



Strengthening Halal Value Chains for Sustainable MSMEs Growth: A Case Study of Food Industries in Madiun City, Indonesia

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Article Info

Article history:

Received January 16, 2025

Revised April 23, 2025

Accepted April 23, 2025

Available online, April 24, 2025

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Keywords:

Halal value chain, MSMEs, halal assurance, sustainable growth

DOI: 10.21154/joie.v5i1.10289

Page: 32-45

Abstract

Introduction: This study examines the importance of analyzing the halal value chain to ensure the halal assurance of every business activity to achieve sustainable halal products. MSMEs actors should apply halal principles throughout the value chain, but some MSMEs actors still have obstacles in applying halal principles to several product value chains. **Research Methods:** This research uses descriptive qualitative research with data collection techniques in the form of observation, interviews, and documentation. **Results:** The results show that MSMEs have weaknesses in halal exit logistics and written procedures on halal product production despite strong support from the government in education, licensing, and marketing. **Conclusion:** For science, the results of the study play a role in enriching the theoretical knowledge of the halal value chain as a means of halal literacy. In the practical setting, a deep understanding of halal principles is a reference in strengthening the halal value chain as well as for all parties involved, namely MSMEs, suppliers, logistics service providers, government, and educators. In addition, these findings will provide an evaluation for related parties so that the implementation of the halal value chain is getting better, so that it can help encourage sustainable growth for MSMEs and advance the global halal industry.

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INTRODUCTION

Indonesia has issued the Halal Product Guarantee Law (JPH Law) as a government effort to use and consume halal products (Jailani & Adinugraha, 2022). The purpose of establishing the JPH Law by the government is explained in Chapter 1 article 3, which is to provide comfort, security, safety, and certainty of the availability of halal products for the community and increase added value for business actors (Undang Undang Republik Indonesia, 2014). In accordance with Law Number 33 of 2014, it is explained that goods that are considered halal are those that have received official certification confirming their compliance with Islamic law (Ilmia & Ridwan, 2023). The term halal refers to any object or activity that is considered legal according to the rules and regulations stipulated in Islamic jurisprudence, commonly called Shari'at, especially in the field of food (Pramesti & Amir, 2023).

One of the risks faced by the halal product processing business chain lies in the quality of halal supplies (Khan, Khan, Haleem, & Jani, 2022). Halal processing business actors have an essential thing in the form of guaranteed halal assurance in every process, namely the selection of raw materials, the production process, until it reaches consumers (Putro et al., 2023; Qodir & Muhim, 2024). Halal products have added value in the form of halal assurance carried out in each chain (Nuratikah, Abdullah, Awaluddin, & Nurjanah, 2024). According to Marco Tieman, in creating a company's halal value chain, it is necessary to review direct process activities and indirect process activities, and define quality assurance and halal assurance activities for each main and supporting activity to provide superior value to different Muslims (Tieman, 2021). However, halal-conscious manufacturers still have obstacles in the form of complexity in the use of technology, it is not easy to find halal main raw materials and additives in the market (Imelda Fajriati, Diza Harris Pratiwi, Abdul Aziz, & Prabawati, 2024; Syaifudin & Fahma, 2022).

The halal value chain is a fundamental component in the development of the global halal industry, ensuring that every process—from sourcing raw material, manufacturing, logistics, to marketing and consumption—adheres strictly to halal principles. In the context of the rapidly growing halal market, which spans not only food but also pharmaceuticals, cosmetics, fashion, and finance, the integrity and traceability of halal compliance throughout the entire value chain are crucial. A comprehensive halal value chain enhances consumer confidence, supports product authenticity, and facilitates access to international markets where halal certification is a key requirement. Moreover, it plays a strategic role in fostering ethical, sustainable, and inclusive business practices that align with Islamic values. As the halal industry increasingly becomes a driver of economic growth, especially in Muslim-majority countries and regions with high demand for halal products, a well-established halal value chain becomes indispensable for ensuring competitiveness, quality assurance, and long-term industrial development.

