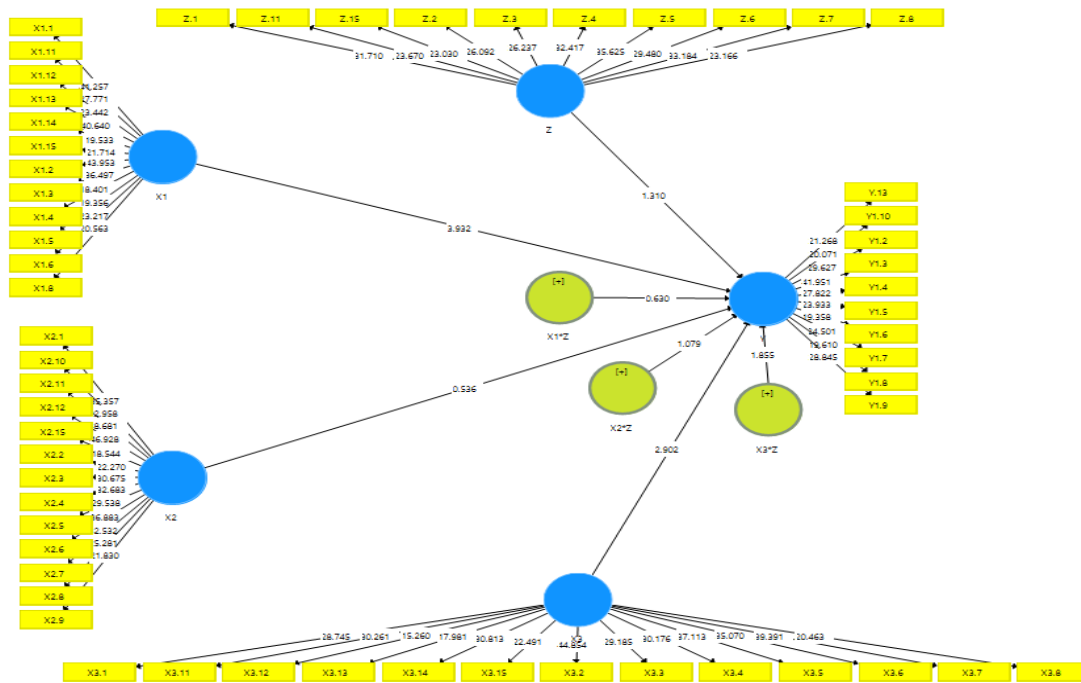


Figure 3.
 Hypothesis Testing

Path Coefficients

	Original ...	Sample ...	Standard ...	T Statistic...	P Values
X1 -> Y	0.676	0.718	0.172	3.932	0.000
X1*Z -> Y	-0.056	-0.020	0.089	0.630	0.529
X2 -> Y	-0.032	-0.029	0.059	0.536	0.592
X2*Z -> Y	0.090	0.054	0.083	1.079	0.281
X3 -> Y	0.115	0.117	0.040	2.902	0.004
X3*Z -> Y	-0.087	-0.081	0.047	1.855	0.064
Z -> Y	0.195	0.151	0.149	1.310	0.191

Figure 4.
 Path Coefficients

Based on the table, it can be concluded as follows:

1. H1: X1 against Y = t-statistic 3.932 > 1.96, P value of 0.000 < 0.05 (Significant) then Marketing has no effect on the development of Halal MSMEs.
2. H2: X2 against Y = t-statistic 0.630 < 1.96, Pvalue 0.592 > 0.05 (Not Significant) then digital literacy and product innovation do not affect the development of Halal MSMEs.
3. H3: X3 Against Y = t-statistic 2.902 > 1.96, Pvalue 0.004 < 0.05 (Significant), then product innovation has an effect on the development of Halal MSMEs.
4. So Z against Y = t-statistic 1.310 < 1.96, pvalue 0.191 > 0.05 (Not Significant)

