



Strengthening Village Economies as a Buffer Zone for Achieving the SDGs: The Role of Human Resource Management in the Halal Industry

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Abstract

This study aims to explore the role of human resource management in strengthening village economies to support the achievement of halal certification for Micro, Small, and Medium Enterprises (MSMEs), as well as to identify the challenges encountered throughout the certification process. Using a quantitative approach complemented by the Analytical Hierarchy Process (AHP) method, this research identifies various factors influencing the success of halal certification, including income level, access to resources, and support from local government. Data were collected through questionnaires and in-depth interviews with 100 respondents representing MSMEs that have obtained, are currently undergoing, or are planning to apply for halal certification. The study also examines the contribution of halal certification to the achievement of the Sustainable Development Goals (SDGs), particularly in poverty alleviation, inclusive economic growth, and sustainable consumption and production. The findings indicate that village economies with their growing MSME sector hold significant potential to support the achievement of halal certification. Halal certification is shown to have a positive impact on MSME competitiveness, expanding market access, and supporting the economic sustainability of rural communities. This research recommends the enhancement of training programs, policy support, and cross-sector collaboration to accelerate the halal certification process and strengthen MSME capacity in supporting the achievement of the SDGs.

Keywords: Village Economy, Human Resources, AHP, SDGs

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INTRODUCTION

Sustainable development is no longer merely a discursive trend; rather, it represents a manifestation of a global commitment to balancing economic growth, environmental sustainability, and social empowerment with precision. Through the Sustainable Development Goals SDGs, the international community seeks to establish a more inclusive and secure global order through 17 universal goals generations (United Nations, 2023). The emphasis on environmental sustainability aims to protect the planet for future generations (Spijkers, 2018). However, the achievement of this objective is highly dependent upon a robust economic pillar. The 2023 United Nations report on Goal 8, "Decent Work and Economic Growth," reveals a sobering reality: the global manufacturing industry has not fully recovered from the impact of the COVID 19 pandemic. Global manufacturing growth decelerated significantly from 7.4% in 2021 to only 3.3% in 2022. This phenomenon is particularly critical in Least Developed Countries LDCs, where progress toward achieving manufacturing's targeted contribution to GDP remains far from expectations (Pahl et al., 2022). Amid such uncertainty, strengthening organizational internal capacity through Human

Resource Management HRM becomes a determining factor that is often overlooked in macroeconomic narratives.

Although the role of LDCs in supporting micro, small, and medium enterprises MSMEs has been widely examined, a critical research gap persists in the current literature regarding how human aspects are managed to support halal standardization. Research by (Moughari & Daim 2023), emphasizes that ICT accessibility is crucial; however, it tends to overlook the mental readiness and technical competence of individuals who operate such technologies. Similarly, (Pushp & Ahmed 2023) and (Bharti & Singh 2023), argue that financial incentives and policy environments constitute primary stimuli for MSMEs in LDCs. Nevertheless, this perspective remains largely top down and often fails to address the root problem at the micro level, namely the limited managerial quality of business actors. Studies conducted by (Moerad et al., 2023) and (Rahmat et al., 2023), have begun to highlight the importance of education and socialization regarding halal certification; however, their focus remains confined to general public understanding rather than integrated Human Resource Management strategies embedded within business operations. This study seeks to fill this gap by asserting that without talent management, continuous training, and visionary halal oriented leadership, financial and technological assistance will not generate long term impacts on economic resilience.

The significance of this research lies in its effort to address the stagnation of competencies and the crisis of halal literacy at the producer level. The implementation of the Halal Product Assurance Law UU JPH since 2019 mandates that all products in Indonesia, including those produced by MSMEs, obtain halal certification (BPJPH, 2023). The primary challenge is not regulatory availability, but rather internal constraints in operational management and the low quality standards of human resources (LKjIP, 2020). This research is therefore crucial in explaining how strengthening human resource capacity through professional education and structured socialization can transform halal certification from a mere administrative burden into a competitive advantage. Through a strategic HRM approach, this study proposes solutions to build a disciplined, halal integrity driven, and innovative work ecosystem that will directly enhance public trust and expand access to international markets (Fatwa MUI, 2021).