Discussions about the halal value chain have been carried out among students and academics, one of which is research by Indra Gunawan and Maryono, stating that the application of halal value chain management has been implemented effectively and efficiently

at BUMP Al Mumtaz in its business units starting from the production, distribution and consumption processes, although there are obstacles to the limited resources owned by PPT Al Mumtaz (Gunawan & Maryono, 2022). However, further research needs to be carried out with halal value chain analysis on the main activities, supporting activities, and government support whether it has been carried out on different research subjects and locations, namely food MSMEs in Madiun City.

Based on this background, this study uses halal value chain analysis to analyze the integrated activities of the company from input (raw materials), operations (production), marketing, distribution, to product purchases by consumers by paying attention to halal aspects in each of these processes. The implementation of the halal value chain requires government support both in terms of marketing or distribution. Thus, the realization of sustainable halal products through the halal value chain.

RESEARCH METHOD

This research uses a type of field research with a descriptive qualitative approach (Syahrizal & Jailani, 2023). Field research is conducted to obtain facts and phenomena that occur in the field that can be used as research data (Sugiyono, 2013), by looking at the implementation of the halal value chain by food MSMEs actors in Madiun City. Researchers selected 5 participants who are food MSMEs actors in Madiun City who already have halal certification and guarantee the halal assurance of their products, but still have obstacles in implementing the halal value chain. In addition, researchers selected 2 other participants, one each from the Madiun City Ministry of Religion and the Madiun City Office of Manpower, Cooperatives and Micro Businesses. The selection of these participants was due to the need for detailed and in-depth explanations from participants about the experience and implementation of the halal value chain. Data processing techniques were carried out using the Miles Huberman model which consists of data reduction, data display, and verification (Yusuf, 2014). The data analysis method used is inductive, which starts with specific facts and then reaches general conclusions (Majid, 2017). Data validity checking techniques were carried out using source triangulation techniques (Susanto, Risnita, & Jailani, 2023).

RESULT AND DISCUSSION

The figure below illustrates a comprehensive model of the halal value chain within an Islamic enterprise framework, integrating conventional value chain concepts with Islamic principles. It highlights both primary and supporting activities that collectively ensure the integrity and sustainability of halal compliance. The primary activities-comprising inbound halal logistics, halal operations, outbound halal logistics, halal marketing and sales, and halal services-represent the core processes that directly contribute to delivering halal value to consumers. These are supported by Islamic-oriented corporate infrastructure, Islamic human resource management, halal technology development, and halal procurement or purchasing, all of which strengthen the foundation of a halal-based business. The model also emphasizes the critical role of external enablers, such as sharia-compliant financing, government

regulations, research and development, and technological innovation, in fostering a conducive environment for the halal industry to thrive. At its core, the model aims to uphold halal integrity and enhance consumer satisfaction by embedding ethical, transparent, and accountable practices throughout the entire value chain.