MRA (Moderated Regression Analysis):

5. H5: X1*Z against Y: -0.056 (negative/weakening), pvalue 0.529 > 0.05 (Not Significant) then Fiqh of Business Competition does not play a moderating role in the relationship between marketing and the development of Halal MSMEs.
6. H6: X2*Z against Y: 0.090 (positive, p-value 0.281 > 0.05 (not significant), then Fiqh Business Competition does not play a role in moderating the relationship between digital literacy and the development of Halal MSMEs.
7. H7: X3*Z against Y: -0.087 (positive, pvalue 0.064 > 0.05 (Not Significant) then Fiqh Business Competition does not play a moderating role in the relationship between Product Innovation and the development of Halal MSMEs.

CONCLUSION

1. Marketing (H1) and product innovation (H3) were proven to have a significant influence on the development of Halal MSMEs.
2. Digital literacy (H2) has no effect on the development of Halal MSMEs.
3. Fiqh of business competition (Z) does not have a direct influence on the development of Halal MSMEs.
4. Fiqh of business competition also does not moderate the relationship between marketing, digital literacy, or product innovation with the development of Halal MSMEs.

REFERENCES

- Ali, M. S. S. (2021). Exploring social media marketing strategies in small and medium enterprises (SMEs) of the halal food industry. *SEARCH Journal of Media and Communication Research*, 2021, 157–168. https://api.elsevier.com/content/abstract/scopus_id/85137038160
- Anggarkasih, M. G. (2022). The Importance of Halal Certification for the Processed Food by SMEs to Increase Export Opportunities. In *E3S Web of Conferences* (Vol. 348). <https://doi.org/10.1051/e3sconf/202234800039>
- Azizah, S. N. (2023). MODEL DESIGN OF SOCIOPRENEURSHIP: HALAL BASED-DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES THROUGH ZAKAT INSTITUTIONS Siti Nur Azizah. *ISRA International Journal of Islamic Finance*, 15(3), 46–63. <https://doi.org/10.55188/ijif.v15i3.610>
- Fajriani, A. N. (2018). *Faktor-faktor yang Memengaruhi Resertifikasi Halal dan Dampak*