The objective of this study is to analyze and describe a model for integrating the halal MSME industry through the optimization of Human Resource Management as the driving force of local economic resilience in Jepara Regency. More specifically, this research aims to: 1 evaluate the effectiveness of human resource capacity development programs in implementing the Halal Assurance System PPH; 2 describe the synergy between local government policies and business governance management in achieving inclusive economic growth; and 3 formulate strategies for strengthening the halal MSME ecosystem capable of aligning community welfare with efficient public governance (Mugiarto et al., 2023); (Bappeda of Central Java Province, 2021).

The novelty of this research lies in integrating value based halal Human Resource Management analysis within the context of rural economies as a buffer zone for the national economy. While previous studies have largely emphasized digital infrastructure and connectivity (Government of Jepara Regency, 2022); (Heijmans & Vosse, 2021), this study offers a new perspective by positioning human capital as a key variable in the successful adaptation of the SDGs. It proposes a collaborative model that places human quality enhancement through halal technical training and the strengthening of work ethics as the primary instrument for mitigating economic risks in peripheral regions (Calzada, 2023); (Chen et al., 2023). The contribution of this research extends beyond academic discourse by providing practical recommendations for the Government of Jepara Regency in designing human centered development policies aimed at achieving sustainable and dignified economic independence.

LITERATURE REVIEW

The rural economy focuses on managing local resources to meet community needs, with the agricultural sector and small and medium enterprises serving as its main pillars. The objectives of the rural economy include increasing income, creating employment opportunities, and reducing poverty, making the development of small and medium enterprises a key strategy for achieving inclusive economic growth (Todaro & Smith, 2020). Halal certification ensures that products comply with Islamic Sharia requirements and is essential for enhancing consumer trust, particularly within Muslim communities (MUI, 2020). This certification not only attracts more customers but also enhances competitiveness in the global market.

Village Economic Theory

The rural economy is an economic system that focuses on managing local resources to meet the needs of the community. It has unique and diverse characteristics that distinguish it from urban economies. One of its main features is its strong dependence on the agricultural sector, which serves as the primary source of income for the majority of its population (Dasgupta, 1975). MSMEs often serve as drivers of the local economy, providing employment opportunities and improving community welfare. MSME activities in rural areas encompass various sectors, including handicrafts, food and beverage production, and service-based businesses (Saputra & Rindrasih, 2012).

Konsep Sertifikasi Halal

Halal certification is an essential process that ensures food, beverages, and other products comply with the criteria established under Islamic law. This process involves a series of inspections and assessments to verify that all aspects of the product from raw materials and production processes to storage and distribution adhere to halal principles. This certification not only aims to meet the needs of Muslim consumers but also strengthens market trust in an increasingly globalized economy (Muhamed et al., 2023). Halal certification in Indonesia is a process carried out to ensure that a product meets halal standards in accordance with Islamic law. The Halal Product Assurance Agency (BPJPH), under the Ministry of Religious Affairs, is responsible for regulating and overseeing this certification process. The certification procedure includes evaluating raw materials, production processes, and product distribution to ensure that no prohibited elements are present in the product. This certification not only increases consumer trust but also opens access to international markets that are increasingly prioritizing halal products. Along with the development of the industry, the government continues to make efforts to simplify the certification process, including providing training and support to business actors to help them meet the required standards (Rafiki et al., 2023). This certification also provides consumers with confidence that the products they consume are safe and of high quality, thereby increasing customer loyalty (Gündüz, 2023).

The Relationship Between Rural Economies, Halal Certification, and the SDGs

The relationship between the rural economy and halal certification is closely interconnected, as both contribute to fostering inclusive and sustainable economic growth. Halal certification ensures that products produced by rural MSMEs meet halal standards, which is particularly important for consumers in markets with large Muslim populations. By obtaining this certification, rural products can become more accessible to both domestic and international consumers, thereby opening wider market opportunities (Muhamed et al., 2023). The implementation of halal certification encourages MSMEs to improve product quality and safety, which in turn enhances competitiveness. As the rural economy grows through increased income and job creation, communities experience direct benefits, such as improved well-being and better access to education and healthcare. The economic growth generated by local businesses particularly through halal-certified MSMEs can increase household income, enabling families to meet basic needs and invest in their children's education (Aka & Enagogo, 2024).

