



Strategies for Strengthening the Competitiveness of Msmes Based on Local Potential Through Halal and Organic Certification in West Sumbawa Regency

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the economy of West Sumbawa Regency; however, their competitiveness remains limited because many business owners have not obtained halal and organic certification for their locally produced products. This study aims to assess the readiness of MSMEs, identify the challenges they face, and formulate priority strategies for strengthening MSME competitiveness through halal and organic certification in West Sumbawa Regency. The study employed a mixed-methods approach that combined qualitative and quantitative analyses, using the Internal Factor Analysis Summary (IFAS), External Factor Analysis Summary (EFAS), Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis, and the Quantitative Strategic Planning Matrix (QSPM). Data were collected through questionnaires, in-depth interviews, observations, document analysis, and Focus Group Discussions (FGDs), involving 30 MSME owners as respondents and nine key informants representing local government agencies, MSME support institutions, halal certification authorities, and academia. The results indicate that the overall readiness of the MSMEs was at a moderate level, with a mean score of 3.19. Business owners' commitment received the highest score, whereas business administration and documentation remained the weakest aspects. The IFAS and EFAS analyses positioned the organization in Quadrant I, indicating an aggressive growth strategy. The QSPM results identified Strategy SO1 as the highest priority, namely accelerating halal and organic certification by leveraging local potential and supportive government policies, with the highest Total Attractiveness Score (TAS) of 7.10, followed by Strategy WO1 (6.90), Strategy ST1 (6.82), and Strategy SO2 (6.59).

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's national economic development, including in West Sumbawa Regency. MSMEs serve as the primary drivers of local economic growth because of their ability to generate employment, create added value, and distribute the benefits of development more equitably. More than 99% of business entities in Indonesia are MSMEs, contributing approximately 60.5% of the Gross Domestic Product (GDP) and employing more than 97% of the national workforce (Said & Soi, 2025). Despite their significant contribution, MSMEs continue to face various challenges, particularly in improving their competitiveness in an increasingly demanding business environment that requires higher standards of product and service quality (Hurdawaty & Tukiran, 2024; Naradda Gamage et al., 2020). One important aspect that has not been widely optimized by MSMEs is obtaining halal and organic certification. These certifications not only provide assurance of product quality and strengthen consumer confidence but also enhance

product value, improve market competitiveness, and expand access to broader domestic and international markets, including export opportunities (Kellermann, 2019; Kotler & Keller, 2016). MSMEs also form the backbone of the economy in many regions, including West Sumbawa Regency, West Nusa Tenggara. In addition to creating employment opportunities, MSMEs play a central role in developing products based on local resources and regional potential. More than 5,000 MSMEs operate across the food processing, agriculture, livestock, handicraft, and trade sectors (Council, 2015). However, the competitiveness of MSME products in West Sumbawa remains relatively low compared with products from other regions, such as Mataram and East Lombok. Halal certification has become increasingly important because more than 90% of the population of West Sumbawa Regency is Muslim, making halal products both a necessity and a primary consumer preference (Sakti, 2025). In addition, organic certification presents substantial opportunities, particularly for agricultural commodities such as organic rice, forest honey, and locally produced herbal products that are being developed in subdistricts such as Brang Rea and Jereweh. Unfortunately, many of these products have not yet obtained the required certifications. The principal challenges faced by MSMEs include limited knowledge of certification procedures and benefits, financial constraints, and insufficient assistance from relevant government agencies (Gandhi et al., 2021). These challenges are compounded by limited digital literacy and weak administrative capacity, making it difficult for MSMEs to access certification services independently. Demand for halal products continues to increase alongside the growth of the global halal industry (Azam & Abdullah, 2020; Noviyanti & Hakim, 2025). At the same time, organic certification has become increasingly relevant because of rising consumer awareness of healthy and environmentally sustainable lifestyles (Molina-Sánchez et al., 2022). Organic products generally command higher market prices and are increasingly demanded by middle- and upper-income consumers, including those in international markets (Tambunan, 2012).

