

Competitive Advantages and Performance of the Halal Industry in Micro, Small and Medium Enterprises (MSMEs): *Systematic Literature Review*

Alimatul Farida^{1*}, Muhamad Ahsan², Burhan Djamaluddin³, Mohd Sollehudin Bin Shuib⁴

¹ Alimatul Farida, Universitas Negeri Sunan Ampel, Indonesia. farida@yudharta.ac.id

² Muhamad Ahsan, Universitas Negeri Sunan Ampel, Indonesia. m.ahsan@uinsby.ac.id

³ Burhan Djamaluddin, Universitas Negeri Sunan Ampel Indonesia.

burhanjamiluddin@uinsby.ac.id

⁴ Mohd. Sollehudin Bin Shuib, Lecturer Universiti Utara Malaysia. sollehudin@uum.edu.my

Abstract

The objective of this study is to classify and identify scientific article publications and conduct a systematic analysis of the current literature to develop a comprehensive understanding and provide deeper knowledge insights regarding the study of competitive advantages and halal industry performance in Micro, Small, and Medium Enterprises (MSMEs). The research methodology employs the Systematic Literature Review approach, utilizing a review process based on the PRISMA protocol. The study selected 17 articles from Scopus, Google Scholar, PubMed, and Semantic Scholar database sources that met the specified criteria. The data were categorized based on the number of article publications, research methods, research subjects, research focus, and research locus. The findings of the literature review study identify factors that influence the competitive advantage of the halal industry in MSMEs, including social capital, innovation, human resource competence, marketing strategies, sharia funding innovations, public-private partnerships, and compliance with halal standardization. Furthermore, the performance of the halal industry in MSMEs can be evaluated through financial statements, marketing performance, working capital or funding, information technology capabilities, organizational learning, and self-efficacy. This study contributes to the existing literature by systematically identifying and analyzing factors that affect the competitive advantage and measurement of halal industry performance in MSMEs.

Keywords; Competitive Advantage, Halal Industry Performance, MSMEs

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INTRODUCTION

The halal industry has become an integral component of the global economy, with significant growth projections. Hkk. Hendri Hermawan Adinugraha, Development of the Halal Industry in Indonesia (Pekalongan: SCIENTIST PUBLISHING, 2022). The demand for halal products is not only emanating from Muslim consumers but also from non-Muslim consumers who are increasingly cognizant of the importance of product quality and safety. (Lesia, Rokhmah, and Shukri 2023) This presents a substantial opportunity for the halal industry to participate in the expanding market. According to data from the State of the Global Islamic Economic Report in 2023, the consumption of global halal industry products is projected to reach USD 2.29 trillion in 2024 and continue to increase to reach 2.9 trillion in 2025. (Shikoh 2023) The sectors that serve as indicators

of the potential of the global halal industry are the food and beverage, cosmetics, pharmaceuticals, Muslim fashion, and halal tourism sectors.(KNEKS et al. 2023) Global halal industry players are predominantly Micro, Small and Medium Enterprises (MSMEs).(KNKS) 2019) Consequently, Micro, Small and Medium Enterprises (MSMEs) must be prepared to compete directly with global halal producers. By utilizing halal certification as a differentiation tool, MSMEs can strengthen their position in the domestic and global markets.(Handayani et al. 2022)

The development and growth of Micro, Small and Medium Enterprises (MSMEs) globally accounts for 90% of business, 60-70% of employment and 50% of GDP (Gross Domestic Product).(Sarwono 2015) Micro, Small and Medium Enterprises (MSMEs) also possess the capacity to facilitate economic growth and development worldwide, generate employment opportunities, and drive global economic expansion.(Arum 2024) Micro, Small and Medium Enterprises (MSMEs) constitute the primary cornerstone of economic activities on a global scale. Apip Alansori and Erna Listyaningsih, "The Impact of MSME Performance on MSME Welfare In Bandar Lampung," *AdBispreneur : Journal of Business Administration and Entrepreneurship Thought and Research* 7, no. 1 (2022): 39–53, <https://doi.org/10.24198/adbispreneur.v7i1.37930>.

