Government Halal Regulation, Halal Practices, and MSME Financial Performance: A Scoping Review

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Abstract
Purpose: This study aims to examine the role of government halal regulation in improving MSME financial performance through halal practices and operational performance.
Methodology/approach: This study uses a scoping review to map and synthesize literature published mainly from 2019 to 2026. Studies were identified through Web of Science, Scispace and Google Scholar, supplemented by relevant open-access journal articles, institutional publications, and official regulatory documents. The literature was analyzed using narrative and thematic synthesis to identify key themes, compare findings, and identify inconsistencies and gaps in the existing research.
Results/findings: The review identifies three main findings. First, stronger halal regulation and government facilitation have increased institutional support for MSMEs, but implementation remains constrained by limited halal literacy, information gaps, administrative complexity, resource limitations, and uneven technical assistance. Second, the effect of halal certification on business performance is not consistently positive. Several studies report improvements in operational, market, revenue, and financial performance, while others find that certification alone does not automatically improve financial outcomes. Third, existing studies remain fragmented across consumer behavior, certification adoption, regulatory barriers, and firm performance, with limited integration of government regulation, halal practices, operational performance, and financial performance.
Limitations: This review is limited by the availability and quality of published literature and differences in methods, indicators, and contexts across studies.
Contribution: This study contributes to public policy, halal economy, and MSME development by providing an integrated framework for understanding how government halal regulation may improve financial performance through better halal practices and operational processes.

Keywords: *halal regulation, halal practices, operational performance, financial performance, MSMEs*

1. Introduction
Micro, small, and medium enterprises (MSMEs) play an important role in the economy by creating jobs, generating income, and supporting economic activities in society. In Indonesia, MSME development is also connected to the growth of the halal industry. In this context, government halal regulation serves not only to protect Muslim consumers but also to establish production standards, provide legal certainty, and encourage better business practices.

The Indonesian government has established a legal framework for halal product assurance through Law No. 33 of 2014, which was subsequently amended, including through Law No. 6 of 2023. Its implementation is further regulated by Government Regulation No. 42 of 2024, which replaced Government Regulation No. 39 of 2021. These regulations provide a legal basis for halal product assurance and clarify the responsibilities involved in implementing halal requirements (JDIH BPK RI, 2024b; Database Peraturan BPK, 2023; JDIH BPK RI, 2024a). Beyond regulation, the government also supports MSMEs through free halal certification, information services, and assistance with certification procedures. For example, the Halal Product Assurance Organizing Agency (BPJPH) allocated 1.35 million free halal certificates for micro and small enterprises through the SEHATI program in 2026 (Badan Penyelenggara Jaminan Produk Halal, 2026). These measures show that government policy includes both regulatory requirements and practical support to help businesses comply with halal standards.

However, wider access to halal certification does not necessarily mean that MSMEs will experience better financial performance. Previous studies have reported different results regarding the business benefits of halal certification. Giyanti & Indriastiningsih (2019) examined the performance of food SMEs and found that the relationship between certification and business performance varied across performance indicators. Akbar & Rohman (2023) also found that differences between certified and non-certified micro and small enterprises did not establish a statistically significant effect of certification itself after using propensity score matching. These findings suggest that halal certification alone may not be sufficient to improve business financial outcomes.

In contrast, other studies indicate that the benefits of halal certification may become clearer when businesses apply halal standards consistently and improve their internal processes. Giyanti et al., (2021) found that deeper implementation of halal standards was associated with better operational performance. Similarly, Alfarizi (2023) reported that halal certification, compliance with halal practices, and halal quality assurance were associated with operational performance, which in turn contributed to financial performance. Wildan et al. (2024) also reported positive income-related outcomes associated with the SEHATI program. Meanwhile, Hidayat & Witta (2024) concluded that halal certification can support MSME operations, consumer confidence, and business growth, although its economic benefits may depend on other factors, including product prices and market conditions.

Previous studies have reported inconsistent findings regarding the relationship between halal certification and MSME financial performance. Giyanti & Indriastiningsih (2019) and Akbar & Rohman (2023) found no significant financial improvements associated with halal certification, while Alfarizi (2023) and Gunawan et al. (2026) reported positive relationships between halal certification, business practices, and financial performance. Giyanti et al., (2021) further demonstrated that halal standard implementation influences financial performance indirectly through operational improvements. These findings raise an important research question regarding whether government halal regulation contributes directly to MSME financial performance or whether its economic benefits depend on the adoption of halal practices and improvements in operational capabilities.