Integration within the economy not only benefits business actors but also contributes to the achievement of broader development goals (Todaro & Smith, 2020). The integration of local economic development and halal certification creates a strong synergy in achieving the SDGs, improving the quality of life in rural communities, and building greater economic resilience. A focus on sustainable rural economies combined with the implementation of halal certification serves as a strategic step toward realizing inclusive and sustainable development. The combination of these approaches enables MSMEs to access broader markets, both domestic and international, while simultaneously strengthening their position within the economy (Muhamed et al., 2023).

Communities can benefit from improved education, better health services, and a more sustainable environment. All of these outcomes contribute to creating a more prosperous and resilient society, while ensuring a better future for the next generation. This integration serves as an essential foundation for realizing development that is inclusive, sustainable, and responsive to global challenges (Rizal, 2022). Halal certification is not merely a label, but an effective tool for improving the quality of products produced by MSMEs. It also provides assurance to consumers that the products they purchase have undergone a transparent process and comply with Sharia principles (Harrieti et al., 2024). With the increasing demand for halal products, rural communities

can take advantage of this opportunity to create new employment opportunities and improve overall welfare (Purnaweni et al., 2024).

METHOD

This study aims to examine the role of the rural economy in supporting the achievement of Halal Certification for Micro, Small, and Medium Enterprises (MSMEs) in Jepara Regency, as well as to identify the challenges encountered during the certification process. Using a quantitative approach and the Analytical Hierarchy Process (AHP) method, the analysis breaks down the problem into a hierarchical structure consisting of the main objective, criteria, and alternatives (Vaidya & Kumar, 2006). AHP is an effective method for addressing complex decision-making problems, particularly when multiple interrelated criteria are involved (Vargas, 1990).

This study identifies various factors influencing the achievement of halal certification, including income, access to resources, and support from local government. The data were collected through questionnaires and in-depth interviews with 100 respondents representing MSMEs that have obtained, are currently in the process of obtaining, or are planning to apply for halal certification. This study also assesses the contribution of halal certification to the achievement of the Sustainable Development Goals (SDGs), particularly in poverty alleviation, inclusive economic growth, and sustainable consumption and production. The growing MSME sector holds significant potential in supporting the implementation of halal certification. Halal certification has been proven to enhance MSME competitiveness, expand market access, and strengthen the sustainability of rural economies (Kara & Kara, 2019).

RESULT AND DISCUSSION

Research Findings

The study utilized Microsoft Excel software to process the data obtained from respondents. The results of the AHP analysis are categorized into four components, consisting of overall aspect priorities, as well as priorities for the criteria of Technology Used, Marketing, Human Resources (HR), and Investment.

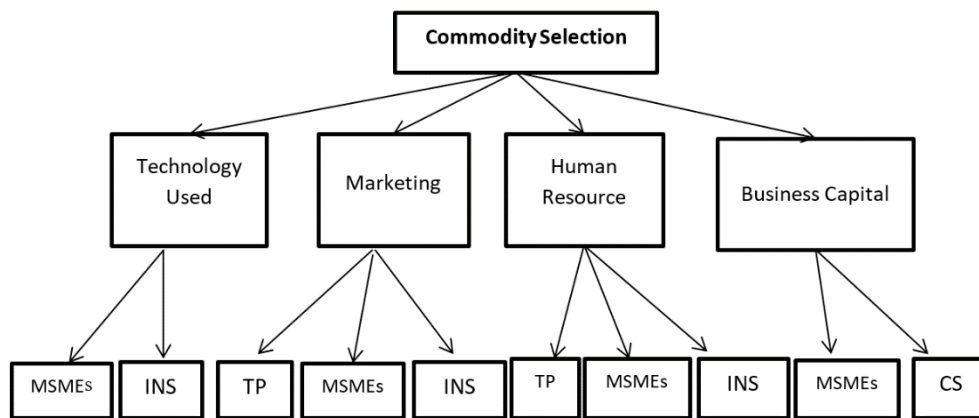


Figure 1. AHP Analysis

Notes:

Source : (Nascimento et al., 2017)

INS : Institution

TP : Tourism Package

Figure 1 illustrates the alternatives for developing the rural economy through halal-certified MSMEs. The first improvement priority is the use of technology, particularly within MSMEs and related institutions. The second priority focuses on marketing strategies applied by institutions, MSMEs, and tourism packages. The third priority involves the development of MSMEs, tourism packages, institutions, livestock, and plantations. The fourth improvement priority is the utilization of business capital or establishing cooperation with investors to strengthen MSME growth (Saaty, 1990). The following are the results of data processing using Microsoft Excel with the AHP method. Based on the AHP analysis, the priorities for Technology, Marketing, Human Resources (HR), and Investment are as follows:

Table 1. AHP Criteria Comparison Values

| Aspect | Technology | Marketing | Human Resources | Business Capital |
|------------------|------------|-----------|-----------------|------------------|
| Technology | 1 | 0,31 | 0,65 | 0,54 |
| Marketing | 3,27 | 1 | 2,20 | 1,36 |
| Human Resources | 1,55 | 0,45 | 1 | 0,87 |
| Business Capital | 1,84 | 0,74 | 1,15 | 1 |

Source: Processed Primary Data, 2024

Table 2. Priority Weights of AHP Criteria for Rural Economic Development

| Criteria | Percentage | Rangk |
|------------------|------------|-------|
| Technology | 13% | IV |
| Marketing | 41% | I |
| Human Resources | 20% | III |
| Business Capital | 26% | II |

Source: Processed Primary Data, 2024

The four criteria used in the analysis are Technology, Marketing, Human Resources (HR), and Investment. Based on the calculation results, the Marketing criterion holds the highest priority at 41%, followed by Investment at 26%, Human Resource quality at 20%, and lastly, Technology utilization at 13%. This indicates that effective marketing strategies are essential for increasing the visibility of village economic potential and product offerings. The analysis of each criterion shows that marketing plays a crucial role, particularly in supporting MSMEs and related institutions. The percentage results from the data analysis are presented in Table 3.

Table 3. Technology Criteria Comparison Values

| Aspect | Institution | MSMEs |
|-------------|-------------|-------|
| Institution | 1 | 0,62 |
| MSMEs | 1,62 | 1 |

Source: Processed Primary Data, 2024

Table 4. Priority Weights of Technology Criteria for Rural Economic Development

| Aspect | Institution | MSMEs |
|-------------|-------------|-------|
| Institution | 38% | II |
| MSMEs | 62% | I |

Source: Processed Primary Data, 2024

Based on the analysis of the Technology criterion, MSMEs (UMKM) hold the highest priority at 62%. The second priority is Institutions, with a value of 38%. Therefore, in the development of the village economy, the use of technology should be prioritized within institutional frameworks to

ensure optimal results and attract potential stakeholders to observe how the applied technology supports production and operational activities. The third analytical component focuses on the Marketing strategy implemented by MSMEs and supporting institutions. The percentage results from the data analysis are presented in Table 6.

Table 6. Marketing Criteria Comparison Values

| Aspect | Tourism Package | Institution | MSMEs |
|-----------------|-----------------|-------------|-------|
| Tourism Package | 1 | 0,69 | 0,97 |
| Institution | 1,44 | 1 | 0,82 |
| MSMEs | 1,03 | 1,22 | 1 |

Source: Processed Primary Data, 2024

Table 7. Priority Weights of Marketing Criteria for Village Economic Development

| Aspect | Bobot % | Rangking |
|-----------------|---------|----------|
| Tourism Package | 29% | II |
| Institution | 35% | III |
| MSMEs | 36% | I |

Source: Processed Primary Data, 2024

Based on the analysis under the Marketing criterion, the primary priority for marketing efforts is the livestock sector, with a weight of 36%. The second priority is Institutions at 35%, followed by Tourism Packages as the third priority with 29%. Therefore, in the development of the village economy, marketing activities should prioritize MSME-related sectors. Strengthening proper and effective marketing strategies is expected to increase the number of visitors, which will further support economic growth in the village. This analysis also examines marketing approaches applied by MSMEs and supporting institutions. The percentage results derived from the processed data are presented in Table 8.