In developed countries, such as Japan, China, and the United States, the business sector is predominantly comprised of Small, Medium and Micro Enterprises. L Kryeziu, "The Effects of Institutions, Firm-Level Factors and Rational Decision-Making on Entrepreneurial Behaviors of MSMEs: Lessons and Opportunities for Transition Communities," *Journal of Enterprising Communities* 18, no. 4 (2024): 771–797, <https://doi.org/10.1108/JEC-05-2023-0075>. Large corporations in developed countries also initiated their business operations within the Small and Medium Business sector. C. Meldona, Soetjipto, B.E., Utaberta, N., Dan Wardoyo, "Innovation Capability and Risk Attitude Mediate the Effects of Knowledge Management and Financial Literacy on MSME Performance," *Journal of Social Economics Research* 10, no. 4 (2023): 194–214, <https://doi.org/10.18488/35.v10i4.3555>. Micro, Small and Medium Enterprises (MSMEs) in developed countries make a substantial contribution and serve as the primary foundation of the national economy. This situation receives comprehensive support from the government, including assistance for the growth and development of Micro, Small and Medium Enterprises (MSMEs), fiscal support, financial support, and regional support. This support facilitates the creation of favorable conditions for Micro, Small and Medium Enterprises (MSMEs) to achieve sustainable growth and development.(Dai, Kostini, and Tresna 2019)

The growth and development of effective Micro, Small and Medium Enterprises (MSMEs) are inextricably linked to business competition.(Ardley and Naikar 2021) In the context of enhancing competitiveness within the Micro, Small and Medium Enterprises (MSMEs) sector, it is imperative to implement the concept of competitive advantage to achieve optimal business performance.(Muhammad Haseeb, Hafezali Iqbal Hussain 2019) A company is considered to possess competitive advantage when it successfully implements a value creation strategy that is concurrently employed by existing and potential competitors.(Barney 1991) Porter posits that competitive advantage fundamentally arises from the value a company can generate for consumers in exchange for their payment.(Porter 1985) These advantages may manifest as lower prices compared to competitors offering equivalent benefits, or as benefits commensurate with the price. Competitive advantage stems from the company's resources, which are heterogeneously distributed across the organization with persistent differences over time. Four empirical

indicators delineate a company's resource potential for attaining competitive advantage: value, scarcity, imitability, and replaceability.(Barney 1991)

Despite the presence of numerous opportunities, Micro, Small and Medium Enterprises (MSMEs) continue to encounter various challenges in implementing halal certification. These challenges encompass a lack of understanding regarding the certification process, associated costs, limited human resources, and inadequate sharia-based financial literacy.(Prasetyo, Yazid, and Khayati 2024) Consequently, it is imperative to comprehend how competitive advantage can be attained through halal certification and its subsequent impact on the performance of the halal industry among Micro, Small and Medium Enterprises (MSMEs). The escalating business competition, concurrent with societal developments, presents a significant threat that may potentially lead to business failure. This phenomenon will subsequently affect the performance, sustainability, and continuity of enterprises.(Zeis Zultaqawa, Mohammad Benny Alexandri 2019)

Empirical studies conducted by previous researchers have indicated that the concept of competitive advantage necessitates potential resources that are market-oriented,(Aramia Fahriyah 2020; Ratih Purbasari, Chandra Wijaya 2018) innovative strategies, business creativity,(Anjaningrum and Sidi 2018; Tu 2021; Wang 2019; Zameer 2020) entrepreneurial orientation, knowledge integration,(Cadden et al. 2023) and support from governmental protection policies.(Zakaria et al. 2024) Based on these empirical studies, research on the theme of competitive advantage and industrial performance has been extensively conducted. However, the theme of competitive advantage in achieving optimal performance in halal Micro, Small and Medium Enterprises (MSMEs) remains relatively understudied, thus necessitating further in-depth investigation.

This investigation was conducted utilizing a Systematic Literature Review, which aims to establish a framework for further research and provide deeper knowledge insights regarding the relationship between competitive advantage and halal industry performance in MSMEs, employing the PRISMA method. This study is anticipated to offer valuable insights for MSME stakeholders, policymakers, and researchers in developing efficacious strategies to enhance the performance and competitiveness of MSMEs within the halal industry sector.

METHODS

This research employs a qualitative approach, a method designed to explore and comprehend the significance individuals or groups attribute to perceived social issues.(Creswell 2009; Fadjarajani et al. 2020) The study utilizes a Systematic Literature Review (SLR) methodology, which involves a structured process of collecting and synthesizing research findings (Rachmawati 2024) or analyzing articles sharing a common theme, comparing them, and consolidating the results into a cohesive research outcome.(Agus et al. 2023) The researchers have identified a focal problem concerning the competitive advantages and performance of the halal industry within the MSME sector. SLR serves as a tool to identify, examine, evaluate, and interpret studies that meet the established eligibility criteria and validity assessments pertinent to the research objectives.

