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What Are The Main Factor for Improvement in Maintaining Quality Performance at Halal Food MSME?

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Abstract

The Indonesian halal market is increasingly showing significant developments as evidenced by the spending on halal food consumption from Indonesian consumers which is always increasing from year to year. Halal food is an obligation for Muslims, so supply chain integration is needed to ensure that the entire process from upstream to downstream is maintained, and halal status of food products. The Bandung City is one of the highly developed priority cities for halal tourism in Indonesia, therefore insight is needed for halal food MSME owners in determining the factors that affect quality performance, with the hope of achieving food integrity, food safety status. This research is a quantitative research, with data sources obtained through distributing questionnaires online to 100 MSME food owners in the Bandung City. The analysis used is IPMA in order to be able to provide suggestions for improving managerial priorities in maintaining the continuity of quality performance. The results obtained are that the information integrity construct is the variable that has the highest performance level, so that halal food MSMEs in Bandung can improve information integrity in maintaining consistent quality performance. Furthermore, halal production integrity is the variable that has the lowest level of performance. Therefore, halal MSMEs in Bandung City can choose the halal production integrity as a top priority in order to improve the quality performance of MSME halal food in Bandung City.

Keywords: halal supply chain integration, quality performance, halal food, importance performance matrix analysis

1. Introduction

The halal industry moves to produce products that comply with the Shari'a and are free from all kinds of things that can interfere with the halal status. This is in accordance with what was stated through previous research, namely the need for a food management system with the aim of guaranteeing all forms of food quality, halal food safety [1] in order to meet the needs of consumers in consuming halal food. The need for halal food is an important issue for the world community, it is proven that halal food is a halal sub-sector that is consumed more than other halal sub-sectors, and has halal food companies than other economic sectors [2]. Halal food products are not only food obligations that must be consumed by muslims, but non-muslims also give a positive perception of halal products [3],[4]. Therefore, it can be a concern for MSMEs selling halal food not only to target muslims to consume halal food, but also to non-muslim for reasons of food hygiene and safety.

The halal logo is one of the most important factors for muslim consumers in choosing food. This is in accordance with the 2023 survey which stated that 93% of respondents stated that information on halal certification and logos is the most important information in choosing food, as well as clear content information that is also considered important for consumers [5]. The global survey shows that halal food products have great potential and have a positive impact on economic development because they are an industry with a large consumption expenditure for the muslim community. Evidenced by the expenditure of muslim in 2021 reaching \$ 1.26 T to consume halal food and it is projected that globally it will increase in 2025 by reaching consumption spending of \$ 1.67 T [6]. Nationally, based on statistical data cited through statista, it is stated that halal products and lifestyle for Indonesian muslim consumers based on spending in 2017 are \$170.2 billion and are projected to increase rapidly to \$247.8 billion for the food and beverage industry [7]. The projected increase in spending on halal food and beverage consumption can be a potential business development for MSME owners who provide halal food and beverages, so that the managers of each MSME can focus on maintaining consistent quality performance related to food

integrity and food security [8], so that it will increase consumers sense of trust to always consume halal products from trusted MSMEs and have implemented a halal supply chain system.

Food quality is a basic need for humans, this is the background for the halal food industry which always shows positive developments from time to time [9]. Therefore, halal food providers must ensure that the status of the food offered is maintained with the consistency of its halal status, so that a supply chain integration process is needed that monitors each stage from upstream to downstream in the food manufacturing process until it arrives in the hands of consumers. It should be noted that the halal status of a product according to [10] is the process of storing and transporting products, which is included in the realm of supplier integration with food providers. MSME food service providers face many challenges, one of which is to maintain consistent high food quality standards [11],[12] because this is a reference for consumers in buying food for health and safety reasons. Therefore, MSMEs providing halal food in Indonesia have also received support from the government with the existence of a halal certification process in the food sector in order to gain high trust from consumers because of quality assurance and product halal status [13]. One of the important components is the standard inspection of the production process from upstream to downstream, indeed applying the halal concept so that an understanding and implementation of the concept of halal supply chain management is required. The existence of halal certification for MSME halal food is one of the Indonesian Government's supports in fostering MSME, because it is proven to be able to increase productivity and business development [14], so as to meet the needs of consumers in Indonesia.