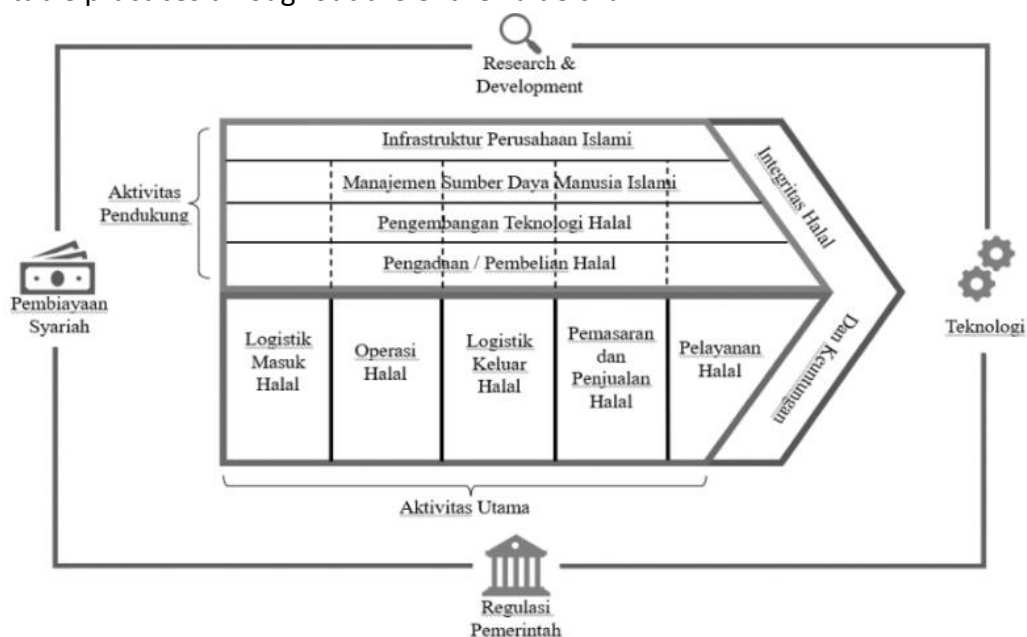


Figure 1. Shape of the Halal Value Chain

Source: Intan Kusuma Pratiwi, 2022

Main Activities of Halal Value Chain

The main activities of the halal value chain describe the journey from raw materials to marketing starting from bringing halal raw materials into the business (halal inbound logistics), then converting raw materials into finished goods by paying attention to the halal assurance of the process (halal operations / production), shipping finished goods (halal outbound logistics), selling these goods with regard to sharia provisions (halal marketing and sales), and providing after-sales service (halal service).

1. Halal Inbound Logistics

Halal inbound logistics is the initial stage of the main activities of the halal value chain. This stage consists of supplier selection activities, warehousing, transportation, and final operations. Halal inbound logistics plays a crucial role in maintaining the overall integrity of the halal value chain, as it ensures that all raw materials and components entering the production system comply with halal standards. According to Intan Kusuma Pratiwi, business actors must continue to control the halal integrity of halal logistics service providers because this is the responsibility of the business owner. Business actors must still provide limits or determine the level of separation, communication specifications and other service requirements. On the receipt of raw materials, business actors need to carry out checks on the halal goods they receive. The raw materials received are placed in a special room that does not mix with non-halal or heavily unclean goods. Transportation used for order picking is not mixed with non-halal products in one cargo (Pratiwi, 2022).

The food MSMEs actors in Madiun City have conducted halal integrity control through communication with suppliers regarding the handling and safety of raw material delivery as well as product quality requirements. During the receipt of raw materials, the food MSMEs actors in Madiun City have carried out quality and halal inspections of the received raw materials through physical reviews. Raw materials are placed in special areas free from impurities and non-halal contamination. MSMEs actors who independently purchase materials ensure the safety of the materials and cargo. The main halal inbound logistics activities carried out by food MSMEs in Madiun City add product value by demonstrating the seriousness of business actors in maintaining the safety and halal status of materials during the product handling process.

2. Halal Operations/Production

According to Marco Tieman, in halal production, the raw materials used must be guaranteed halal status and have halal certification. Production sites must be separated from those that allow contamination with haram materials or substances. Locations, places, and equipment must be kept clean and hygienic, free from unclean, and free from non-halal materials. Halal product production processing equipment, including storage, weighing, mixing, cooking, and packaging equipment, must not be used interchangeably with non-halal items, use different cleaning equipment with non-halal materials or products, and have a separate equipment storage area that is separate from the equipment used to process non-halal products. In addition, companies must have written procedures for production flow charts to be able to detect halal activities or critical points, because every company must pay attention to halal critical points in the production process (Tieman, 2021).

Food MSMEs actors in Madiun City have been using raw materials that are guaranteed to be halal and certified halal. Their production sites are separated from non-halal and impure contamination. Food MSMEs operators in Madiun City maintain the cleanliness and halal integrity of their production locations and equipment. Production equipment is placed in separate areas. However, not all food MSMEs have written procedures for halal product production, including Sambel Pecel Srikandi, Sambel Pecel Mak Lies, and Frizka Frozen. This is because business operators feel that such written procedures are unnecessary. The primary activities of halal operations/production add value to the products by demonstrating the MSMEs' commitment to maintaining the production process, ensuring that the resulting products are safe and halal. The added value in halal operation/production activities by MSMEs operators includes transforming raw materials into finished products.