The review process adhered to the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) protocol, which provides evidence-based minimum items for systematic reviews and meta-analyses reporting.(Wahono 2020) PRISMA facilitates transparent and comprehensive reporting of research articles(Sastypratiwi and Nyoto 2020). The protocol is implemented through four stages: identification, screening, eligibility, and inclusion.(Wahono 2020) The articles in the

systematic review utilized charts adapted from PRISMA, as developed by Moher, Liberati, Tetzlaff, Altman, and The PRISMA Group (Hadi 2020). Figure 1 illustrates the SLR (Systematic Literature Reviews) flow utilizing the PRISMA methodology.

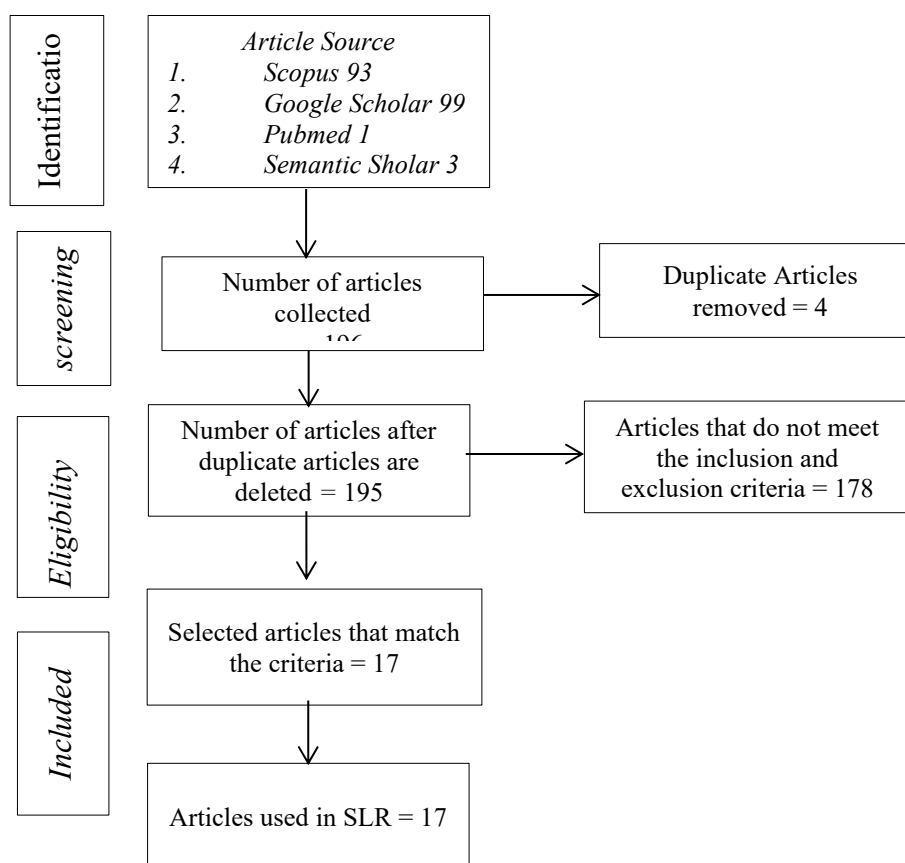


Figure 1. Systematic Literature Review information flow with PRISMA strategy

The Systematic Literature Review (SLR) in this study is constrained to a specific search time span, namely 2019 - 2024, due to the requirement for the most recent research data. In addition to this temporal limitation, the research search is restricted to studies published in article format. The articles in question are those that have undergone peer review and have been published in international and national journals in English.

In the identification stage, the researcher conducts a search of online article databases as secondary data sources. The database search is performed manually using the Publish or Perish string. The information data sources were selected from Scopus, Semantic Scholar, Google Scholar, and PubMed. Article retrieval for data collection from each source utilizes keywords and Boolean operators: "competitive advantage" OR "halal industry" OR "halal industry performance" AND "MSMEs". Following the article search process, the subsequent step involves downloading the articles using their respective DOI or article titles.

The screening stage, then the *screening* stage after the search process is completed, namely filtering duplicate or duplicate data through *the mendeley* application on the *tools - check for duplicates* menu. The time range based on 2019 – 2024 is included in the *screening* stage. So that in the final process of this stage, the amount of data used and not used for further review is obtained.