Existing studies have examined different aspects of this relationship, but their findings remain fragmented. Research on halal regulation has primarily emphasized certification requirements, institutional support, and implementation barriers (Supriyadi et al., 2024; Taufiq et al., 2025; Fathoni et al., 2025). Meanwhile, studies on halal practices have explored operational improvements, quality assurance, and financial outcomes (Giyanti et al., 2021; Alfarizi, 2023). Previous literature reviews have also highlighted the role of certification in strengthening consumer confidence and market opportunities (Hidayat & Witta, 2024), while evidence from the SEHATI program suggests potential revenue benefits from government-facilitated certification (Wildan et al., 2024). However, these findings have not been sufficiently integrated to explain how government halal regulation may influence organizational practices, operational performance, and financial outcomes within a unified analytical framework.

To address this gap, this study conducts a scoping review of ten selected articles published between 2019 and 2026, focusing on Indonesian MSMEs. The review maps and synthesizes evidence concerning government halal regulation, halal practices, operational performance, and financial performance. Particular attention is given to differences in research methods, MSME characteristics, and performance indicators that may explain inconsistent findings. By examining these dimensions, the study seeks to identify potential mechanisms connecting regulatory implementation with business outcomes while recognizing the limitations of existing evidence.

The novelty of this study lies in its integrated conceptual perspective, which positions government halal regulation as the institutional starting point and distinguishes formal certification from the substantive implementation of halal practices. Rather than assuming that certification automatically improves financial performance, the review explores a potential pathway in which government regulation encourages halal practices, strengthens operational capabilities, and subsequently contributes to financial outcomes. It also considers possible direct relationships and contextual factors that may influence these outcomes. This integrated approach provides a foundation for future empirical research

and contributes to a more comprehensive understanding of the economic implications of halal policy for MSME development.

To guide the review, the following research questions are formulated:
RQ1. How are government halal regulations and their implementation instruments associated with the adoption of halal practices among MSMEs
RQ2. How does the implementation of halal practices relate to MSME operational performance
RQ3. What evidence exists regarding the relationship between operational performance and MSME financial performance
RQ4. How do methodological differences, MSME characteristics, and performance measurement contribute to inconsistent findings regarding halal certification and MSME financial performance

2. Literature Review and Hypothesis Development

2.1. Theoretical Foundations of Halal Regulation and MSME Performance

Institutional Theory explains that organizational behavior is influenced by formal rules, norms, and institutional structures that shape economic activities. North (1990) defines institutions as the rules of the game that reduce uncertainty and establish incentives for economic actors. In the context of micro, small, and medium enterprises (MSMEs), halal regulations, certification standards, monitoring mechanisms, and halal product assurance institutions constitute formal institutions that can influence business decisions and practices.

Halal regulation can be understood as regulatory pressure that encourages business owners to adjust raw materials, production processes, hygiene, storage, and distribution to comply with halal standards. However, regulatory pressure does not automatically lead to operational changes. Giyanti et al. (2021) found that internal motivation and organizational commitment play positive roles in encouraging more comprehensive halal standard implementation. This finding indicates that regulatory effectiveness depends not only on the existence of regulations but also on an organization's readiness to implement them in its business activities.

Meanwhile, Public Policy Theory provides a perspective on the government's role in designing and implementing policies to address public issues. Dye (1976) describes public policy as whatever governments choose to do or not to do. Howlett & Ramesh (2003) discuss the policy process and the instruments used by governments to achieve policy objectives. In the context of halal certification, these instruments may include regulations, public outreach, certification facilitation, technical assistance, and supervision.

The public policy perspective is important because MSMEs often face limitations in capital, information, knowledge, and human resources. Taufiq et al. (2025), through a systematic literature review of 40 articles, identified opportunities to improve competitiveness, market access, and consumer trust through halal regulation, while also identifying implementation barriers related to limited information, certification costs, and technical assistance. Muhromin (2025) similarly highlighted that regulatory complexity, limited training, and financial constraints can hinder halal certification literacy and implementation.

Based on these two theories, halal regulation is understood not merely as an administrative obligation but also as an institutional and policy instrument that can shape business practices. Consistent halal practices may improve the organization of operational processes, while operational improvements may provide a pathway toward better MSME financial performance.

The integration of Institutional Theory and Public Policy Theory provides the theoretical foundation for the conceptual framework developed in this study. Institutional Theory explains the upstream mechanism through which formal regulations create institutional pressures and expectations that influence MSME behavior. In this context, government halal regulation establishes the formal standards that encourage businesses to adopt halal practices. However, institutional pressure alone does not

guarantee consistent implementation, as organizational commitment, knowledge, and available resources also influence business responses.

Public Policy Theory complements this perspective by explaining how government policy instruments, such as certification facilitation, public information, technical assistance, and supervision, support the translation of regulatory objectives into actual business practices. These implementation mechanisms are important because MSMEs often face resource and information constraints.

The two perspectives are subsequently connected to operational and financial outcomes. Once halal standards are incorporated into daily business activities, they may contribute to more systematic production processes, quality control, and resource management. These operational improvements may then support financial outcomes through cost efficiency, product consistency, market confidence, and revenue development. Accordingly, Institutional Theory explains the influence of formal rules on organizational behavior, while Public Policy Theory explains the role of policy implementation in facilitating the achievement of business-level outcomes.