The urgency of this research is underscored by several factors, including the increasing global demand for halal and organic products, the low certification rate among MSMEs in West Sumbawa Regency, the potential economic benefits of certification for MSME growth and regional economic development, and the need for evidence-based policy recommendations to support MSME development. Furthermore, with the implementation of mandatory halal certification requirements in Indonesia, MSMEs must be prepared to comply with these regulations to avoid potential restrictions on market access. The findings of this study are particularly relevant in light of the success of initiatives such as Bale Berdaya in Sumbawa, which have demonstrated that targeted interventions can significantly improve MSME performance.

Therefore, a comprehensive strategy is needed that not only emphasizes the importance of halal and organic certification but also accommodates the social, economic, and geographical characteristics of MSMEs in West Sumbawa Regency. This research is important for formulating strategies to strengthen MSME competitiveness based on local potential while addressing the practical challenges faced by business owners. With appropriate strategies and coordinated cross-sector collaboration, MSMEs in West Sumbawa Regency can become more competitive, resilient, and sustainable.

METHOD

This study employed a mixed-methods approach that combined quantitative and qualitative analyses. The quantitative component was used to assess the readiness of MSMEs for halal and organic certification through readiness assessments, Internal Factor Analysis Summary (IFAS), External Factor Analysis Summary (EFAS), and the Quantitative Strategic Planning Matrix (QSPM). The qualitative component was used to identify the challenges faced by MSMEs, formulate strategies for strengthening competitiveness, and examine the role of stakeholders in supporting the implementation of halal and organic certification for MSMEs based on local potential in West Sumbawa Regency.

The study adopted a descriptive and strategic research design to evaluate the current condition of MSMEs and formulate strategies for enhancing their competitiveness through SWOT analysis and QSPM.

Location and Time of Research

Study conducted in West Sumbawa Regency, West Nusa Tenggara Province. Research location focused on MSMEs based on potential local companies operating in the sector food processed, herbal products, honey forests and agriculture organic.

Election location done purposively with consideration that West Sumbawa Regency has potential source Power local enough big, but part large MSMEs have not own halal and organic certification.

Study implemented during October 2025 to April 2026.

Population and sample Study

Population in study This is all MSMEs based on potential local in West Sumbawa Regency which has not yet own halal and organic certification.

Taking technique sample using purposive sampling, namely technique determination sample based on consideration certain in accordance with objective study.

As for the criteria sample in study This includes : (1) MSMEs that develop product based potential local ; (2) moving in the sector food processed , herbal, honey , or agriculture organic ; (3) not yet own halal certification and/ or certification organic ; (4) has active operate minimum two years of business ; and (5) willing to become respondents study.

Based on criteria of which , 30 MSME actors were obtained as respondents research . Data from respondents used For identify internal and external factors that influence strengthening Power competitiveness of MSMEs, then analyzed use Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices as base compilation SWOT Matrix.

In addition to respondents , research this also involved 9 informants selected key informants purposively based on competence , experience , and involvement in development of MSMEs and halal and organic certification . Informant key consists of on elements of the Cooperatives and SMEs Service, SME assistants, institutions halal certification, and academics . Informant the play a role give evaluation to alternative strategies generated from SWOT Matrix through giving Attractiveness Score (AS) value in the Quantitative Strategic Planning Matrix (QSPM). Assessment This used For determine order the most effective strategic priorities in increase Power MSME- based competitiveness potential local through halal and organic certification in West Sumbawa Regency.

Table 1. Respondents and Informants study

No	Respondents	Amount
Respondents (MSME actors)		
1	Processed Food MSME Actors	18
2	Herbal MSME Actors	5
3	Honey MSME Actors	3
4	Organic farming MSME actors	4
Informant Key		
5	Cooperatives and SMEs Service	2
6	MSME Companion	2
7	Halal Certification Institution	2
8	Academics	3
Total		39

Source: Processed primary data, 2026.

Data types and sources

Type of data used in study This consists of on primary data and secondary data.

Primary Data

Primary data was obtained in a way direct from respondents and informants through :

- distribution questionnaire ,
- interview deep ,
- observation field ,
- and Focus Group Discussion (FGD).