The eligibility stage involves completing the screening process to determine the articles to be included or excluded for further review. At this stage, the researchers establishes the inclusion and exclusion criteria. In this study, the inclusion criteria comprise: 1) scientific literature in the form of articles from empirical research, 2) sources from scientific journals indexed in Scopus, Semantic Scholar, Google Scholar, and PubMed, 3) publication years from 2019 – 2024, 4) qualitative, quantitative, or mixed-method research designs, 5) titles, abstracts, and keywords in scientific journals related to competitive advantage, halal industry, and halal industry performance in MSMEs. Conversely, the exclusion criteria encompass: 1) scientific articles not in English, 2) analysis units that are not halal MSMEs. Additionally, the reference lists of selected articles were reviewed to identify other related studies. Consequently, two categories were established: articles meeting the requirements and those not meeting the requirements.

In the included stage, eligible articles undergo review to identify suitable studies that meet the criteria determined by the researchers. The data are categorized based on the following parameters: 1. Number of article publications, 2. Research method, 3. Research subject, and 4. Research focus and locus.

RESULT

A Systematic Literature Review (SLR) employing the PRISMA methodology was conducted to identify research articles pertaining to the competitive advantage and performance of the halal industry in Micro, Small, and Medium Enterprises (MSMEs). The review process yielded 17 articles from national and international journals that satisfied the inclusion and exclusion criteria established by the researchers (see table 1.)

Table 1. Name, Title of Publication and Year of Publication

No.	Writer	Title	Year
1.	Rini Kurniasari, et., al R K Sari, "Sustainable Strategic Planning and Management Influence on Sustainable Performance: Findings from Halal Culinary MSMEs in Southeast Asia," Journal of Modelling in Management (2024), https://www.scopus.com/inward/record.uri?partnerID=HzOxMe3b&scp=85194910300&origin=inward .	Sustainable Strategic Planning And Management Influence on Sustainable Performance: Findings From Halal Culinary Msmes In Southeast Asia	2024
2.	Ari Susanti, et., al. A Susanty, "Prediction of the Performance of Halal Food Industry Using a System Dynamics Simulation Model," Journal of Islamic Marketing (2024),	Prediction of the performance of halal food industry using a system dynamics simulation model	2024

No.	Writer	Title	Year
	https://www.scopus.com/inward/record.uri?partnerID=HzOxMe3b&scp=85193363241&origin=inward .		
3.	Femei PurnamasariF Purnamasari, "Development of Human Resource Quality, Competitive Advantage of MSMEs with Innovation as Mediation in the Perspective of Islamic Economics," <i>KnE Social Sciences</i> (2024): 677–696, https://knepublishing.com/index.php/KnE-Social/article/view/16281 .	Development of Human Resource Quality, Competitive Advantage of MSMEs with Innovation as Mediation in the Perspective of Islamic Economics	2024
4.	Hafiz Zakaria, et. Al. Zakaria et al., "Public–Private Partnership Strategy in Increasing Competitiveness Advantage of Malaysia's Halal Cosmetic and Personal Care Industry."	Public–Private Partnership Strategy in Increasing Competitiveness Advantage of Malaysia's Halal Cosmetic and Personal Care Industry	2024
5.	Afni Regita Cahyani Muis, et., al. A Muis et al., "Encouraging The Potentials of Sustainable Competitive Advantage of Halal-Based Creative Micro, Small, Medium Enterprises on Asean Trade" (2023).	Encouraging The Potentials of Sustainable Competitive Advantage of Halal-Based Creative Micro, Small, Medium Enterprises on Asean Trade	2023
6.	Agus Wahyudin, Syarif Hidayat Agus Wahyudin and Syarif Hidayat, "Strategies for Halal Industry Development Through Strengthening Global Competitive Halal MSMEs of Tasikmalaya Municipality," <i>Proceedings of the 7th</i>	Strategies for Halal Industry Development Through Strengthening Global Competitive Halal MSMEs of Tasikmalaya Municipality	2023