2.2. Government Halal Regulation and Its Implementation in MSMEs

Government halal regulation encompasses legal provisions and implementation instruments designed to ensure that products comply with halal standards. In Indonesia, Law No. 33 of 2014 concerning Halal Product Assurance serves as one of the primary legal foundations for the implementation of halal product assurance. Its implementing framework was subsequently updated through Government Regulation No. 42 of 2024, which replaced Government Regulation No. 39 of 2021. These regulatory changes demonstrate that halal product assurance is part of an evolving policy framework intended to strengthen certification and supervision.

In practice, policy effectiveness cannot be assessed solely by the existence of regulations or the number of certificates issued. Policies must also be evaluated based on their ability to help business owners understand requirements, comply with procedures, obtain assistance, and implement halal standards in their business processes. Taufiq et al. (2025) found that halal regulation has the potential to expand market access and increase consumer trust, although implementation barriers remain related to limited information, costs, and assistance. Consistent with these findings, Nijuar et al. (2025) identified limited capital, complex procedures, and insufficient information as challenges in the halal certification process for MSMEs.

Business owners' knowledge must also be considered. Giyanti & Indriastiningsih (2019) examined food entrepreneurs' knowledge of halal certification and their awareness of certification requirements. Their research is relevant to explaining why policy implementation requires business owners' understanding rather than merely the availability of regulations. Muhromin (2025) extends this discussion by emphasizing the importance of institutional support and peer learning in improving halal certification literacy.

These studies indicate that the relationship between regulation and MSME performance is influenced by the quality of policy implementation and the ability of business owners to adapt their business processes. Therefore, halal regulation may generate different outcomes depending on access to facilitation, understanding of standards, and the extent to which halal practices are implemented at the business level.

2.3. Halal Practices as a Policy Implementation Mechanism

Halal practices refer to the consistent application of halal requirements throughout business activities, from raw material selection to product handling and distribution. Tieman (2011) explains the importance of maintaining halal integrity throughout the supply chain. This supply chain perspective emphasizes that halal compliance is not limited to ingredients or finished products but also involves handling processes that may affect a product's halal status.

In food and beverage MSMEs, halal practices may include verifying the halal status of raw materials, maintaining hygiene, separating materials and equipment when necessary, preventing contamination, and managing storage and distribution. These practices should be distinguished from halal certification. Certification constitutes formal recognition of compliance with applicable requirements, whereas halal practices demonstrate how those requirements are implemented in daily business operations.

Giyanti et al. (2021) found that halal standard implementation is influenced by internal motivation and organizational commitment. This finding emphasizes that formal certification and substantive implementation of standards are related but distinct aspects. An MSME may hold a halal certificate, but the extent to which standards are consistently implemented in its operational processes still depends on the business owner's commitment, understanding, and consistency.

Alfarizi (2023) also examined the relationship between halal certification, compliance with halal practices, halal quality assurance, and sustainable business performance in culinary MSMEs. Conceptually, halal practices can serve as a mechanism through which government policies are translated into changes in business processes. Therefore, studies of halal regulation need to consider not only certification status but also the nature and consistency of halal practices implemented by business owners.

2.4. Operational Performance and MSME Financial Performance

Operational performance describes a business's ability to conduct its processes effectively and efficiently. In MSMEs, this performance may be reflected in product quality, production capacity, process consistency, material-use efficiency, quality control, and the timely fulfillment of orders. Giyanti & Indriastiningsih (2019) examined MSME performance using several indicators, including production capacity, product quality, sales, net profit, customer numbers, customer loyalty, and market share.

The implementation of halal practices may support operational performance through more organized procedures, better-controlled material selection, and greater attention to hygiene and product quality. However, these benefits cannot be assumed to occur automatically because implementing standards may also require time, costs, and adjustments to existing processes. Operational performance should therefore be understood as one possible mechanism connecting halal standard implementation with business outcomes.

This relationship is supported by Azizah et al. (2025), who analyzed 925 MSMEs across various sectors in 32 provinces in Indonesia. Their findings indicated that halal certification was positively associated with operational and financial performance. Operational performance was also positively associated with financial performance and mediated the relationship between halal certification and financial performance. These findings provide empirical evidence that certification benefits may emerge through improvements in business processes rather than certification status alone.

MSME financial performance may include sales and revenue growth, profitability, cost efficiency, cash flow, and business sustainability. However, previous studies have reported inconsistent findings regarding the relationship between halal certification and financial performance. Giyanti & Indriastiningsih (2019) found no significant difference in profit margins before and after certification or between certified and uncertified MSMEs. Akbar & Rohman (2023), using the propensity score matching method, also found that the effect of halal certification on micro and small enterprise performance was not statistically significant after accounting for business characteristics.