Secondary Data

Secondary data obtained from :

- Cooperatives and SMEs Service of West Sumbawa Regency ,
- Central Bureau of Statistics ,
- journal scientific ,
- book reference ,
- and documents supporters other .

Techniques and instruments Data collection

Data collection techniques in study This covering questionnaires , interviews , observations , documentation , and Focus Group Discussions (FGD).

Questionnaire

Questionnaire used For measure level MSME readiness for halal and organic certification based on indicator study.

Table 2. Measurement done use scale Likert with range value 1-5

Score	Information
1	Totally Unprepared
2	Not Ready
3	Enough Ready
4	Ready
5	Very ready

Interview deep

Interview done to MSME actors and related stakeholders For get information about :

- constraint halal and organic certification,
 - strengthening strategy Power MSME competitiveness,
 - and the role of stakeholders.
- instruments used in the form of guidelines semi- structured interviews.

Observation

Observation done in a way direct to activity MSME businesses include :

- production process,
- use material standard,
- hygiene production,
- packaging product,
- and conditions place business.

Documentation

Documentation done through collection :

- MSME profile,
- legality business,
- Photo activity,
- and documents supporters other.

Focus Group Discussion (FGD)

FGD was conducted with stakeholders to get input related to strengthening strategies Power MSME- based competitiveness halal and organic certification.

Variables and Indicators Study

Study This use indicator readiness of adapted MSMEs from Bryan Weiner 's Organizational Readiness theory and aspects System Guarantee Halal Products (SJPH) from the Organizing Body Guarantee Halal Products.

Table 3. Variables and indicators Study

Variables	Indicator	Aspect Research
MSMEs' readiness for Halal certification	Understanding Certification	Knowledge benefits and procedures certification
	Business Administration	Ownership legality and recording business
	Production process	Cleanliness and standards production
	Raw material	Clarity source material standard
	Business Documentation	Completeness document business
	Commitment perpetrator business	Readiness follow the certification process

Source : Adaptation Organizational Readiness theory and SJPH BPJPH, 2026.

Data Analysis Techniques

Data analysis in study This use analysis descriptive , IFAS, EFAS, SWOT, and Quantitative Strategic Planning Matrix (QSPM)

1. Descriptive data analysis

Analysis descriptive used For describe conditions and levels MSME readiness for halal and organic certification based on results questionnaires , interviews , and observations .

Assessment results MSME readiness is categorized as following :

Table 4. categories level MSME readiness

Score Interval	Category
3.68 – 5.00	High/Good
2.34 – 3.67	Currently
1.00 – 2.33	Low

Source : Processed data researcher, 2026.

IFAS and EFAS analysis

IFAS (Internal Factor Analysis Summary) analysis is used For identify internal factors in the form of strengths and weaknesses of MSMEs. Meanwhile EFAS (External Factor Analysis Summary) analysis is used For identify factor external in the form of opportunities and threats .

Every factor given weight and rating based on results observation , interviews , and interpretation researcher .

- Formula IFAS and EFAS scores are :
- $\text{Score} = \text{Weight} \times \text{Rating}$
- Information :
- Weight show level interest factors ;
- Rating shows condition factors ;
- Score obtained from results multiplication weight and rating.

SWOT Analysis

SWOT analysis is used For formulate strengthening strategies Power competitiveness of MSMEs through identification :

- Strengths (powers),
- Weaknesses (weaknesses),
- Opportunities (opportunities),
- Threats (threats).
- The results of the SWOT analysis are used For strategize :
- SO (Strengths–Opportunities),
- WO (Weaknesses–Opportunities),
- ST (Strengths–Threats),
- WT (Weaknesses–Threats).

Analysis Quantitative Strategic Planning Matrix (QSPM)

QSPM analysis is used For determine priority strategies in strengthening Power MSME- based competitiveness halal and organic certification in West Sumbawa Regency .

QSPM is performed with evaluate level Power draw each of the resulting alternative strategies from SWOT analysis . Internal and external factors that have been obtained from IFAS and EFAS matrices are given mark Power pull or Attractiveness Score (AS).