Table 8. Human Resource Management Criteria for Rural Economic Development

| Aspect | Tourism Package | Institution | MSMEs |
|-----------------|-----------------|-------------|-------|
| Tourism Package | 1 | 1,10 | 0,84 |
| Institution | 0,91 | 1 | 1,41 |
| MSMEs | 1,19 | 0,71 | 1 |

Source: Processed Primary Data, 2024

Table 9. Priority Weights of Human Resource Criteria for Village Economic Development

| Aspect | Presentation % | Rank |
|-----------------|----------------|------|
| Tourism Package | 32% | II |
| Institution | 36% | I |
| MSMEs | 31% | III |

Source: Processed Primary Data, 2024

Based on the analysis of the Human Resources (HR) criterion, improving institutional management is identified as the top priority with a percentage of 36%, followed by tourism package development at 32%, and MSME development at 31%. Enhancing the quality of human resources is considered essential to establishing better and more modern village economic management systems that can attract more visitors. More efficient economic management is expected to foster a stronger and more sustainable village economy. Strategic investment also plays an important role in supporting village economic development. Investments directed toward sectors such as tourism, MSMEs, and institutional management are expected to generate significant positive impacts on the overall economic progress of the village. Based on the processed data presented in Table 10, these investment priorities will contribute to accelerating a more advanced and well-developed village economy.

Table 10. Business Capital Criteria for Village Economic Development

| Aspect | Plantation | Livestock (Fish, Shrimp, Cattle, Poultry) |
|-------------|------------|---|
| Institution | 1 | 0,35 |
| MSMEs | 2,82 | 1 |

Source: Processed Primary Data, 2024

Table 11. Priority Weights of Investment/Business Capital Criteria for Village Economic Development

| Aspect | Presentation % | Rank |
|-------------|----------------|------|
| Institution | 26% | II |
| MSMEs | 74% | I |

Source: Processed Primary Data, 2024

Based on the analysis of the investment or business capital criterion, the highest priority for capital allocation is directed toward MSMEs, with a proportion of 74%, followed by institutions at 26%. By increasing business capital or establishing collaboration with various stakeholders, existing MSMEs are expected to develop further and gain the capacity to be integrated as part of tourism activities.

DISCUSSION

Contribution of Village Economy to the Achievement of Halal Certification for MSMEs in Jepara Regency

The village economy plays a crucial role in supporting regional economic growth, particularly through the development of strategic sectors such as tourism, MSMEs, culinary products, and accommodation services. Within the framework of regional autonomy, local governments are required to manage local potential and financial resources effectively to ensure sustainable development. MSMEs constitute a significant contributor to Gross Domestic Product (GDP) and employment generation; therefore, cross-sectoral coordination and policy synergy are essential to optimize their contribution to regional development (Todaro & Smith, 2020). The digital economy has emerged as a key supporting sector with strong potential to enhance MSME competitiveness, particularly in marketing and product distribution. The integration of digital technologies enables MSMEs to access wider markets and improve operational efficiency (Okano-Heijmans & Vosse, 2021). In addition, participation in global value chains strengthens MSME resilience and market integration, although structural challenges remain for developing economies (Pushp & Ahmed, 2023).

MSMEs possess several strategic advantages. Their large number provides a substantial economic base for rural development. Their flexible organizational structures allow them to adapt to changing market dynamics and economic uncertainty. MSMEs also produce affordable goods and services, strengthening domestic consumption and fulfilling essential community needs (Todaro & Smith, 2020). Furthermore, many MSME products are rooted in local culture and traditional knowledge, reducing dependency on imported raw materials and reinforcing local economic identity. The development of supply chain orientation and value chain integration further enhances firm performance and competitiveness (Muhamed et al., 2023). MSME development in Jepara Regency is supported by legal certainty, ease of business establishment, natural resource availability, and demographic advantages. Government policies and stakeholder collaboration contribute to creating a conducive business climate (Purnaweni et al., 2024). The increasing proportion of productive-age residents with higher educational attainment strengthens the human resource base necessary for MSME growth.

The expansion of online business offers broader domestic and international market access. However, competitiveness in sectors such as food, textiles, woodcraft, and culinary products requires compliance with quality standards, including halal certification. Religiosity significantly influences consumer purchasing decisions for halal products, reinforcing the importance of certification as both a religious and quality assurance mechanism (Rafiki, Hidayat & Nasution, 2023). Halal certification enhances transparency, credibility, and consumer trust, particularly within digital marketplaces. It also strengthens MSME participation in global markets by meeting internationally recognized standards (Muhamed et al., 2023). Halal certification further contributes to sustainable rural development by increasing product competitiveness and positioning MSMEs as strategic economic actors within buffer zone areas in Jepara. From a decision-making perspective, the Analytic Hierarchy Process (AHP) provides a structured method to determine development priorities (Saaty, 1990; Vaidya & Kumar, 2006). Based on AHP criteria including marketing, investment, human resources, and technology (Mustika, 2017), marketing emerges as the primary priority, followed by investment, human resources, and technology. Human resource development is particularly crucial in institutional management, capacity building, and facilitating halal certification processes, while technological adoption supports product innovation and digital marketing expansion.