No.	Writer	Title	Year
	<p>Global Conference on Business, Management, and Entrepreneurship (GCBME 2022), no. Advances in Economics, Business and Management Research (2024): 1747–1754, http://dx.doi.org/10.2991/978-94-6463-234-7_184.</p>		
7.	<p>Lina Marlina, et., al.Lina Marlina and Yadi Janwari, "Strategy Development of Halal Industry for an Improved Competitiveness of MSMEs : An Analytic Network Process Approach," Shirkah : Journal of Economics and Business 8, no. 3 (2023): 284–298.</p>	<p>Strategy Development of Halal Industry for an Improved Competitiveness of MSMEs: An Analytic Network Process Approach</p>	2023
8.	<p>Salihah KhairawatiSalihah Khairawat, Nur Wenin, and Tulus Haryon, "The Mediating Effect of Innovation in the Relationship Between Social Capital and Halal Culinary Business 's Competitive Advantage," AJMESC: Asian Journal of Management Entrepreneurship and Social Science 03, no. 04 (2023): 378–399.</p>	<p>The Mediating Effect of Innovation in the Relationship Between Social Capital and Halal Culinary Business's Competitive Advantage</p>	2023
9.	<p>Ahmad Hanfan, et., al.Ahmad Hanfan et al., "Building the Religious Product Advantage to Increase Marketing Performance in Indonesia's Halal Food Industry," Journal of Management Dynamics 14, no. 2 (2023): 191–204, http://jdm.unnes.ac.id.</p>	<p>Building Religious Product Advantage to Increase Marketing Performance of Micro, Small and Medium Halal Industry in Central Java – Indonesia</p>	2023

No.	Writer	Title	Year
10.	Liliana Inggrit Wijaya, et. Al.(Wijaya, Ardiansyahmiraja, and Wicaksono, Adhika Putra 2023)	The Impact of IT Capability and Organizational Learning on Halal Food SMEs Performance	2023
11.	Yoyok Cahyono(Cahyono et al. 2023)	The Role of Supply Chain Management Practices on Competitive Advantage And Performance of Halal Agroindustry Smes	2023
12.	Asep Maksum, Faisal Sundani K.(Maksum and Kamaludin 2023)	Inovation Using Islamic Values as Sustainable Competitive Advantage: Case Study on Muslim Clothing MSMEs	2023
13.	Mutiara Eka(Putri, Suryanto, and Hanif 2023)	Strategies to Create Sharia-Based Competitive Advantage for SMEs in The Era of Industrial Revolution 4.0	2023
14.	Abdul Hadi Sirat(Sirat and Jannang 2022)	Islamic Financial Management Practices and Business Performance in Small Industrial Companies	2022
15.	Popon Srisusilawati et al.(Srisusilawati et al. 2022)	The Roles of Self Efficacy And Sharia Financial Literacy To SMES Performance: Business Model As Intermediate Variable	2021
16.	Tri Ratna sari, Sri Gunawan, Sri Herianingrum(Ririn Tri Ratnasari, Sri Gunawan 2019)	Halal Food Sertification For Improving The Competitiveness of Small And Medium Enterprises	2019
17.	Abdul Qoyum (Qoyum 2019)	The Halal Aspect And Islamic Financing Among Micro, Small, And Medium Entrepreneurs (MSMEs) In Yogyakarta: Does Berkah Matter	2019

Source; data processed by researchers (2024)

The results of mapping the year of publication, focus, subject, locus, approach, and research method are presented in Table 2.

Table 2. Systematic Mapping Results
 Competitive Advantages and Performance of the Halal Industry

No.	Category	Sub Category	Sum
1	Year of Publication	2019	2
		2020	-
		2021	1
		2022	1
		2023	9
		2024	4
2	Research Subject	MSMEs	11
		Practitioners	2

		Academics	1
		Literature Study	4
3	Research Focus	<i>Strategic Management</i>	2
		<i>System Dynamics Model</i>	1
		<i>Firm Resource</i>	4
		<i>Dynamic Capability</i>	4
		<i>Social Capital</i>	1
		<i>Islamic Financing</i>	3
		<i>Supply Chain Management</i>	1
		<i>IT Capability</i>	1
4	Research locus	<i>MSMEs halal food</i>	6
		<i>MSMEs halal cosmetic</i>	1
		<i>Muslim Fashion MSMEs</i>	1
		<i>MSMEs Mix</i>	9
5	Research Approach	Qualitative	9
		Quantitative	7
		Mix Method	1
6	Research Methods	Case study	9
		Literature study	4
		Online surveys	1
		FGD	3

Source; data processed by researchers (2024)

Based on the selection of articles according to publication year, the distribution is as follows: four articles were published in 2024, nine in 2023, one in 2022, one in 2021, and two in 2019.