3. Halal Outbound Logistics

Halal outbound logistics is essential in preserving the halal status of products as they move from production facilities to end consumers. Halal outbound logistics is the activity of distributing halal products to consumers which consists of finished product warehousing, material handling, shipping operations, order processing, and scheduling. According to Marco Tieman, the transfer of halal products must use transportation in

accordance with sharia principles. Transportation of halal products includes the process of allocating the halal cargo being transported, cleaning the transport, loading in the transport, labeling, and coding. Of the four processes, loading in transportation is the most important halal control point in protecting the halal integrity of halal product transportation. The next stage of halal outbound logistics is distributors or retailers where halal products are handed over to consumers. Handover to consumers is the stage where the owner's halal integrity responsibility ends (Tieman, 2021).

Maintaining strict control over halal outbound logistics not only protects product integrity but also strengthens consumer confidence and brand reputation. In increasingly competitive halal markets, especially in export-oriented industries, compliance with halal logistics standards during distribution is a key factor in gaining access to global halal supply chains and sustaining long-term business growth.

Food MSMEs actors in Madiun City have paid attention to product safety in the process of moving packaged products to finished product storage and finished product storage. In product delivery, distributors who are carried out independently have paid attention to product safety and halal assurance by providing additional packaging such as cardboard and bubble wrap and periodic cleaning of the transportation used to avoid uncleanness. However, in the delivery of products using shipping services, UMKM Sambel Pecel Srikandi, Sambel Pecel Mak Lies, and Cheero Chips use shipping services that do not yet have a halal goods delivery category so that product delivery still has vulnerabilities in maintaining product halal assurance. Meanwhile, Frizka Frozen and Keripik Pisang ACHE have used shipping services that have a category of shipping halal goods.

The main activities of halal outbound logistics carried out by food MSMEs in Madiun City have added value in the form of product storage that maintains product quality, safety and halal assurance. Value addition is also found in the delivery of products personally where MSMEs actors still maintain the safety, halal assurance, and cleanliness of the transportation used. However, the distribution of products using shipping services allows product contamination during shipping, because the services used do not provide special shipping services for halal products.

4. Halal marketing and sales

Every product marketing activity does not focus on the product aspect alone but also on pricing that avoids the practice of usury, price injustice, and gambling; promotional aspects that do not use exaggerated false promises, disgraceful actions in advertisements and other promotional media; the aspect of place, namely not selling or placing halal products in prohibited or inappropriate places. Product packaging using words or sentences must not cause misunderstanding by consumers; product labels must explain the composition of the product correctly, not confuse and display information that can be understood by consumers (Pratiwi, 2022).

MSMEs actors promote not violating sharia rules because what is conveyed to consumers is what the product is without being exaggerated. MSMEs actors have carried

out halal branding by including the halal logo on product packaging. Second, MSMEs actors place their products in places that are committed to maintaining product safety and halal assurance. It's just that Frizka Frozen MSMEs only place their products at home without going through a distributor. This is because MSMEs actors want to maintain product quality. Third, MSMEs actors set product prices without any price discrimination and the prices made are adjusted to market reach. Fourth, product descriptions are clearly displayed on the packaging so as not to cause misinterpretation by consumers.

5. Halal Service

Halal service is a critical component of the halal value chain, ensuring that all customer-facing interactions and post-sale services align with Islamic ethical principles. This includes not only the provision of products that are halal-certified but also the manner in which services are delivered-emphasizing honesty, transparency, fairness, and respect for customer rights. From customer support to return policies and complaint handling, every aspect must reflect values such as integrity (*amanah*) and responsibility. In sectors such as hospitality, finance, healthcare, and food services, halal service is essential for meeting consumer expectations and enhancing their overall experience. As the demand for holistic halal lifestyles grows, businesses that consistently provide halal-compliant services are better positioned to build long-term trust and loyalty among Muslim consumers.

Service is an important point in establishing good relationships with consumers. Halal services include providing satisfaction to customers in terms of quality, timeliness, delivery, affordable and competitive product prices, and excellent service (Pratiwi, 2022). MSMEs have provided friendly services to consumers, provide satisfaction in terms of quality by sending fresh and halal products, affordable and competitive product prices, provide a place for product and service complaints to consumers, and provide training to consumers on how to store and product presentation suggestions on product packaging and face-to-face communication. Adjustment of food MSMEs products in accordance with consumer expectations. The main activity of halal services carried out by food MSMEs actors in Madiun City has added value in the form of maintaining the quality and halal assurance of the product until the presentation process. Product adjustments are in accordance with consumer expectations because consumers can enjoy products according to their needs.