- Sertifikat Halal terhadap Profit UMKM.* repository.ipb.ac.id.
<https://repository.ipb.ac.id/handle/123456789/94549>
- Hakim, L., & Putri, A. K. N. (2022). Implementation of the Halal Product Guarantee Law in Indonesia by the Department of Industry and Trade Cooperatives of Bima City. *Nurani: Jurnal Kajian Syari'ah Dan ...*
<http://jurnal.radenfatah.ac.id/index.php/Nurani/article/view/11099>
- Harsanto, B. (2024). Sustainable Halal Value Chain performance for MSMEs: the roles of digital technology, R&D, financing, and regulation as antecedents. *Cogent Business and Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2397071>
- Hasanah, U. (2023). *ANALYSIS OF FACTORS AFFECTING PUBLIC INTEREST*. 4, 1385–1400.
- Hidayah, N. J. (2024). The behavior toward halal traceability using blockchain for beef-based micro, small, and medium enterprises (literature review). In *IOP Conference Series: Earth and Environmental Science* (Vol. 1359, Issue 1). <https://doi.org/10.1088/1755-1315/1359/1/012039>
- Kusumaningtyas, R. O. (2022). Reduction of Digitalization Policy in Indonesian MSMEs and Implications for Sharia Economic Development. *Juris: Jurnal Ilmiah Syariah*, 21(2), 157–171. <https://doi.org/10.31958/juris.v21i2.6855>
- Maya Sari, Irfan, Jufrizen, L. D. (2020). Testing Model of Financial Management Ability of Small and Medium Enterprises (Smes). *Jurnal Reviu Akuntansi Dan Keuangan*, 10(3), 584–601. <https://doi.org/10.22219/jrak.v10i3.13331>
- Meldona. (2023). Innovation capability and risk attitude mediate the effects of knowledge management and financial literacy on MSME performance. *Journal of Social Economics Research*, 10(4), 194–214. <https://doi.org/10.18488/35.v10i4.3555>
- Muin, F. (2023). LEGAL POLICY OF HALAL PRODUCTS FOR THE DEVELOPMENT OF SMALL AND MICRO ENTERPRISES AFTER THE ENACTMENT OF GOVERNMENT REGULATION IN LIEU OF LAW NO. 2 OF 2022 ON THE JOB CREATION. *Al-Risalah: Forum Kajian Hukum Dan Sosial Kemasyarakatan*, 23(1), 1–12. <https://doi.org/10.30631/alrisalah.v23i1.1323>
- Olsson, A. K. (2021). Keeping up the pace of digitalization in small businesses—Women entrepreneurs' knowledge and use of social media. *International Journal of Entrepreneurial Behaviour and Research*, 27(2), 378–396. <https://doi.org/10.1108/IJEBR-10-2019-0615>
- Pradesyah, R., Ismail, A. H., & Adawiyah, R. (2016). *PLANNED BEHAVIOR IN SUPPORTING CASHLESS SOCIETY IN SHARIA FINANCIAL INSTITUTIONS*. 7(0), 1–23. <https://doi.org/https://doi.org/10.31538/ijse.v7i2.4943>
- Prawiro, A. (2023). Challenges in the Halal Industry Ecosystem: Analyzing the Halal Certification Process for Micro, Small, and Medium Enterprises in Lombok, West Nusa Tenggara. *Mazahib Jurnal Pemikiran Hukum Islam*, 22(2), 431–484. <https://doi.org/10.21093/mj.v22i2.7010>
- Qoyum, A. (2019). THE HALAL ASPECT AND ISLAMIC FINANCING AMONG MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) IN YOGYAKARTA: DOES BERKAH MATTER? *Journal of Islamic Monetary Economics and Finance*, 5(1), 215–236. <https://doi.org/10.21098/jimf.v5i1.1055>
- Sari, R. K. (2024). Sustainable strategic planning and management influence on sustainable

- performance: findings from halal culinary MSMEs in Southeast Asia. *Journal of Modelling in Management*. <https://doi.org/10.1108/JM2-12-2023-0324>
- Sihotang, M. K. (2023). *Peran Pembiayaan Murabahah Dalam Pengembangan Kinerja Usaha Mikro Pada Baitul Maal Wat Tamwil (BMT) UB Amanah Syariah Laut Dendang*. 3(4), 2642–2650.
- Siska, S., Rahmi, H., & Fitriani, E. D. (2020). Workshop Pengajuan Sertifikat Halal bagi Pelaku Industri Makanan Olahan UMKM. In *Jurnal SOLMA*. download.garuda.kemdikbud.go.id.
[http://download.garuda.kemdikbud.go.id/article.php?article=1621940&val=11433&title=Workshop dan Pelatihan Pengajuan Sertifikat Halal bagi Pelaku Industri Makanan Olahan UMKM](http://download.garuda.kemdikbud.go.id/article.php?article=1621940&val=11433&title=Workshop%20dan%20Pelatihan%20Pengajuan%20Sertifikat%20Halal%20bagi%20Pelaku%20Industri%20Makanan%20Olahan%20UMKM)
- Soemitra, A., & Mahendra, O. C. (2022). The Role of Islamic Financial Institutions in Supporting Halal MSMEs in Indonesia: Literature and Academic Perspectives. *Annual Conference on* <https://conference.trunojoyo.ac.id/pub/aciel/article/view/77>
- Wahyuni, S. F., Hafiz, M. S., Pradesyah, R., Muhammadiyah, U., & Utara, S. (2023). *MSME DEVELOPMENT MODEL IN CONVENTIONAL BANKS IN MEDAN*. 12(02), 755–761.