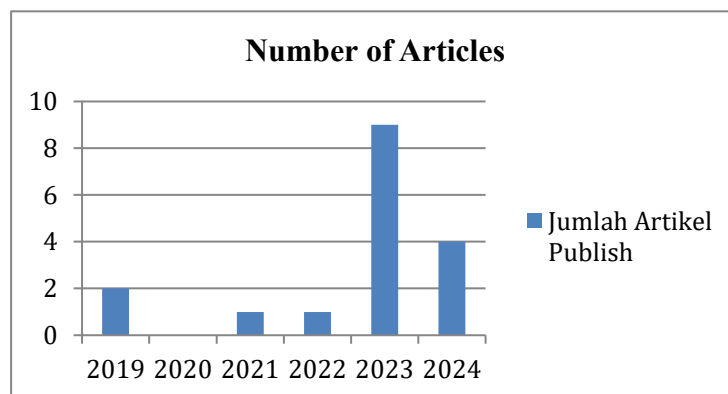


Figure 2. Number of Published Articles

The mapping of articles from previous research with the classification of articles from empirical research published in nationally and internationally accredited journals is explained in figure 2. Based on figure 2 from 2019 to 2022, there is still little research with the theme of competitive advantage and halal industry performance; in 2019, there were two articles, in 2020 there were none; in 2021 and 2022, only one article was in accordance with the criteria, and in 2023 there was an increase in the number with various research loci, namely Islamic banking, halal cosmetics, Muslim fashion, and halal food. Research with the theme of competitive advantage and industrial performance has basically been carried out since the 1980s era by M. Porter, and continues to be developed by subsequent researchers with a locus of large, medium and small industrial research from the fields of

services, trade and manufacturing, but research on halal industry objects has only emerged in the 2000s since the implementation of the Law on Halal Product Assurance.

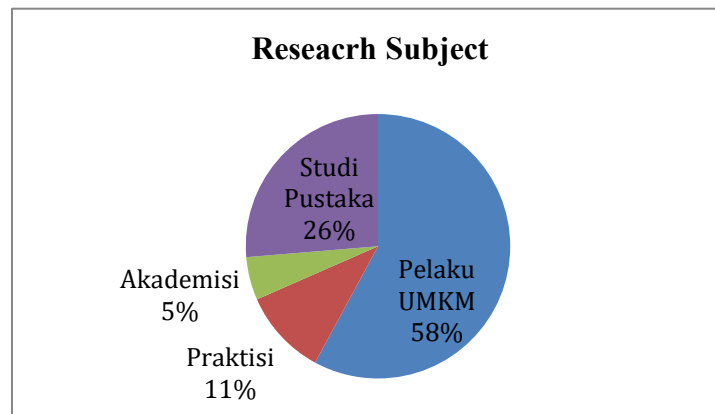


Figure 3. Research Subject

The research subject is defined as a source or entity that provides information to researchers for the purpose of obtaining research data (Ismail Pane 2022). In the analysis of previous research articles, it was found that the primary sources of information capable of elucidating factors that enhance competitive advantage and performance in the halal industry were MSME actors (58%). MSME informants are considered capable of providing valid responses based on activities directly related to business competition and performance assessment. Additionally, 26% of information sources were derived from literature pertaining to the halal industry and Islamic economics, 11% from practitioners, specifically Islamic economic practitioners, and 5% from academics.

Figure 4 illustrates that previous research on the mapping of articles with the theme of competitive advantage and halal industry performance, as well as discussions on the topics of firm resources and dynamic capability, are more prevalent at 23% each. This is in comparison to articles that address the topic of Islamic financing (18%), strategic management (12%), and the remaining topics of supply chain management, IT capability, and social capital, each representing 1% of the literature.