Total Attractiveness Score (TAS) value obtained with formula :

$$BAG = \text{Weight} \times \text{US}$$

The strategy that has highest Total Attractiveness Score (TAS) value become a priority strategy in MSME development

Analysis Qualitative

Result data interviews , observations , documentation , and FGDs were analyzed using the Miles and Huberman interactive model which consists of on :

- Data reduction ;
- Data presentation ;
- Withdrawal conclusion .

Validity and Reliability Test

Instrument study tested using validity and reliability tests For ensure that instrument capable measure variables study in a way precise and consistent .

Validity test done with see correlation between question items , while the reliability test done using Cronbach Alpha. Instrument stated reliable if Cronbach Alpha value > 0.60.

Data Validity

Data validation is carried out through triangulation sources and triangulation technique .

Triangulation source done with compare information obtained from MSME actors , government region , MSME assistant , institution halal certification , and academics .

Triangulation technique done through comparison results questionnaires , interviews , observations , documentation , and FGD so that the data obtained more valid and reliable .

Research Model

Research model This describe connection between MSME readiness , obstacles business , internal and external factors , and strengthening strategies Power competition through halal and organic certification .

- Research model stages includes :
- Identification conditions of MSMEs;
- Measurement level MSME readiness ;
- Identification internal and external factors ;
- Preparation of IFAS and EFAS;
- SWOT analysis ;
- QSPM analysis ;
- Formulation of priority strategies strengthening Power MSME competitiveness .
- Research model This used as base in compilation recommendation development of MSMEs based on potential local in West Sumbawa Regency.

RESULTS AND DISCUSSION

Study implemented in West Sumbawa Regency in January–June 2026, with focus on MSMEs based potential local (sector food processed , herbal products , honey forests and agriculture organic) which has not been own halal and organic certification . Research

involving 30 MSME actors as respondents main — dominated sector food processed (60%) with majority age 2–5 years of business (46%)— and 4 informants supporters from the Cooperatives and UMKM Service, UMKM assistants, institutions halal certification , and academics. Data collected through questionnaire, interview in-depth , observation fieldwork , documentation, and Focus Group Discussion (FGD), in order to analyze level MSME readiness, identifying constraints, analyzing internal- external factors , as well as formulate priority strategies strengthening Power MSME competitiveness.

Level of Readiness of MSMEs towards Halal and Organic Certification

Evaluation readiness use Likert scale 1–5 on six indicator show average score of 3.19 (category medium). Commitment perpetrator business become indicator highest (4.10), indicating motivation strong MSMEs for get certification , while administration business (2.15) and documentation business (2.08) still low Because part large MSMEs have not own recording business , production SOPs , and documents complete legality . Findings This in line with Organizational Readiness theory (Weiner), which states that readiness organization influenced by readiness source power, system effort and commitment to change.

Table 5. Level of Readiness of MSMEs for Halal and Organic Certification

No	Indicator	Average Score	Category
1	Understanding certification	3.82	Tall
2	Administration business	2.15	Low
3	Production process	3.21	Currently
4	Raw material	3.76	Tall
5	Documentation business	2.08	Low
6	Commitment perpetrator business	4.10	Tall
	Average	3.19	Currently

Constraints of MSMEs in Get Certification

The most prominent internal constraints is limited business capital For finance certification, low literacy administration (not yet) There is recording business), limited human resources, low digital skills, and the lack of innovation product. From the side external, constraints main covering ongoing assistance limited and not yet equitable access information difficult certification reachable, procedure complex certification, assistance minimal financing, as well as competition from product outside area. MSME actors hope existence training technical assistance legality business, mentoring certification and support marketing product.

IFAS and EFAS analysis

The Internal Factor Analysis Summary (IFAS) matrix produced a total score of 3.06, with score strength (Strength) 2.12 and weakness (Weakness) 0.94, shows that internal strength of MSMEs is greater dominant compared to its weaknesses — especially from side availability material standard local, characteristic typical products and commitments perpetrator business. The External Factor Analysis Summary (EFAS) matrix produced a total score of 3.16, with score Opportunity 2.58 and Threat 0.58, indicating opportunity distant external more big — especially trend halal products and demand product organic that continues increase.

