

Developing Social Trustworthiness of the Halal Fried Chicken MSMEs' Value Chain in Malang

Priyo Sugeng Winarto¹, Puji Akhirah^{1*}, Budi Hartono¹, Nanang Febrianto¹, Hari Dwi Utami¹, Khotibul Umam¹,
and Juwaidah Sharifuddin²

¹Faculty of Animal Science, Universitas Brawijaya, Malang, Indonesia

²Faculty of Agriculture, Universiti Putra Malaysia, Selangor Darul Ehsan, Malaysia

*Corresponding author email: pujiakhirah@ub.ac.id

Abstract. The value chain is an essential framework for understanding how industries create and sustain value for consumers or target markets. It encompasses various activities that contribute to delivering valuable products, such as supplier, channel, and buyer value chains. The primary activities in the value chain include inbound logistics, operations, outbound logistics, marketing and sales, and service. This study aims to analyze the value chain, focusing on halal fried chicken SMEs in the Malang Raya area. A quantitative descriptive method was employed, involving 56 respondents randomly selected, starting from owners, managers, and operational staff of SMEs. Data collection techniques included a survey method with questionnaires, in-depth interviews, and observations. The analysis utilized a Likert scale to measure key value chain elements such as inbound logistics, operations, outbound logistics, marketing, and service. The results indicate that the halal value chain ecosystem in Malang Raya is well-established. Respondents agreed that critical activities such as material storage, smooth distribution, product quality control, customer service and satisfaction significantly impact the success of SMEs in the region. This study highlights the importance of halal certification and optimal value chain management to enhance product competitiveness in both local and international markets. These findings provide insights for policymakers to support the development of social trustworthiness of the halal value chain ecosystem, ensuring that SMEs remain competitive in the growing halal food sector.

Keywords: social trustworthiness, halal value chain, SMEs, Malang Raya, fried chicken

Abstrak. Rantai nilai merupakan kerangka kerja penting untuk memahami bagaimana industri menciptakan dan mempertahankan nilai bagi konsumen atau pasar sasaran. Rantai nilai mencakup berbagai aktivitas yang berkontribusi pada penyampaian produk bernilai, seperti rantai nilai pemasok, saluran, dan pembeli. Aktivitas utama dalam rantai nilai meliputi logistik masuk, operasi, logistik keluar, pemasaran dan penjualan, serta layanan. Penelitian ini bertujuan untuk menganalisis rantai nilai, dengan fokus pada UMKM ayam goreng halal di wilayah Malang Raya. Penelitian ini menggunakan metode deskriptif kuantitatif dengan melibatkan 56 responden yang dipilih secara acak dari pemilik, manajer, dan staf operasional UMKM, menggunakan kuesioner, wawancara, dan observasi sebagai teknik pengumpulan data. Analisis dilakukan dengan skala Likert untuk mengukur elemen utama rantai nilai, seperti logistik masuk, operasi, logistik keluar, pemasaran, dan layanan. Hasil penelitian menunjukkan bahwa ekosistem rantai nilai halal di wilayah Malang Raya telah terbentuk dengan baik. Responden setuju bahwa aktivitas penting seperti penyimpanan material, distribusi yang lancar, pengendalian kualitas produk, dan layanan pelanggan memiliki dampak signifikan terhadap keberhasilan UMKM setempat. Penelitian ini menyoroti pentingnya sertifikasi halal dan pengelolaan rantai nilai yang optimal untuk meningkatkan daya saing produk di pasar lokal maupun yang makin luas. Temuan ini memberikan wawasan bagi pembuat kebijakan untuk mendukung penguatan kepercayaan sosial rantai nilai halal, memastikan UMKM tetap kompetitif di sektor makanan halal yang terus berkembang.

Kata kunci : kepercayaan sosial, rantai nilai, produk halal, UMKM, Malang, ayam goreng.

Introduction

Broiler are the rapidly growing livestock industry in Indonesia. According to the Data Center and Information System of the Secretary General of the Ministry of Agriculture (2023), data from 2023 shows that Java Island contributes 62.13% of the total broiler meat production. This data indicates that public

interest and demand for broiler meat are increasing. Chicken meat is one of the livestock products that can be used as a food source to meet protein needs and has become a favorite food enjoyed by most people.

Fried chicken is the most popular dish. Moreover, fried chicken is a halal product trusted by the majority of Indonesia's Muslim

population. The Indonesian government prioritizes consumer safety by ensuring that animal food products sold and processed have a halal label or halal certification to guarantee that the products are safe, lawful, and in accordance with Islamic law. The benefits of halal products like fried chicken include providing product safety guarantees, adding value to the product, giving peace of mind to consumers, and protecting products from global competition (Kristiyoningsih et al., 2023). In countries with a Muslim majority, the halal label becomes an important factor in purchasing decisions. As explained in the research by Apriliani et al. (2021), KFC strengthens its competitiveness by obtaining MUI halal certification and regularly renewing it, which provides a sense of security to Muslim consumers.