The Bandung City is one of the priority cities for halal in Indonesia. The Bandung City Government has carried out a movement to become a supporter to build a halal culinary zone to add a sense of security and comfort for tourists and local residents in consuming halal food [15], so that it will have an impact on the economic recovery and tourism of the City of Bandung after covid 19. Taman Sari is the location of choice for the Bandung City Government in developing an integrated halal culinary zone, and the target is not only for muslims but for all visitors. Several factors for choosing the location for the halal culinary zone are due to its strategic location, close to mosques, hospitals, schools, shopping centers [16]. Efforts to support the implementation of Halal tourism in Bandung with halal food certification and culinary zone facilities will not get maximum results if the MSME halal food providers do not implement adequate supply chain integration. A food company is needed that can uphold the integrity of Islamic principles [17], so that halal food MSMEs in Bandung are needed to ensure the integrity of all supply chain processes in order to maintain security, quality and compliance with sharia law.

Supply chain integration be one of the factors that are able to handle the uncertainty factor [18], in this case is the uncertainty over the status of halal food that is consumed through MSMEs, because it is able to create regular interaction between suppliers and customers so as to create high collaboration [19], this is certainly a solution in maintaining the integrity of halal food. Based on previous research, the development of literature from [8] proven to provide managerial advice to MSME food owners in maintaining the quality and safety of halal food and helping to reduce all forms of risk of uncertainty that can contaminate the halal status of products in the upstream to downstream process of making halal food from raw materials to ready-to-eat products for consumers. So this research question is as follows:

1. What are the factors that most influence the quality performance of halal food MSMEs in the city of Bandung?
2. What factors are the variables with the highest level of importance and low performance to become the managerial focus of halal food MSMEs in the city of Bandung in improving quality performance?

2. Research Methods

To achieve the research objective of determining what factors can be managerial priorities in improving the quality performance of halal food SMEs in the Bandung City, this study uses quantitative research. The data analysis used is the importance of performance matrix analysis using the statistical software SmartPLS with the aim of being able to map performance priorities to the importance of each research variable on the quality performance of halal food MSMEs in Bandung City.

The population of this study was all halal food SMEs in the city of Bandung, the number of which is unknown, so the sample calculation used a non-probability sampling technique with purposive sampling. The criteria for SMEs that were determined to be respondents to this study were: (1) halal food SMEs; (2) located in the Bandung City; (3) have been operating for at least 2 years; (4) sell at least 5 halal food products, and (5) have at least 2 employees or at least one owner. Calculations were carried out using the slovin formula so that a sample of this study was obtained as many as 100 MSMEs of halal food in the city of Bandung.

Questionnaires were distributed online using the google form and further analyzed using measurement model analysis and hypothesis testing using bootstrapping, as well as IPMA analysis. However, in the discussion of this paper, it will specifically discuss the IPMA analysis in influencing the quality performance of MSMEs of halal

food in Bandung City. The unit of analysis used is the organization, namely halal food MSMEs in Bandung City. Furthermore, this research is a cross-sectional study, namely research conducted with a certain time sequence to completion.

3. Results and Discussions

Research using interest performance analysis and matrix analysis is able to assist researchers in generating contributions regarding the level of interest constructs at low, medium and difficult performance [20]. In this study, IPMA analysis is expected to prioritize improvements [21] based on problems in solving the problems of quality performance in of halal food MSMEs in the Bandung City.

The importance performance matrix analysis has a purpose as a tool that can be used by managers in making decisions related to purchasing variables that have high importance and low performance based on products from the SmartPLS statistical software, so from this software can give the basis output based on IPMA analysis for improvement which is a top priority [22]. More specifically, the IPMA carried out at the indicator level (refer to Figure 1) suggested the following areas for improvement. The following is the IPMA result of this research:

a) IPMA Analysis



Figure1. Importance-Performance Matrix Analysis
Owned: SmartPLS Outputs (2024)

Based on Figure 1, the analysis of importance performance matrix analysis is distinguished by 4 quadrants based on research from [23], namely as follows:

1. Quadrant I contains variables that are considered important in influencing quality performance, and their performance is aligned because they have achieved high performance.
2. Quadrant II contains variables that affect quality performance, but are considered important by research respondents, but the perceived performance or results are still very lacking.
3. Quadrant III contains variables that are considered less important in influencing quality performance and perceived performance is also small. Therefore, the variables located in quadrant III in the level of urgency for improvement do not have much effect on quality performance because of the small impact.
4. Quadrant IV contains variables. which are considered less important by research respondents and considered excessive, but the performance is very good.