Challenges Faced by Villages in Supporting Halal Certification for MSMEs

The mandatory halal certification regulated under the Halal Product Assurance Law (Law No. 33 of 2014) has become a strategic instrument to enhance product competitiveness in Indonesia, particularly in comparison with non-certified products. Halal certification provides legal certainty through authorized institutions that ensure compliance with Islamic law and standardized production procedures. Beyond regulatory compliance, halal certification functions as a market signal that strengthens consumer trust and enhances perceived product quality (Rafiki, Hidayat & Nasution, 2023). From a competitive perspective, halal certification offers several advantages. First, it assures Muslim consumers and increasingly appeals to non-Muslim consumers who associate halal labels with hygiene, safety, and ethical production standards. Second, it expands market reach and supports access to global value chains, where certification and standardization are critical determinants of export readiness (Pushp & Ahmed, 2023). Third, halal certification enhances supply chain credibility and improves firm performance through better coordination and quality control mechanisms (Muhamed et al., 2023). In this regard, halal certification operates not merely as a religious requirement but also as a strategic quality assurance mechanism aligned with international market standards.

Despite these advantages, MSMEs in Indonesia continue to face structural and operational challenges in implementing halal certification. Limited knowledge and awareness remain significant barriers, as many MSME actors lack understanding of the legal obligation and strategic benefits of certification. Institutional and governance challenges also affect implementation, particularly in terms of coordination, social accountability, and regulatory enforcement (Purnaweni et al., 2024). Financial constraints constitute another major obstacle. The certification process requires investment in documentation, production standardization, and facility upgrades, which are often beyond the capacity of micro and small enterprises. Participation in global and national value chains requires compliance with formal standards that demand both financial and managerial readiness (Pushp & Ahmed, 2023).

Operational readiness is closely linked to human resource capacity. Many MSMEs lack adequately trained personnel capable of managing documentation, quality assurance systems, and compliance procedures. Human capital development is therefore essential to enhance organizational adaptability and competitiveness (Todaro & Smith, 2020). Furthermore, mindset remains a critical issue. Some MSME owners perceive halal certification as a secondary priority due to limited business scale or insufficient awareness of its long-term economic benefits. Marketing capability also presents challenges. Even after obtaining halal certification, many MSMEs fail to strategically utilize the certification label as a branding and differentiation tool. The adoption of digital technology is therefore crucial in expanding market visibility and strengthening competitiveness in online platforms (Okano-Heijmans & Vosse, 2021). Investment in productivity improvement, technology adoption, and institutional collaboration is necessary to ensure sustainable growth. Cross-sector collaboration between MSMEs, tourism industries, digital platforms, and certification institutions can significantly accelerate halal certification processes and strengthen rural economic development. Such synergy contributes not only to increased competitiveness but also to the development of sustainable halal-based rural enterprises integrated into broader economic ecosystems (Muhamed et al., 2023).

The Contribution of Halal Certification to MSMEs in Supporting the Achievement of Sustainable Development Goals (SDGs) in Jepara Regency

Sharia-based business particularly within the halal industry, has become one of the fastest-growing segments of the global Islamic economy. The halal industry is not exclusively targeted at Muslim consumers but also appeals to broader communities by upholding principles of ethical production, transparency, safety, and accountability aligned with Sharia law. This industry spans multiple sectors, including food and beverages, finance, fashion, cosmetics, pharmaceuticals, healthcare, media, and education. With standardized certification systems and quality assurance mechanisms, the halal industry contributes not only to consumer protection but also to inclusive and sustainable economic development (Rafiki, Hidayat & Nasution, 2023).