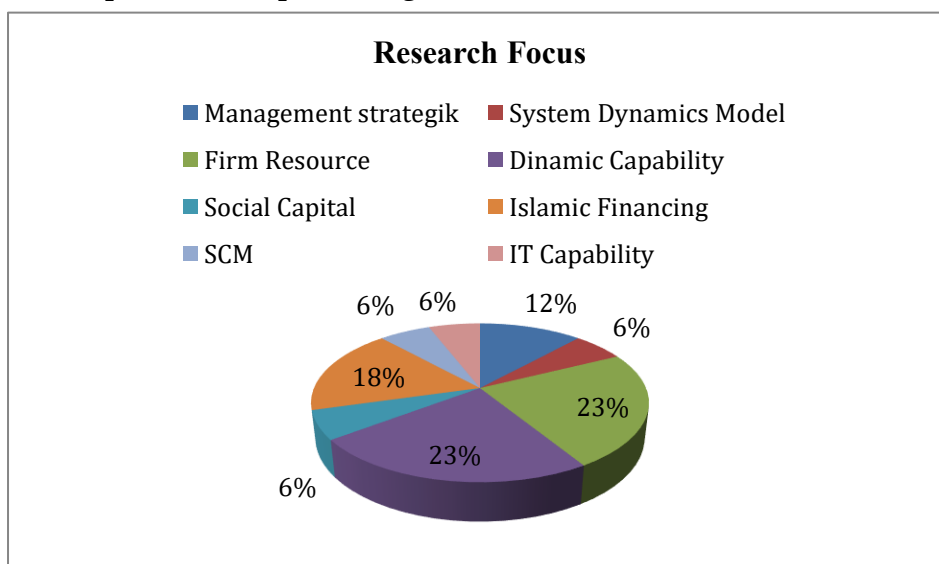


Figure 4. Research Focus

Furthermore, the classification of articles from previous research on the theme of competitive advantages and halal industry performance in MSMEs is based on research methods. As illustrated in Figure 5, the research approach methods employed by researchers predominantly utilize qualitative methodologies, accounting for 53% (9 articles), followed by quantitative approaches at 41% (7 articles). The mixed-method research approach remains infrequently utilized; among the 17 articles examined, only one employed this methodology. The most prevalent research type employs qualitative research approaches, specifically exploratory methods and literature reviews, to identify factors that enhance competitiveness and influence the performance of halal MSMEs.

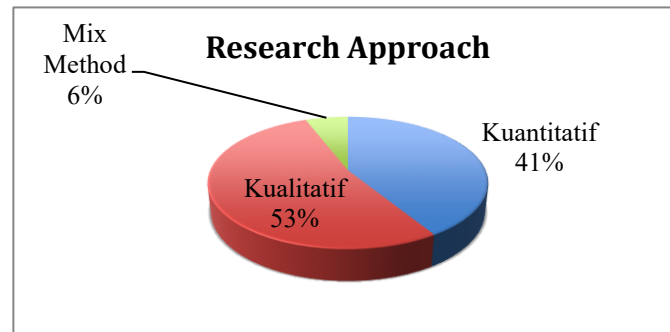


Figure 5. Research Approach

DISCUSSION

1. Competitive Advantages In Halal MSMEs

The halal industry is experiencing global growth, correlating with increased consumer awareness regarding the significance of products that adhere to Sharia principles. In this context, competitive advantage serves as the primary factor determining the ability of halal industry Micro, Small, and Medium Enterprises (MSMEs) to sustain and expand their operations in an increasingly competitive market. (N.A. MAjid 2024) Porter categorizes competitive advantages into two types: cost competitive advantage and differential competitive advantage. (Porter 1985) Cost competitive advantage is attained when a company can offer its products at a lower price than its competitors. Conversely, differential competitive advantage is achieved when a company can provide a product or service that consumers perceive as unique. Thus, competitive advantage constitutes the fundamental element of a company's success or failure in executing its activities, which can contribute to the company's overall performance. (Pitelis 2009)

According to the mapping of Study Literature Review, the competitive advantage of halal-based MSMEs is influenced by several factors: social capital and innovation,¹ human resource competence, (Purnamasari 2024) sharia funding innovation, marketing strategies² and public-private partnership strategies. (Zakaria et al. 2024) The factors affecting competitive advantage constitute the company's resources that require appropriate management.

As a result of the mapping of previous research, innovation strategies can be used as a source of creating competitive advantages for halal MSMEs with indicators including process innovation, (Suharti et al. 2024) product innovation, (Hanfan et al. 2023; Khairawat et al. 2023) innovation based on Islamic values in suppliers, retailers, producers, and

distribution channels of raw materials (Maksum and Kamaludin 2023) as well as innovation of sharia funding models. (Putri et al. 2023) These innovations will affect production costs, product sales, and product quality and can increase productivity. In addition, it can increase competitiveness in regional and global markets, these innovations can be used as halal MSME parameters for long-term competitiveness.

Another source of creating competitive advantage is marketing strategies and digitalization.³ Online marketing strategies and digitalization play a crucial role in expanding the reach of the market. (Maria Antony Raj M, Swapna Datta Khan and Dr Balamurugan S, Dr. Karthick R 2024) Halal MSMEs can take advantage of digital platforms to reach consumers regionally and globally. (Sjachriatin 2023) The right use of digital platforms such as the use of social media, content marketing and e-commerce can convey direct access to consumers who are looking for halal products and allow halal MSMEs to compete more competitively in reaching a wider consumer market.