The value chain is a tool used to understand how an industry or company can maintain and create value for its consumers or target market. The value chain is formed by several activities that function to deliver valuable products to the market, such as the supplier value chain, channel value chain, and buyer value chain. Additionally, the main activities involved in production and delivery to customers are 1) Inbound logistics, related to the preparation of product materials; 2) Operations, related to converting inputs into final products; 3) Outbound logistics, related to product distribution; 4) Marketing and sales; and 5) Service, related to enhancing and maintaining the product's value (Ricciotti, 2020).

Malang is one of the areas for business development in the livestock sector, particularly fried chicken. Fried chicken is a livestock product widely consumed by all segments of society in Malang Raya. Chicken meat is highly in demand because it is relatively more affordable than other meats like beef and mutton. This makes fried chicken a popular consumer target. Kristiyoningsih et al., (2023) In Jatirogo District, halal labeling has a significant influence on fried chicken consumers' purchasing decisions, with

the majority of respondents considering it a key factor. The F-test results show that 61.9% of consumers are satisfied with their purchase decisions influenced by the halal label. In addition to the halal label, other factors such as price, taste, promotion, lifestyle, and interior design also affect purchasing decisions. The researcher recommends exploring halal food branding as an alternative to halal labeling to attract more consumers, as well as conducting further research on the availability of halal-labeled food to understand consumer purchasing behavior better.

This study fills a gap in the literature on the implementation of the halal value chain in halal fried chicken SMEs in Malang Raya. Most previous studies have focused on the value chain in general or on large companies, without addressing the unique characteristics of SMEs operating in the halal food sector in a -based region like Malang. Additionally, research on how halal certification is integrated into all elements of the value chain (from logistics to services) remains limited, especially in the context of local SMEs facing resource constraints. Malang stands out as a region with a strong base, where the demand for halal products is rising in line with the increasing number of Muslims. This study is significant as it explores how halal fried chicken SMEs can enhance their competitiveness to meet the demands of both local and international markets.

The halal value chain is a series of activities and processes that ensure products are developed, produced, and delivered according to halal standards set by Islamic law. Hakim and Sugianto (2024) states that the halal value chain is an ecosystem or halal supply chain encompassing various industrial sectors from upstream to downstream industries. Alfarizi (2023) notes that halal has now evolved into a factor that can enhance a product's brand image (Kurniawati & Savitri, 2020). As consumer demand for halal product assurance increases,

SMEs must adopt halal practices to meet the growing market demand. This emphasizes the importance of the halal food supply chain, where all processes and activities from the source to the consumer must comply with Sharia law.

This study focuses on the value chain, specifically the primary activities carried out by SMEs in the Malang Raya area for halal fried chicken products. The analysis of the value chain aims to understand the operations of SMEs in Malang Raya, making this research essential for helping entrepreneurs or sellers improve their businesses and operations related to halal fried chicken products, especially in the sector. It also explains the main challenges faced by halal fried chicken SMEs in integrating halal certification into all elements of the value chain, from logistics to services.

Materials and Methods

Research Location and Time

The research was conducted in the Malang Raya area, which is a tourism region, over the course of one month, from August to September 2023. The selection of the research location was done deliberately or with specific considerations to ensure that the data obtained would be more representative (purposive sampling). The location was chosen based on the presence of fried chicken SMEs, capital ownership of less than 1 billion rupiahs, and the support these SMEs provide to the tourism area.

Sample Selection Technique

The research material consists of micro, small, and medium enterprises (MSMEs) engaged in the fried chicken culinary business, particularly in the Malang area. The sample collection was conducted using the simple random sampling method, where sample members were randomly selected without considering strata. Ariesla and Novera (2018) stated that simple random sampling is a sampling method in which every member of the

population has an equal chance of being selected. A total of 56 respondents were taken from owners of livestock product processing industries/MSMEs. Respondents were selected based on several criteria, including selling fried chicken, being business owners, managers, or operational staff involved in the fried chicken business, having 2 to 15 years of experience in the related industry, making this activity their primary occupation, having a strategic location, and achieving good sales performance (Prasetyo, 2011).

Data Collection Methods

This study employs a descriptive quantitative research method. The descriptive quantitative method is used to describe and illustrate existing conditions or phenomena, whether natural or man-made while considering the characteristics, quality, and interrelationships of activities (Utami et al., 2021). The descriptive quantitative approach also allows for the analysis of interactions between elements within the value chain, such as inbound logistics, operations, outbound logistics, marketing, and services, providing a comprehensive overview of processes contributing to business success. This method is combined with data collection techniques such as observation, interviews, and questionnaires, ensuring that the research results reflect the real perspectives of MSME actors under study.