In contrast, Azizah et al. (2025) identified a positive relationship between halal certification and financial performance through their analysis of MSMEs across different sectors. Wildan et al. (2024) also examined the relationship between the Free Halal Certification Program (SEHATI) and MSME revenue growth. These differing findings suggest that the economic benefits of halal certification may depend on business characteristics, policy implementation contexts, and the operational mechanisms involved.

Therefore, halal certification should not be viewed as a guarantee of immediate profit growth. The analysis needs to consider the intermediate processes, particularly the implementation of halal practices and improvements in operational performance, as well as the conditions that enable these benefits to translate into financial outcomes.

2.5. Synthesis of Previous Studies and Research Gaps

Previous studies can be grouped into three main areas. First, research on halal regulation and policy implementation emphasizes opportunities to improve competitiveness and market trust while identifying barriers related to limited information, costs, literacy, and assistance (Taufiq et al., 2025; Nijuar et al., 2025; Muhromin, 2025). This body of research provides a foundation for understanding how policy outcomes are influenced by business owners' capabilities and institutional support.

Second, studies on halal practices and standards emphasize the importance of halal integrity throughout the supply chain and consistent standard implementation in business processes (Tieman, 2011; Giyanti et al., 2021; Alfarizi, 2023). These studies indicate that halal implementation should be understood as an organizational practice that extends beyond certificate ownership.

Third, research on the relationship between halal certification and MSME performance has produced mixed findings. Giyanti & Indriastiningsih (2019) and Akbar & Rohman (2023) did not find statistically significant financial effects in their respective research contexts. In contrast, Azizah et al. (2025) identified positive relationships between halal certification, operational performance, and financial performance, while Wildan et al. (2024) examined revenue growth in the context of the SEHATI program. These differences indicate that certification status, standard implementation, and financial outcomes need to be distinguished in the analysis.

Several review studies have also examined the implications of halal certification for MSMEs. Hidayat & Witta (2024) investigated these implications through a systematic literature review, while Taufiq et al., (2025) specifically examined halal regulation and its implications for MSMEs. Although these studies provide important insights, there remains an opportunity to develop a synthesis that systematically traces the relationships among government halal regulation, halal practices, operational performance, and financial performance within a single conceptual framework.

Based on this synthesis, the research gap in this article has three dimensions. First, studies of halal policy tend to examine regulation, certification barriers, or market benefits separately from internal business practices. Second, research on certification and MSME performance has produced inconsistent results, indicating the need to further map the mechanisms that may explain these differences. Third, a cross-study synthesis is needed to distinguish the direct effects of regulation or certification on financial performance from indirect effects that may occur through halal practices and operational performance. To address these gaps, this article adopts a scoping review approach to map the characteristics of existing studies, the concepts they employ, their empirical findings, and underexplored research areas. Unlike empirical studies that test relationship coefficients using a single sample, this article aims to identify patterns and inconsistencies across studies and propose directions for future research.

2.6. Conceptual Framework and Review Propositions

Based on Institutional Theory (North, 1990), Public Policy Theory (Dye, 1976), and the synthesis of previous studies, the conceptual framework of this article positions government halal regulation as a policy and institutional input, halal practices as the mechanism through which standards are implemented, operational performance as an internal business mechanism, and MSME financial performance as the ultimate outcome under review.

Government Halal Regulation	→	**Halal Practices**	→	**MSME Operational Performance**	→	**MSME Financial Performance**

Figure 1. Conceptual framework of the literature review
Source: Processed by the author (2026)

These relationships are included because previous studies have reported inconsistent findings. While Gunawan et al. (2026) identified a positive and significant relationship between halal certification and financial performance, Giyanti & Indriastiningsih (2019) and Akbar & Rohman (2023) found no significant financial improvements attributable to certification. These differences suggest that business characteristics, market conditions, implementation costs, and measurement approaches may influence the observed relationships.

The framework integrates Institutional Theory and Public Policy Theory to explain these relationships. Institutional Theory emphasizes how formal regulations and institutional pressures shape organizational behavior, while Public Policy Theory highlights how government interventions, certification programs, and implementation mechanisms influence business responses. Supriyadi et al., (2024) demonstrated how different halal regulatory systems shape certification practices in Indonesia and Malaysia. Meanwhile, Taufiq et al. (2025) and Fathoni et al., (2025) identified certification costs, regulatory complexity, limited awareness, and insufficient technical assistance as important implementation barriers. In contrast, Wildan et al. (2024) reported improved market opportunities and revenue among MSMEs participating in the government's Free Halal Certification Program (SEHATI). Together, these findings indicate that regulatory effectiveness depends not only on formal requirements but also on institutional support and MSME readiness.

Based on this framework, four review propositions are developed:
Proposition 1. Government halal regulation and its implementation instruments may encourage MSMEs to adopt consistent halal practices. This relationship may depend on regulatory accessibility, certification costs, technical assistance, and organizational readiness (Giyanti et al., 2021; Taufiq et al. 2025; Fathoni et al., 2025).