Halal Value Chain Supporting Activities

The supporting activities in the halal value chain play a crucial role in reinforcing the integrity and sustainability of halal practices by providing the necessary infrastructure, resources, and systems that enable the effective implementation of halal principles across all business processes. The explanation is as follows:

1. Islamic Corporate Infrastructure

Islamic corporate infrastructure is needed by companies so that managerial and operational activities can run effectively and efficiently and in accordance with Islamic principles (Abbie Pangestu & Jaharuddin, 2022). According to Intan Kusuma Pratiwi, each

element in the company's infrastructure must be integrated and support each other to increase profits and customer satisfaction. Companies that produce halal products get financial resources from halal sources, do not take usury-based financing and do not invest excess funds in usury-based financial markets, of course, are highly prioritized. Food MSMEs in Madiun City have infrastructure that adds value to products in the form of general management, planning, finance, accounting, and law (Pratiwi, 2022).

The general management carried out by food MSMEs actors in Madiun City is to organize all business operations using written and unwritten procedures. Operational procedures make the activities carried out by MSMEs have standards, so that every operational activity carried out by MSMEs actors is in accordance with company standards. Quality planning and sales of MSMEs products in the form of maintaining the safety and halal assurance of products to consumers and in accordance with applicable regulations. Sales planning in the form of expanding market share so that products can be sold outside the region to export to the world market. Financial arrangements for food MSMEs actors are carried out by making good financial data so that the company can develop further. MSMEs actors use personal funds for business operations and do not invest excess funds in usury-based financial markets. From a legal perspective, MSMEs actors have licenses in the form of NIB, P-IRT, and halal certification.

2. Islamic Human Resource Management

Human resource management can improve the performance of halal product companies and improve the performance of the halal value chain (Andini & Wijaya, 2023). According to Intan Kusuma Pratiwi's view, the quality of human resources to encourage the quality of halal industry products and services needs to be strengthened by education and training on halal products and increasing awareness about the importance of halal assurance. In order for halal industry actors to have superior productive human resources, it is necessary to instill and habituate *ihsan*, *istiqomah*, sincerity, trust/ integrity, commitment, and fair behavior through training, coaching, and empowerment (Pratiwi, 2022).

MSMEs actors provide guidance and assistance on halal products and how to ensure product safety and halal assurance to each employee fairly. The goal is to ensure product safety and halal assurance in the production, packaging, and shipping processes. From this assistance, MSMEs actors and employees have implemented the habits of *ihsan*, *istiqomah*, *ikhlas*, *amanah/integrity*, and commitment to maintaining product safety, quality and halal assurance. In addition, MSMEs actors have empowered their employees by providing wages commensurate with work and providing facilities related to Islamic values.

3. Technology Development that does not Violate Sharia Rules

Technology development by halal product companies is an important study in the value chain. According to Intan Kusuma Pratiwi, this technology development is related to process improvement, production, software development, tool design,

telecommunication systems, new database capabilities, to building computerized system documents (Salam & Nurhayati, 2022).

Food MSMEs actors in Madiun City use technology according to the main activities, namely halal inbound logistics, halal operations / production, halal outbound logistics, marketing, sales, and halal services. Technological development in halal inbound logistics activities in the form of motorized vehicles to purchase raw materials for raw materials purchased directly by MSMEs actors. In receiving materials sent by MSMEs actors, they have not used technology but manually. The technology used in storage is in the form of plastic jars. The food MSMEs storage technique is in the form of separating dry ingredients and wet ingredients in different plastic jars. Storage techniques with separation aim to avoid security contamination between materials and other factors. Technology development in the main activity of operations in the form of technology in the production process in the form of machines for production purposes.

Technological development in the main activities of halal outbound logistics in the form of shipping transportation technology and technology to maintain products during shipping. MSMEs actors use shipping technology using personal transportation and goods delivery services according to customer requests. MSMEs actors complete shipments with product security in the form of cardboard, bubble wrap, and plastic bags so that product safety and halal assurance are maintained.