The halal sector significantly contributes to achieving the Sustainable Development Goals (SDGs), particularly those related to poverty alleviation, improved health standards, decent work, and economic growth. MSMEs, as a strategic component of the halal ecosystem, strengthen local economies while expanding their competitiveness in global markets through certification and value chain integration (Pushp & Ahmed, 2023). Halal-certified MSMEs demonstrate stronger supply chain coordination and improved firm performance, reinforcing their role in sustainable development (Muhamed et al., 2023). The contribution of MSMEs to SDG achievement cannot be separated from the strategic role of human resource management (HRM) as the foundation for strengthening business capacity. In the context of SDG 1 (No Poverty), MSMEs generate employment opportunities and enhance workforce quality through skills training, entrepreneurial competency development, and productivity improvement, thereby promoting rural income growth and economic independence (Todaro & Smith, 2020). In regions such as Jepara, the integration of MSMEs with tourism activities requires professional, adaptive, and service-oriented human resources, creating multiplier effects in buffer zone communities.

Halal certification is closely related to SDG 3 (Good Health and Well-Being), as it requires strict compliance with hygiene standards, quality control procedures, and documented production management systems. Effective HRM ensures that employees understand halal assurance principles and standardized operating procedures. Competency-based training and halal literacy programs enhance both product competitiveness and occupational health standards (Muhamed et al., 2023). In relation to SDG 5 (Gender Equality), MSMEs provide flexible employment and entrepreneurship opportunities for women, particularly in rural communities. Inclusive HRM practices, including non-discriminatory recruitment, leadership development, and women-focused entrepreneurship training, contribute to improving local economic equality and social empowerment (Todaro & Smith, 2020).

Professional HRM practices are also fundamental to achieving SDG 8 (Decent Work and Economic Growth). MSMEs that implement structured human resource systems, including performance evaluation, productivity-based incentives, and continuous training, are better positioned to generate stable and decent employment. Halal certification further reinforces structured management practices, strengthening labor standards and accountability mechanisms (Rafiki, Hidayat & Nasution, 2023). In supporting SDG 9 (Industry, Innovation, and Infrastructure), human resource quality plays a decisive role in fostering product innovation, digital

transformation, and halal supply chain integration. The adoption of digital marketing platforms and technological innovation enhances MSME competitiveness and supports broader market access (Okano-Heijmans & Vosse, 2021).

Regarding SDG 10 (Reduced Inequalities), strengthening HRM within MSMEs expands access to skills development and income opportunities for rural populations that previously lacked access to formal employment. Locally driven competency development enhances social mobility and reduces structural disparities (Pushp & Ahmed, 2023). In line with SDG 12 (Responsible Consumption and Production), workforce training in sustainable production processes, waste management, and environmentally friendly raw materials ensures compliance with ethical and environmental standards. Halal principles reinforce responsible production by integrating safety, transparency, and sustainability values (Muhamed et al., 2023).

SDG 17 (Partnerships for the Goals) emphasizes the importance of collaboration and networking capabilities. Strengthened HRM enables MSMEs to build effective partnerships with government agencies, halal certification bodies, Islamic financial institutions, and tourism stakeholders. Digital connectivity and institutional cooperation further support inclusive and sustainable development (Okano-Heijmans & Vosse, 2021). Structured and sustainable human resource management constitutes a fundamental determinant in ensuring that MSMEs' contributions to SDG achievement are not merely economic but also inclusive, innovative, and sustainable in the long term.

The findings of this study expand the literature on halal certification by positioning it not only as an instrument of Sharia compliance, but also as a strategic instrument for sustainable rural economic development. To date, many studies have examined halal certification from the perspective of consumer purchase intention and market behavior (Siddiquei and Haider, 2015) or from the standpoint of firms' competitive advantage (Kristanto and Kurniawati, 2025). This study demonstrates that halal certification serves a broader function as a catalyst for strengthening marketing capacity, enhancing institutional trust, and expanding digital market access within the rural economic ecosystem. Furthermore, the use of the Analytical Hierarchy Process (AHP) to determine strategic priorities provides a methodological contribution to halal and MSME studies, which have rarely applied a systematic multi-criteria decision-making approach.

The results of this study imply that strengthening marketing strategies supported by halal certification should become a primary priority in MSME development. Empirical evidence shows that halal certification enhances operational performance, financial performance, and competitive advantage for MSMEs, which indirectly supports improved market readiness and export potential (Hidayat et al., 2025). Halal certification also plays a role in improving consumer trust and perceived product legitimacy in a predominantly Muslim market, reinforcing the value of certification beyond mere compliance (Ismail et al., 2025). The adoption of digital technologies and institutional collaboration are increasingly important in maximizing the economic benefits of halal certification. Digital transformation has been shown to simplify certification processes and enhance market access for SMEs through the use of mobile applications, e-commerce platforms, and integrated digital systems (Syarofi & Syam, 2025). Therefore, local governments, including those in Jepara Regency, need to develop halal-based rural economic clusters integrated with digital training, certification assistance, and investment facilitation.