Proposition 2. Consistent halal practices may improve MSME operational performance through production standardization, quality assurance, material management, and process efficiency (Giyanti et al., 2021; Alfarizi, 2023).

Proposition 3. Improved operational performance may contribute to better financial performance through greater efficiency, product quality, market confidence, and sales growth. However, these benefits may vary depending on business characteristics, operational costs, and market conditions (Giyanti & Indriastiningsih, 2019; Giyanti et al., 2021; Alfarizi, 2023).

Proposition 4. Government halal regulation may also be associated with operational and financial performance, while halal practices may directly influence financial outcomes. However, the strength and consistency of these relationships remain uncertain across MSME contexts (Akbar & Rohman 2023; Hidayat & Witta 2024; Supriyadi et al., 2024; Gunawan et al. 2026).

These propositions serve as analytical expectations rather than statistical hypotheses. As this study adopts a scoping review approach, the proposed relationships are examined through the synthesis of existing empirical and review-based evidence. The framework therefore provides a structured explanation of how government halal regulation, halal practices, and operational capabilities may jointly shape MSME financial performance, while acknowledging the methodological differences and inconsistent findings across previous studies.

3. Reaserch Method

This study employed a scoping review design to map and synthesize existing literature concerning government halal regulation, halal practices, operational performance, and financial performance among Indonesian micro, small, and medium enterprises (MSMEs). A scoping review approach was selected because the topic encompasses multidisciplinary perspectives, including legal, policy, organizational, operational, and financial aspects, as well as diverse research designs. Accordingly, this study focuses on mapping the available evidence, identifying recurring themes and inconsistencies, and highlighting research gaps rather than conducting a statistical meta-analysis.

3.1 Literature Search and Study Selection

A supplementary literature search was conducted on Oktober 15, 2026, using SciSpace, Web of Science and Google Scholar as the sole literature discovery platform. The search covered publications from 2019 to 2026 and focused on the relationship between government halal regulation, halal certification, halal practices, operational performance, and financial performance among Indonesian micro, small, and medium enterprises (MSMEs). Four search queries were formulated to identify empirical studies and literature reviews addressing halal policy implementation, halal standard practices, operational performance, and the financial implications of halal certification.

The search strategy used combinations of keywords related to the main research concepts, including "halal regulation", "halal certification", "halal practices", "halal standard implementation", "MSME performance", "operational performance", "financial performance", "SEHATI", and "halal policy". Official government documents were also consulted separately to establish the regulatory and policy context of halal product assurance in Indonesia. These documents served as contextual sources and were distinguished from the scholarly studies selected for the literature synthesis.

Studies were considered eligible when they met the following criteria: (1) published between 2019 and 2026; (2) focused on Indonesian MSMEs or small and medium enterprises; and (3) addressed at least one relevant aspect of government halal regulation, halal certification, halal practices, operational performance, or financial performance. Empirical studies and literature reviews were considered when their findings were relevant to the research questions. Studies were excluded when they focused exclusively on theological issues without examining MSME-related implementation or performance outcomes, consumer behavior without an enterprise-related implication, or technical and engineering aspects without relevant policy or management implications. Publications with insufficient information to support the review objectives were also excluded.

3.2 Data Charting and Synthesis

Data were charted using a structured extraction framework covering authorship and publication year, research objectives, geographical context, MSME characteristics, methodological approach, sample characteristics, relevant variables or performance indicators, and principal findings. The extracted information was organized into an analytical matrix to facilitate comparison across the selected studies. A narrative thematic synthesis was conducted to identify recurring patterns, contrasting findings, and underexplored relationships. The findings were organized into four analytical themes: (1) government halal regulation and policy implementation; (2) halal practices and operational performance; (3) halal certification and financial performance; and (4) integrated relationships and research gaps. Empirical studies and literature reviews were considered according to their respective contributions, while differences in research methods, sample characteristics, and performance measurements were taken into account during the comparison.

The synthesis aimed to examine how government halal regulation may relate to the adoption of halal practices, how halal practices may be associated with operational performance, and how operational performance may contribute to financial outcomes. It also considered alternative pathways and contextual factors that may help explain inconsistent findings regarding halal certification and MSME financial performance. The analysis was conducted in accordance with the four research questions and review propositions established in this study.

4. Result And Discussion

4.1 Result

The review identifies a literature base that can be grouped into four connected streams. The first concerns the institutional drivers and implement ation of halal standards. The second examines the effect of certification or halal practice on operational and market outcomes. The third evaluates financial or revenue outcomes. The fourth consists of policy and systematic reviews that emphasize implementation barriers and the role of government. Across these streams, the strongest pattern is that government policy matters most when it is converted into organizational capability and consistent operational practice.