1. Questionnaire

A questionnaire is a survey method commonly used to collect data from respondents. According to Sugiono (2016), a questionnaire is a data collection technique conducted by providing respondents with a series of questions or statements to answer. Questionnaires are typically distributed offline. The questionnaire used in this study was pre-tested to ensure the clarity and feasibility of the questions. Furthermore, the questionnaire underwent validation testing

to ensure that it accurately and reliably measured the intended constructs.

The validity test in this research questionnaire is conducted based on the principle that if the significance value (sig) of the correlation result is less than 0.05 (<0.05), the statements in the questionnaire can be declared valid. Conversely, the questionnaire is considered valid if the calculated r-value (r-hitung) is greater than the critical r-value (r-tabel). In this study, a sample size of 56 respondents was used, so the critical r-value (r-tabel) is calculated using the following formula:

$$Df = (N - 2) = 56 - 2 = 54$$

The error rate used is 5%, and with a degree of freedom (Df) of 54, it can be concluded that the critical r-value corresponds to the row for 54 in the table. From the table, the critical r-value is found to be 0.266. An instrument can be considered valid if the correlation coefficient exceeds the critical r-value. Sugiyono (2016) states that an instrument is considered valid if it has a high validity value or a value higher than the predetermined r-table value.

Table 1. Validity Test

Variable Item	Correlation Coefficient	R Table	Description
Inbound Logistic			
X1.1	0.491	0.266	Valid
X1.2	0.694	0.266	Valid
X1.3	0.278	0.266	Valid
X1.4	0.688	0.266	Valid
X1.5	0.740	0.266	Valid
X1.6	0.723	0.266	Valid
Operations			
X2.1	0.675	0.266	Valid
X2.2	0.592	0.266	Valid
X2.3	0.611	0.266	Valid
X2.4	0.676	0.266	Valid
X2.5	0.728	0.266	Valid
Outbond Logistic			
X3.1	0.272	0.266	Valid
X3.2	0.338	0.266	Valid
X3.3	0.642	0.266	Valid
Market and sales			
X4.1	0.733	0.266	Valid
X4.2	0.719	0.266	Valid
X4.3	0.728	0.266	Valid
X4.4	0.651	0.266	Valid
X4.5	0.723	0.266	Valid
X4.6	0.717	0.266	Valid
X4.7	0.305	0.266	Valid
Service			
X5.1	0.562	0.266	Valid
X5.2	0.638	0.266	Valid
X5.3	0.496	0.266	Valid
X5.4	0.551	0.266	Valid
X5.5	0.651	0.266	Valid

2. Observation

Observation is the initial step in the research, starting from observing respondents to practical outcomes. Observation is the process of selecting, transforming, recording, and coding a series of behaviors and situations for empirical purposes (Hasanah, 2016).

3. Interview

An interview is a simple data collection technique (Yusuf, 2014). It is conducted between the interviewer and the interviewee through direct interaction to obtain information and collect data. In this study, the interviews were structured in a semi-structured format, where a list of questions was prepared in advance, but the interviewer was given the flexibility to explore more in-depth answers based on the respondents' responses.

Types and Sources of Data

The data used in this research consists of quantitative data related to the value chain. However, since the research approach is explanatory quantitative, the data related to the value chain were converted into numerical data based on a Likert Scale. This process involves creating categories and assigning scores or values to each category. The Likert Scale, as explained by Budiaji (2017), is a scale that is easy to understand and is used to measure individual behavior. This scale uses several questions for respondents who respond by choosing one of the three options provided: agree, somewhat agree, and disagree. The scale used in this research ranges from 1 to 3, with the following score details:

- a. Score 3 for Agree
- b. Score 2 for Somewhat Agree
- c. Score 1 for Disagree

Data Analysis

This study employs a descriptive quantitative research method. The descriptive quantitative

method is used to describe and illustrate existing conditions or phenomena, whether natural or artificial, while considering the characteristics, quality, and interrelationships of activities. The descriptive quantitative approach also enables the analysis of interactions between elements within the value chain, such as inbound logistics, operations, outbound logistics, marketing, and services, providing a comprehensive overview of the processes contributing to business success. This approach relies on data collection through observation, interviews, and questionnaires, with the results processed into numerical data using a Likert scale to ensure the research findings reflect the actual perspectives of the MSME actors under study.

The measurement of halal aspects is conducted by considering both product and process elements within each value chain component as follows:

1. Inbound Logistics

Halal measurement includes verifying raw materials from halal-certified suppliers, storing raw materials in compliance with halal standards to prevent contamination, and managing the distribution of raw materials in accordance with Sharia principles.