Technology development in the main activities of marketing, sales, and halal services in the form of social media technology, complaints procedures, market workshops, and communication technology. Product storage procedures on product packaging are owned by Sambel Pecel Mak Lies and Cheero Chips, while other MSMEs, namely Sambel Pecel Srikandi, Frizka Frozen, and ACHE Banana Chips, do not have product storage procedures on their packaging. Marketing and sales of products are carried out using technology in the form of social media and market workshops, social media as a place for product marketing is carried out by creating content related to products and MSMEs actors add contacts so that customers can buy products. Market workshops are used as a place of sale. Product complaints from food MSMEs in Madiun City are made by contacting the contacts listed on the product, social media, and market workshops. Storage procedures are the company's efforts to add value to the product because with storage procedures consumers can maintain the product until it is ready for consumption.

4. Halal Procurement or Purchasing

Halal procurement ensures all products and services are halal sourced and meet halal certification requirements. Procurement is a business management function responsible for identifying, accessing, and managing external resources that an organization needs or may need to meet its strategic objectives (Suwanto & Gunawan, 2021). According to Marco Tieman, the purchasing process consists of six stages, namely determining specifications, selecting suppliers, making agreements, ordering, delivery, and follow-up and evaluation. The halal procurement process requires additional specifications to the order, such as halal certificates for products (e.g. additives, main

packaging materials) and services (e.g. packaging, logistics, cleaning services and insurance) purchased. Further requirements are storage, transportation and handling requirements for products purchased according to local and or international halal standards (Tieman, 2021).

MSMEs actors plan the purchase of raw materials based on the needs for one production. MSMEs actors provide specifications for the products they buy in the form of specifications for product quality and halal assurance. MSMEs actors have made contracts with suppliers regarding these requirements and have a subscription. MSMEs actors do not provide requirements related to the storage of purchased products, MSMEs actors only require product quality, product halal assurance, and delivery process requirements to maintain the safety and quality of materials.

Government Support for Halal Value Chain in MSMEs in Madiun City

The government plays an important role in promoting the halal industry and strengthening the halal value chain. According to Marco Tieman, the government can support the halal value chain by investing in transportation hubs, controlling land use, offering incentives to encourage investment by industry, supporting education, and providing a regulatory framework for halal clusters and halal parks (or zones). Structuring physical and non-physical infrastructure for the purpose of developing the halal industry (Tieman, 2021).

Government support is vital in developing a robust halal value chain, as it ensures that every stage-from production to distribution-complies with halal standards. Through policies, certification assistance, infrastructure development, and access to funding, the government can empower businesses, especially MSMEs, to participate effectively in the halal ecosystem. This support not only enhances product quality and consumer trust but also boosts the competitiveness of local industries in both national and international markets. Ultimately, government involvement contributes to the growth of a sustainable, ethical, and inclusive economy driven by the principles of halal.

The government has provided infrastructure in the form of a halal park area, namely the Pahlawan Religi Center to help market MSMEs by providing free facilities. This is confirmed by MSMEs actors, namely UMKM Frizka Frozen and ACHE Banana Chips, which receive free facilities at the PRC. Sambel Pecel Mak Lies and Cheero Chips did not place their products at the PRC due to differences in target markets. However, Frizka Frozen does not place its products at the PRC because there are no freezer facilities for frozen food. The government provides product marketing assistance in the form of promotion through social media to help market products that are licensed and halal.

The government also provides licensing facilitation assistance in the form of NIB, P-IRT, and halal certification for free. MSMEs actors stated that the licenses obtained were free in the form of NIB, P-IRT, and halal certification so that they could reduce licensing costs. Licensing obtained by MSMEs also helps product marketing in the form of easy acceptance of products by distributors. The government also provides facilitation for capital assistance recommendations to BPR Bank Daerah Madiun City. However, MSMEs actors prefer to use their own capital.

Government support in terms of education in the form of training, both halal-specific product training and product development training in general, benefits business development and guarantees product safety and halal assurance. This is based on the statements of MSMEs that have received education in the form of skills training and counseling on halal certification and MSMEs actors have a commitment to guaranteeing halal products and product safety from the selection of raw materials to product delivery to consumers. Government support in the form of product marketing through events, social media, or places provided such as PRC helps MSMEs in introducing their products to the public which has an impact on increasing product sales. However, there are MSMEs that do not feel this, namely Frizka Frozen MSMEs, which feel that marketing assistance from the government does not increase sales. Based on the statements of business actors, this is due to the lack of marketing of products by MSMEs actors themselves and the location of the business which is less strategic.