Next, the importance and performance tables for each variable of this study are presented, as follows:

Table 1. Importance Performance Matrix Analysis		
Variables	importance	performance
Information integrity	0.714	83,293
Customer integration	0.703	83,120
Supplier integration	0.689	79,719
Internal integration	0.643	78,719
Halal raw material integrity	0.453	77,636
Halal production integrity	0.389	76,636

Source : Data that has been processed by authors, 2024

Based on table 1., the information integrity variable has an importance value of 0.713 with a performance value of 83,293, the customer integration variable has an importance value of 0.703 with a performance value of 83,120, the supplier integration variable has an importance value of 0.689 with a performance value of 79,719, the internal variable integration has an importance value of 0.643 with a performance value of 78,719, the halal raw material integrity variable has an importance value of 0.453 with a performance value of 77,636, and the halal production integrity variable has an importance value of 0.389 with a performance value of 76,636.

Based on the results in table 1., it can be concluded that information integrity is the most influential variable for every halal food MSME in Bandung City in achieving quality performance because it has the highest performance value when compared to other variables. Every owner of a halal food MSME in Bandung City must give the attention as a top priority in order to achieve and maintain the consistency and sustainability of halal food produced from every halal food MSME in Bandung City for consumers trust, This is consistent with the findings of previous studies which show that the factor in the willingness to pay for halal products is the halal logo due to high consumer confidence in guaranteeing the halal status of food [10].

Figure 1. shows that the halal production integrity variable has the lowest performance value when compared to other variables, namely 76,636. So, the managerial part of the halal food MSMEs in Bandung can focus on the main urgency of the halal production integrity variable as a variable that needs to get top priority for achieving quality performance.

Furthermore, when viewed from each construct on halal production integrity, the HPI2 construct has the lowest performance of 71,000 when compared to other constructs on the variable halal production integrity. The HPI2 indicator is based on [8] "Being able to eliminate halal risks from non-halal sources" so it is suggested to the managers of every halal food MSME in the Bandung City to be able to monitor all production processes and activities to really meet the halal supply chain criteria starting from tools, materials, raw materials, and the production process of turning raw materials into ready-to-eat food output absolutely minimal from the risk that comes from non-halal sources.

4. Conclusion

Importance performance matrix analysis has obtained findings that are differentiated based on four quadrants and each has a level of urgency based on the importance and performance of each variable. The findings of this study have succeeded in answering research questions, namely: The information integrity variable is the factor that most influences the quality performance of halal food SMEs in the city of Bandung because it has the highest performance value of 83,293 compared to other variables, so this variable must be maintained by maintaining the smooth flow of information throughout the halal food supply chain in Bandung from upstream to downstream. The halal production integrity variable is the variable with the highest level of importance and low performance to become the managerial focus of halal food MSMEs in the city of Bandung in improving quality performance. It is suggested to halal food MSMEs in Bandung City to be able to focus on aspects of halal food production starting from paying attention to the entire series of processes, raw materials, tools and materials that meet halal standards and are free from non-halal sources, and free from production processes that can disrupt the consistency of status halal food products halal. This research has limitations, the research was only conducted in Bandung City, limited from the perspective of halal food MSME owners. This research is also limited to using cross-sectoral datasets, and only examines supply chain integration variables from the internal side of the MSME business. Future researchers can use this research as a reference for research development in order to produce insights that are more useful for business and academics perspectives. Combines and changes the variables can be made by combining the internal and external integration of the halal supply chain, as well as the addition of other variables. Further researchers can also change halal food objects into cosmetic objects, medicines and other halal products. Future researchers can also develop qualitative and mixed method research methods with the hope that research results will be more complex and useful. It can also be carried out at halal MSME research objects outside the Bandung City.

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