Table 1. Data Collecting

No	Author (Year)	Research Focus / Method	Main Result
1	Giyanti & Indriastiningsih (2019)	Impact of halal certification on the performance of food small medium enterprises; Comparative / quantitative	Subjective performance indicators differ, but objective profit margin does not significantly improve merely because of certification. This indicates that certification alone is not an automatic financial-performance driver.
2	Giyanti et al., (2021)	Halal standard implementation in food manufacturing smes: its drivers and impact on performance; SEM-PLS	Internal motivation and organizational commitment support deeper halal standard implementation; stronger implementation improves operational performance and is linked to market and financial performance.
3	Akbar & Rohman (2023)	Analysis of the impact of halal certificate on the performance of micro and small enterprises (SMEs); Propensity Score Matching	Certified and non-certified groups show performance differences, but the estimated causal effect of the certificate itself is not statistically significant after matching.
4	Alfarizi (2023)	The role of halal certification and compliance of halal practices to sustainable business performance; SEM-PLS	Certification, halal-practice compliance, and halal quality assurance positively relate to operational performance; operational performance contributes to financial performance.
5	Hidayat & Witta (2024)	Halal certification implications for MSMEs; Systematic Literature Review	The literature generally reports positive implications for operational continuity, consumer trust, sales, and revenue, but price and other business factors can weaken a direct certification-to-purchase or certification-to-performance pathway.
6	Wildan et al. (2024)	The impact of the free halal certification program (SEHATI) on the revenue growth of micro, small, and medium enterprises (MSMEs); Quantitative evaluation	SEHATI is associated with MSME revenue growth, indicating that government facilitation can produce an economic outcome when certification access is reduced.
7	Supriyadi et al., (2024)	Legal effectiveness of halal product certification in improving business economics; Comparative / legal-empirical review	Mandatory certification and self-declare strengthen the institutional framework, while respondents perceive certification as relevant for turnover; procedural and implementation challenges remain.
8	Taufiq et al. (2025)	Halal regulation and implications for MSMEs; Systematic Literature Review	Regulation can improve competitiveness, market access, and trust, but information gaps, certification costs, and insufficient technical assistance remain major barriers.
9	Fathoni et al., (2025)	Unlocking barriers and strategies of halal certification for micro and small enterprises in indonesia; Analytic Network Process Approach	Financial constraints, regulatory complexity, and limited awareness are key barriers; the study emphasizes coordinated strategies to improve adoption among micro and small enterprises.
10	Gunawan et al. (2026)	The effects of halal certification, sharia accounting record-keeping, and islamic branding on the financial performance of halal MSMEs.; Quantitative	Halal certification, together with Sharia accounting record-keeping and Islamic branding, is positively associated with financial performance, reinforcing the possibility of a financial benefit when halal adoption is embedded in business management.

Source: Various open-access and official sources processed by the author, 2026

4.2 Discussion

The findings of this scoping review reveal that government halal regulations and halal practices play important roles in supporting MSME performance, although their financial impacts remain inconsistent. Giyanti & Indriastiningsih (2019) found no significant differences in profit margins between halal-certified and non-certified SMEs, despite significant differences in perceived operational performance. Similarly, Akbar & Rohman (2023), using Propensity Score Matching (PSM), found that halal certification had no significant effect on profits, sales, or customer numbers after controlling for observable business characteristics. These findings suggest that halal certification alone does not necessarily improve financial performance, as business characteristics and operational capabilities may influence the outcomes.

In contrast, Giyanti et al. (2021) found that halal standard implementation significantly improved operational performance, which subsequently enhanced market and financial performance through full mediation. The study also highlighted internal motivation and organizational commitment as important drivers of successful implementation. Similarly, Alfarizi (2023) demonstrated that halal certification, compliance with halal practices, and halal quality assurance positively influenced operational performance, which subsequently improved financial outcomes. Gunawan et al. (2026) further identified positive relationships between halal certification, Sharia accounting practices, Islamic branding, and MSME financial performance. These differences suggest that financial benefits depend not only on certification ownership but also on the effective implementation of halal standards, financial management, and marketing strategies.

From a regulatory perspective, Supriyadi et al., (2024) highlighted differences between Indonesia's mandatory halal certification framework and Malaysia's voluntary system, emphasizing the perceived economic benefits of certification. Meanwhile, Hidayat & Witta (2024) found that halal certification supports consumer confidence, market access, and business sustainability, although price remains an important purchasing consideration. Wildan et al. (2024) reported increased revenue and market opportunities among MSMEs participating in Indonesia's Free Halal Certification Program (SEHATI). However, Taufiq et al. (2025) and Fathoni et al., (2025) identified financial constraints, regulatory complexity, limited awareness, and insufficient technical assistance as major barriers to certification. Together, these findings indicate that government regulations may create market opportunities, but their effectiveness depends on accessibility, institutional support, and MSME readiness.