The implementation of halal principles in each value chain in MSMEs helps improve product quality, product safety and halal assurance, and increase consumer confidence in products on the market. By using value chain analysis, MSMEs players can identify and overcome obstacles in each chain from raw material selection, storage, distribution, until the product reaches consumers, thus enabling sustainable business growth and a strong reputation in the food industry. The practice of separating halal and non-halal ingredients, monitoring distribution, and communicating halal values in marketing is a practical model that can be adopted by other MSMEs. However, MSMEs also need to encourage strengthening internal capacity in maintaining halal integrity. This can be done through increasing the competence of human resources, compiling written procedures to strengthen the halal assurance system, and establishing strategic partnerships with logistics service providers and halal-verified raw material suppliers. In addition, investment in specialized storage infrastructure and proactive communication with suppliers regarding product halal specifications are an important part of maintaining the integrity of halal values from the beginning of the value chain process.

Halal value chain analysis provides comprehensive guidance to MSMEs players regarding the application of halal principles in every value chain activity from main activities to supporting activities. Food MSMEs in Madiun City, Indonesia have shown seriousness in maintaining product halal assurance and have the potential to increase consumer confidence and expand the market. Transparent product information, fair prices, and services that prioritize satisfaction and education make consumers the beneficiaries of this halal value chain. For consumers, these findings strengthen trust in products that demonstrate a serious commitment to maintaining halal assurance, not only from the aspect of raw materials but from the aspect of the logistics process. This is expected to encourage consumers to be more aware and critical of the importance of halal products as a whole, as well as improve the quality of products that are proven to maintain halal values.

Support from the government in the form of education/training, provision of facilities and infrastructure plays an important role in the implementation of an effective halal value chain. However, the government and relevant authorities need to strengthen the halal

ecosystem through regulations, incentives, and continuous guidance to MSMEs. One of the government's strategic supports is the provision of a halal logistics system, access to halal-certified shipping services, and the provision of sustainable training and certification programs. In addition, the government can provide incentives for MSMEs players who consistently apply halal principles in their business operations. Apart from the government, educational institutions and educators have an important role in strengthening the practical capacity of business actors through the integration of halal value chain knowledge into the curriculum of entrepreneurship, business management, and Islamic economics. Educators can become facilitators of halal literacy in society, especially in increasing the understanding of MSMEs actors and consumers about the importance of halal assurance in the entire value chain.

Although this research focuses on the local context in Madiun City, Indonesia, the results have strong global relevance, especially in the context of the development of the international halal industry. Demand for halal products continues to increase globally in both Muslim-majority and Muslim-minority countries. In this context, challenges related to the implementation of the halal value chain have become a cross-country issue, especially among MSMEs players who often face limited access to adequate halal logistics infrastructure. The practices carried out by MSMEs players in Madiun City are strategies that should be adopted by business actors in Indonesia and in other developing countries that are building a halal ecosystem. In addition, this research also emphasizes that the halal value chain is not just a religious obligation, but also a source of added value and product competitive advantage in the global market.

CONCLUSION

This study highlights the importance of the halal value chain in ensuring the sustainability of MSMEs in Madiun City, Indonesia. By implementing halal practices across inbound logistics, production, outbound logistics, marketing, and customer service to supporting activities of the halal value chain, it shows that MSMEs have a strong commitment to fulfill shariah compliance. However, challenges such as lack of written procedures and limited access to halal-compliant logistics are significant barriers. Government support, including licensing facilities, marketing assistance and training have proven instrumental in addressing this gap. To improve the halal value chain, MSMEs should adopt standardized operational procedures, improve human resource competencies, collaborate with halal-certified logistics providers, and invest in specialized storage infrastructure. Policy makers are encouraged to extend their support by providing halal-certified logistics systems and shipping services as well as providing ongoing technical training. Educational institutions and educators are expected to provide support by integrating halal value chain knowledge and becoming halal literacy facilitators. Future research should explore the scalability of these findings to other industry areas, as well as the role of new technologies in strengthening halal compliance. Ultimately, this study underscores the important role of value chains in driving sustainable growth for MSMEs and advancing the global halal industry.

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