In addition to innovation strategies and marketing strategies, other sources of creating competitive advantages come from strengthening human resource qualifications and compliance with halal standards. Improving the qualifications of human resources in halal MSMEs is important to increase business competitiveness and sustainability. Given the great potential of the halal industry regionally and globally, the human resource development strategy must include various aspects that support growth and innovation. Purnamasari's research study explained that the development of quality human resources for competitive advantage can be carried out through competency training that has the value of *soft skills*, *social capacity* and *intellectual capital*. (Purnamasari 2024)

2. Halal Industry Performance In MSMEs

Measuring the performance of MSMEs in the halal industry is an interesting and important task. This is because halal MSMEs do not have adequate resources such as large companies, but on the other hand, it is easier for halal MSMEs to communicate with customers and employees and make decisions faster. The performance of an organization is not only measured from financial statements but also from the customer side, internal business processes, and business growth.

Based on a literature review, this review can be mapped out regarding the factors that affect the performance of the halal industry in MSMEs. Research (Sirat and Jannang 2022) states that the performance of small industries in halal MSMEs is influenced by the working capital. Good funding decisions by halal industry players influence strategic decision making related to business development. Hanfan, Yaskun and Jaafar (Hanan et al. 2023; N.A. MAjid 2024; Yaskun 2023) explained that the performance of halal MSMEs is supported by innovations carried out by halal MSME actors themselves. The more creative and innovative halal MSMEs are, the greater their performance. In addition to working capital and innovation, the performance of halal MSMEs in this literature review is influenced by self-efficacy, Islamic financial literacy (Srisusilawati et al. 2022) and IT capability as well as organizational learning. (Wijaya et al. 2023) So the performance of the halal industry in MSMEs can be measured from financial statements, working capital or funding, information technology capabilities, organizational learning, self-efficacy and Islamic financial literacy.

³ (Putera, Rakib, and Sahabuddin 2021; Suharti et al. 2024; Wijaya et al. 2023)

3. The Influence Of Competitive Advantage On Halal Industry Performance

The global halal industry demonstrates positive growth annually, presenting a challenge for Micro, Small, and Medium Enterprises (MSMEs) that contribute significantly to the halal sector. Consequently, these enterprises require continuous support to produce competitive products for both domestic and international markets. Thus, each business must develop its competitive advantage to achieve its organizational objectives.

Based on a literature review of 17 selected articles, this review provides an overview of the competitive advantages and performance of halal-based MSMEs. According to research by Muis, Cahyono, Wijaya and Ratnawati (Cahyono et al. 2023; Muis et al. 2023; Ratnawati 2019; Wijaya et al. 2023) the potential for competitive advantages in halal-based MSMEs can support or enhance the performance of these enterprises. Correspondingly, Hanfan and Muafi [2] in their study assert that competitive advantage is capable of improving marketing performance (increasing sales, number of buyers, profit growth and sales volume).

CONCLUSION

The objective of conducting a literature review on the topic of competitive advantage and performance of the halal industry in Micro, Small, and Medium Enterprises (MSMEs) is to establish a research framework for further investigation and enhance knowledge insights regarding the study of competitive advantage and performance of the halal industry in MSMEs. Furthermore, it can serve as a reference for practitioners and academics in the domains of competitive advantage, halal industry performance, and halal-based MSMEs.

The researcher employed the PRISMA strategy to review selected articles that met the criteria to be systematically mapped and classified based on the number of articles published, research methodology, research subject, and research focus. The outcomes of this study provide guidance to assist researchers in planning future research through the identification of research gaps.

Based on the analysis conducted, the researcher ascertained that: 1) research on the topic of competitive advantage and halal industry performance demonstrates an increasing trend in 2023; 2) qualitative research approaches predominate at 53%, followed by quantitative research approaches at 41%, and mixed method approaches at 6%; 3) the research subjects or sources of information for data collection are primarily obtained from MSME actors (58%), followed by literature studies (26%), practitioners (11%), and academics (5%); 4) The prevalent research foci include firm resources, dynamic capability, system dynamics model, social capital, strategic management, Islamic financing, supply chain management, and IT capability.

1. This study contributes to the literature by systematically identifying and analyzing the factors that influence competitive advantage and measurement of halal industry performance in MSMEs. Factors affecting competitive advantage encompass social capital, innovation, human resource competence, marketing strategies, Sharia funding innovations, public-private partnerships, and compliance with halal standardization. The development of measures for halal industry performance in MSMEs, in addition to financial statements, includes working capital or funding, information technology capabilities, organizational learning, and self-efficacy.

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