The inconsistencies across studies may be explained by differences in respondent characteristics, business sectors, research methods, and financial performance indicators. Studies using objective financial measures or PSM produced less conclusive results than studies employing SEM-PLS or perception-based assessments. Furthermore, increased sales and market access do not necessarily translate into higher profits because certification and operational compliance may involve additional costs. The evidence also differs in strength, as qualitative studies and literature reviews cannot independently establish causal financial effects. Overall, this review suggests that halal regulation influences MSME financial performance primarily through effective halal practices, operational improvements, and market access rather than certification alone. Future research should employ longitudinal designs, objective financial indicators, and comparable control groups to better evaluate the long-term financial effects of halal regulations and practices.

Taken together, these differences suggest that the economic implications of halal certification should not be evaluated through certification status alone. A more comprehensive assessment needs to distinguish between regulatory compliance, actual halal-practice implementation, operational improvement, and realized financial performance. This distinction provides a possible explanation for the mixed findings across previous studies and supports the use of an integrated conceptual framework in this review.

The first issue emerging from the literature is an implementation gap between formal regulation and actual MSME compliance. The regulatory architecture in Indonesia has become more structured, and government support has expanded through free certification, self-declare pathways, digital services, and

technical assistance. Nevertheless, the review repeatedly identifies information limitations, literacy gaps, administrative complexity, limited financial capacity, and insufficient technical assistance as barriers. This pattern indicates that a policy can be legally strong while remaining operationally uneven at the enterprise level.

The second issue is the non-automatic relationship between halal certification and financial performance. Positive findings are present, particularly where certification is accompanied by stronger operational processes, market credibility, revenue growth, or other business capabilities. However, objective-performance evidence and propensity-score estimates caution against interpreting certification as a standalone source of profit. The implication is important for policy evaluation: success should not be measured only by the number of certificates issued, but also by whether businesses convert compliance into productive capabilities and sustainable economic outcomes.

The third issue is the role of halal practices as an intermediate mechanism. Certification creates formal recognition, but day-to-day business performance depends on what firms actually do with the standards. The literature on halal standard implementation suggests that deeper implementation can strengthen process discipline, quality assurance, and operational performance. In the proposed pathway, regulation therefore creates the institutional pressure and support, while halal practice translates those institutional expectations into internal business routines.

The fourth issue is the position of operational performance in the regulation to finance relationship. Operational performance provides a plausible bridge between compliance and financial outcomes because better process control can reduce waste, improve quality, stabilize output, and support customer satisfaction. Alfarizi (2023) and Giyanti et al. (2021) provide evidence consistent with this mechanism. Yet, the existing literature rarely integrates government regulation itself with this operational pathway. Many studies begin with certification status rather than with the broader policy package of regulation, facilitation, information, and monitoring.

The fifth issue is theoretical fragmentation. Institutional theory is useful for explaining how regulatory pressure and norms shape organizational behavior, while public policy theory explains why policy instruments and implementation capacity determine whether such pressure can produce behavioral change. Existing studies often employ one perspective at a time. An integrated institutional policy lens is therefore useful for explaining why identical certification requirements may generate different levels of compliance and business benefit depending on the quality of information, facilitation, administrative accessibility, and organizational capability.

A major research gap remains at the intersection of government policy implementation and firm-level economic outcomes. The reviewed studies provide evidence on halal certification adoption, operational effects, financial outcomes, and regulatory barriers. However, these dimensions are often examined separately, limiting an integrated understanding of how government policy is translated into organizational practices and, subsequently, business performance. In particular, the relationship between government facilitation, substantive halal-practice implementation, operational improvements, and financial outcomes remains insufficiently integrated in the existing literature.

From a theoretical perspective, Institutional Theory and Public Policy Theory offer complementary explanations for this relationship. Institutional Theory helps explain how formal regulations shape organizational responses, whereas Public Policy Theory highlights the importance of policy instruments and implementation capacity in translating regulatory objectives into practical outcomes. Integrating these perspectives provides a broader analytical basis for understanding why similar halal requirements may produce different organizational and economic outcomes across MSMEs.

Accordingly, future research should move beyond examining whether halal certification improves business performance and investigate the conditions under which government policy facilitates substantive halal practices, how these practices relate to operational improvements, and when such

improvements are reflected in financial outcomes. This approach may generate more comprehensive and policy-relevant evidence than comparisons based solely on certification status.

This review consequently positions the central gap not as the absence of research on halal certification, but as the absence of an integrated explanation of how public policy becomes firm-level economic performance. The research agenda should therefore move from the question "Does halal certification improve performance?" toward more precise questions such as: Which policy instruments make halal adoption easier? Under what conditions does halal practice improve operations? When does operational improvement translate into financial gains? And what institutional capacities determine the strength of these pathways? Such questions can generate more policy-relevant evidence than a simple certified-versus-non-certified comparison.