Position SWOT Quadrant

Difference between score strengths and weaknesses produce coordinate X- axis is 1.18 ($S-W = 2.12-0.94$), while difference score opportunities and threats produce coordinate Y- axis is 2.00 ($O-T = 2.58-0.58$). Coordinates the put strengthening strategy position Power competitiveness of MSMEs in Quadrant I (Strength–Opportunity), which means that MSMEs have relative internal conditions strong at a time face opportunity large external position This directing towards an aggressive strategy (growth-oriented strategy), namely utilise all over internal strength to catch opportunity external in a way maximum through acceleration halal and organic certification, improvement quality products, human resource strengthening, innovation products, as well as expansion network marketing.

SWOT Analysis

Based on results mapping quadrant , Strength–Opportunity (SO) strategy becomes priority main Because capable utilise strength of MSMEs (availability material standard local , commitment perpetrator effort and support government) for catch market opportunities for halal and organic products continue to grow grow (Usman et al., 2026). Weakness–Opportunity (WO) strategies are directed overcome internal weaknesses (limited capital, literacy , and digital marketing) through training and mentoring certification . Strength–Threat (ST) strategy utilizes internal strength to face competition product outside area through strengthening quality and branding, while the Weakness–Threat (WT) strategy focuses on efficiency costs and reinforcement management efforts to reduce risk.

Quantitative Strategic Planning Matrix (QSPM) Analysis

Fourth alternative outcome strategies next SWOT analysis evaluated using QSPM based on 16 factors internal and external strategies , with Attractiveness Score (AS) assessment on a scale of 1–4 by 9 respondents expert . Recapitulation results show that strategy SO1— accelerate halal and organic certification through utilization potential local as well as support policy government — obtain highest average Total Attractiveness Score (TAS) value by 7.10 and becomes priority main strategy , followed by WO1 (6.90), ST1 (6.82), and SO2 (6.59). The high TAS value on SO1 shows that this strategy is most capable blend internal strengths and opportunities external For increase Power competitiveness of MSMEs, so that implementation of the strategy should be done sequentially start from SO1, WO1, ST1, to SO2.

Table 6. Results of the Quantitative Strategic Planning Matrix (QSPM)

Alternative Strategy	Average TAS	Ranking	Priority
SO1 – Speed Up halal and organic certification through utilization potential local as well as support policy government	7.10	I	Top Priority
WO1 – Improve capacity MSME actors through training administration business , innovation products , as well as mentoring certification	6.90	II	Priority Second
ST1 – Improve quality products to meet standard certification and capable	6.82	III	Priority Third

Alternative Strategy	Average TAS	Ranking	Priority
compete with product outside area			
SO2 – Developing digital marketing of halal and organic products based technology information For expand market access	6.59	IV	Priority Fourth

The Role of Local Government

Success implementation of priority strategies need synergy inter-stakeholder interests of the government area play a role as a regulator, facilitator , and motivator through mentoring programs certification , assistance financing , training capacity business and promotion product local (Maulida et al., 2023). Companion institution give guidance technical in compilation document administration and implementation System Guarantee Halal Products , meanwhile institution certification carry out audit, verification and issuance processes certificate . MSME actors themselves become actor main , where the commitment they in increase quality products and administration business become factor determinant strategic success (Molina-Sánchez et al., 2022). Collaboration fourth party This expected speed up ownership certification , improving Power competition product local , expanding market access , and encourage growth economy area in a way sustainable.

CONCLUSION

Based on the results of the SWOT analysis and the Quantitative Strategic Planning Matrix (QSPM), the highest-priority strategy for strengthening the competitiveness of MSMEs through halal and organic certification in West Sumbawa Regency is Strategy SO1, namely accelerating halal and organic certification by leveraging local potential and supportive government policies. This strategy achieved the highest Total Attractiveness Score (TAS) of 7.10, followed by Strategy WO1 (6.90), Strategy ST1 (6.82), and Strategy SO2 (6.59). These findings indicate that the synergy among local potential, government support, and the acceleration of certification processes represents the most effective approach to enhancing MSME competitiveness. The implementation of this strategy is expected to improve product quality, expand market access, and strengthen the sustainable competitiveness of MSMEs.

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