This study further indicates that halal certification policies should not focus solely on regulatory and legal obligations but must also be accompanied by empowerment and capacity-building approaches. MSMEs face significant barriers such as financial constraints, administrative complexity, and limited institutional support, which can be mitigated through targeted support schemes, procedural simplification, and cross-sector collaboration (Reslawati et al., 2025). Strengthening collaboration among government agencies, private institutions, and community stakeholders is consistent with SDG 17 (Partnerships for the Goals) and can enhance the implementation and impact of halal certification as an inclusive, competitive, and sustainable rural economic development policy instrument (Pushp & Ahmed, 2023).

This study has several limitations that should be taken into consideration when interpreting its findings. The research focuses on Jepara Regency as the study location; therefore, the results are contextual and may not necessarily be generalized to other regions with different social, economic, and institutional characteristics. Rural economic dynamics and the level of MSME readiness vary considerably across regions, so the application of these findings to other contexts requires appropriate adjustment. The use of the Analytical Hierarchy Process (AHP) to determine strategic

priorities relies heavily on the judgments of the experts or respondents involved. Although this method provides a systematic and structured decision-making framework, the results inevitably contain elements of subjectivity reflecting the perceptions, experiences, and consistency levels of the evaluators. Potential bias may arise if the number of respondents is limited or if their backgrounds do not adequately represent all relevant stakeholders.

This study does not quantitatively measure the direct economic impact of halal certification on MSME performance, such as revenue growth, profitability, productivity, or employment generation. The relationship between halal certification and improved economic competitiveness is analyzed conceptually and strategically, rather than empirically tested using statistical methods or longitudinal data capable of demonstrating stronger causal relationships. The research primarily emphasizes supply-side factors, including marketing, investment, human resources, and technology, while demand-side aspects such as variations in consumer perceptions, international market preferences, and global trade barriers have not been examined in depth. The absence of long-term data also limits the study's ability to assess the sustained contribution of halal certification to the achievement of the Sustainable Development Goals. Although this research offers a strategic contribution to understanding the role of halal certification in strengthening rural economies, further studies with broader geographical coverage, quantitative approaches, and longitudinal analysis are needed to enhance the external validity and empirical robustness of the findings.

CONCLUSION

Based on the findings of research conducted on MSMEs in Jepara Regency, it can be concluded that the rural economy plays an essential role in supporting regional economic growth, particularly through potential MSME sectors such as tourism, culinary products, and lodging services. Synergy among these sectors including the digital sector is required to optimize product marketing and sales. Halal certification has become a crucial factor in enhancing the competitiveness of MSMEs, especially in the food and culinary industries, as it not only fulfills religious requirements but also ensures product quality, expands market access, and improves business credibility in both domestic and international markets.

MSMEs in Jepara still face significant challenges in obtaining halal certification, such as lack of understanding of its importance, limited facilities, and financial constraints related to certification costs and complex procedures. The mindset of business owners, who may not fully recognize the strategic value of halal certification, also contributes to the delay in implementation. Halal certification not only contributes to improving the economic performance of MSMEs but also supports the achievement of Sustainable Development Goals (SDGs). Halal-certified MSMEs contribute to the creation of decent employment, promote gender equality, reduce economic disparities, and encourage responsible consumption and production practices. Strengthening institutional support, improving human resource capacity, and utilizing appropriate technology and marketing strategies are necessary to accelerate the halal certification process and reinforce the identity of local products.

There remains limited attention to the importance of training and assistance for MSME actors in implementing halal certification and accessing information and communication technology (ICT) to strengthen the MSME ecosystem. It is recommended that affordable and accessible training programs be provided, along with supportive policies such as incentives and competitive financing schemes to assist MSMEs in developing regions. Collaboration among government, private sector, and communities is crucial to establish an ecosystem that supports halal MSMEs, thereby strengthening their contribution to achieving Sustainable Development Goals (SDGs), such as poverty reduction, improvement in education quality, and sustainable economic development. This research also recommends evaluating and adjusting policies according to local conditions to maximize the positive impact of halal certification on MSMEs in Jepara Regency.

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