The findings of this review provide several implications for halal policy development in Indonesia. First, government intervention should extend beyond the provision of halal certificates by strengthening continuous education, information accessibility, and technical assistance. These measures are particularly important for MSMEs with limited managerial knowledge, financial resources, and administrative capacity.

Second, halal certification programs should be accompanied by support for substantive implementation at the enterprise level. Assistance should not only focus on completing certification requirements but also on improving raw material verification, production procedures, hygiene management, storage, and quality control. This approach may help MSMEs transform formal compliance into more consistent operational practices.

Third, the evaluation of government halal programs should adopt broader performance indicators. In addition to the number of certificates issued, policymakers should consider the extent of halal-practice adoption, operational efficiency, product quality, revenue development, and business sustainability. Such indicators would provide a more comprehensive assessment of whether government facilitation generates meaningful economic outcomes.

The academic contribution of this study lies in integrating institutional and public policy perspectives with the organizational and financial dimensions of MSME performance. By distinguishing formal halal certification from substantive halal-practice implementation, this review offers a mechanism-based perspective on why the financial implications of halal certification may vary across studies. The proposed framework also identifies potential pathways and mediating mechanisms involving halal practices and operational performance that require further empirical investigation.

5. Conclusion

This scoping review highlights that government halal regulation plays an important role in shaping halal practices and MSME business performance. However, the effectiveness of halal regulation depends not only on formal certification requirements but also on regulatory accessibility, technical assistance, organizational readiness, and institutional support. Previous studies identified certification costs, administrative complexity, and limited halal awareness as major barriers to implementation (Taufiq et al. 2025; Fathoni et al., 2025). Therefore, regulatory compliance alone does not necessarily guarantee improved business outcomes.

The reviewed studies reveal inconsistent findings regarding the financial benefits of halal certification. Giyanti & Indriastiningsih (2019) and Akbar & Rohman (2023) found no significant financial improvements attributable to certification, while Alfarizi (2023) and Gunawan et al. (2026) reported positive relationships between halal certification, operational practices, and financial performance. These differences may be explained by variations in research methods, MSME characteristics, and performance measurement. Comparative studies and Propensity Score Matching examine differences in financial outcomes while accounting, to varying degrees, for business characteristics, whereas SEM-PLS studies explore relationships among organizational practices and performance indicators. Furthermore, differences in business scale, sector, managerial capabilities, and market conditions may

influence the ability of MSMEs to translate halal certification into economic benefits. Subjective assessments of business improvement may also produce different findings from objective financial indicators, particularly when operational improvements have not yet resulted in measurable profit growth.

Overall, the findings support a mechanism-based perspective in which government halal regulation may encourage halal practices, leading to improved operational performance and subsequently stronger financial outcomes. Giyanti et al. (2021) demonstrated that operational performance mediates the relationship between halal standard implementation and financial performance, emphasizing that substantive implementation is more important than certification status alone. However, these relationships may vary depending on implementation costs, organizational capabilities, government facilitation, and market conditions.

This review contributes an integrated conceptual framework linking government halal regulation, halal practices, operational performance, and MSME financial performance. For policymakers, the findings suggest that halal policy evaluation should extend beyond certification numbers to include operational improvements, market access, revenue growth, and business sustainability. Future research should employ longitudinal approaches, objective financial indicators, and comparable control groups to better understand the long-term economic effects of halal regulation and practices on MSMEs.

Limitations And Future Research

This study has several limitations. First, the review depends on the availability and accessibility of publications from the selected scholarly databases, journal repositories, publisher websites, and official government sources. Therefore, some relevant studies may not have been captured. Second, differences in research designs, measurement indicators, business contexts, and analytical methods across the reviewed studies may limit direct comparisons of their findings. Third, as a scoping review, this study aims to map existing evidence and identify research gaps rather than estimate the overall effect of halal regulation on MSME financial performance through statistical meta-analysis.

An additional limitation concerns the reporting of the literature search and selection process. Although the review describes the main search terms and eligibility criteria, it does not provide a complete record of the search dates, the number of records initially identified, or the number of studies excluded during screening. This limits the extent to which readers can independently reproduce the search and selection process. In addition, the use of multiple scholarly platforms, journal repositories, publisher websites, and official sources may result in differences in search coverage and accessibility. Future reviews should document the search dates, database-specific search strategies, screening decisions, and reasons for exclusion more explicitly to improve transparency and reproducibility.

Future research could expand the coverage of academic databases, apply more comprehensive search strategies, and examine the relationships identified in this review through systematic reviews or meta-analyses when sufficient comparable evidence is available. Empirical studies could also investigate how government halal regulation influences financial performance through halal practices and operational performance, while considering differences in business characteristics, policy implementation, and institutional support. These directions may contribute to a more comprehensive understanding of the mechanisms through which halal policies affect MSME performance.

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