2. Operations

In the production process, halal assessment is carried out by ensuring the use of equipment specifically designated for halal products, maintaining the cleanliness of the work environment, and monitoring the production process to ensure it is free from any non-halal substances.

3. Outbound Logistics

Halal measurement involves managing product distribution to ensure cleanliness, packaging that complies with halal standards, and storage during transportation that preserves the halal integrity of the product until it reaches the consumer.

4. Marketing and Sales

Marketing activities focus on promoting halal

products through labeling and halal certification information, as well as educating consumers on the importance of consuming halal products to enhance trust and product appeal.

5. Services

Halal services include providing transparent information regarding the halal status of products, responding promptly to consumer inquiries or complaints related to halalness, and maintaining cleanliness and aesthetics at the business premises in accordance with Sharia principles.

Based on Table 2, the results show that respondents agree that business owners pay attention to the storage of raw materials and the smooth distribution of materials. This clearly indicates that respondents place special emphasis on the preparation and storage of raw materials for MSME (micro, small, and medium enterprises) products to maintain consumer or customer trust. Respondents also highlighted that the process of transferring raw materials through suppliers involves negotiation. This aligns with the findings of Febriani et al. (2023), who state that inbound logistics affect the smooth flow of product production. Therefore, before processing activities begin, all actions must be systematically arranged, starting from the negotiation process to smooth distribution. This opinion is also supported by Florian et al. (2011), who emphasize that transport-oriented scheduling concepts are essential to reducing inbound logistics traffic. To optimize transport logistics efficiently, it is important to understand the system's behavior, as the system changes its behavior when orientation shifts.

Results and Discussion

Inbound Logistics

Value chain is a tool used to assess how a business's value chain is generated, with one of its primary activities being inbound logistics, which includes six items: the negotiation process between suppliers and consumers, owner's attention to material storage, smooth material distribution, purchasing scheduling, and raw material selection, as well as anticipation of material changes.

Table 2. Analysis of Inbound Logistics Activities in Halal Fried Chicken MSMEs

Aspect being studied	Score			Average	Percentage (%)
	3	2	1		
The process of bargaining between suppliers and consumers in purchasing raw materials	23	26	7	42.67	76.19
Business owners pay attention to proper material storage.	56	0	0	56	100
The smooth distribution of materials is a top priority.	56	0	0	56	100
Scheduling the purchase of raw materials.	50	6	0	54	96.42
Raw materials from suppliers are always selected before purchase.	43	11	2	51	91.07
Business owners anticipate changes in material prices.	40	14	2	50	89.28
Total	268	57	11		

By understanding the system and managing logistics efficiently, businesses can create added value throughout the value chain. In the context of the halal market, additional focus on the halal aspects of materials and processes strengthens customer trust. It enhances the competitiveness of products in a rapidly growing market. This demonstrates that integrating value chain management principles with halal strategies can serve as a strong foundation for the sustainability and growth of MSMEs. Sari & Alfarizi (2024) The importance of sustainable strategies in halal businesses underscores the potential to create sustainable economic growth, enhance competitiveness, and maintain environmental and social balance. This study also provides insights into how halal culinary SMEs can serve as key drivers in fostering cross-border collaboration in Southeast Asia to establish a stronger and more sustainable halal market. In the inbound logistics stage, the selection of raw materials is a crucial element in ensuring the halal integrity of the product. The raw materials used must come from suppliers who are certified halal, and the storage process must be maintained to avoid contamination from non-halal substances. This step not only enhances consumer trust but also serves as a

foundational measure to maintain halal integrity throughout the value chain.

Operations

Operations in the value chain concept refer to the process of transforming raw materials into finished products ready for sale. In fried chicken SMEs, this can include various stages such as production, raw material preparation, processing, and packaging before the products are finally distributed. Porter (1985) stated that operations are the process of transforming raw materials into products that are ready for use.

Based on Table 3, respondents agree that SMEs in the Malang Raya area have smooth production processes supported by a conducive work environment. However, some respondents disagree with the presence of supervisors or monitoring during product creation. They feel that the confidentiality of product creation might be compromised by individuals other than workers or employees, thus viewing product supervisors as a threat to product secrecy. This is consistent with Baiti et al. (2020) stated a good environment supports the smooth process of product creation, as environmental conditions can directly or indirectly affect employees & thereby indirectly affect consumers.

Table 3. Analysis operations activities in halal fried chicken MSMSs

Aspect being studied	Score			Average	Percentage (%)
	3	2	1		
Product quality testing before marketing	38	18	0	50	89,28
Business owners directly oversee the production process.	35	16	4	47	83,92
A conducive work environment supports smooth production.	56	0	0	56	100
There is supervision/monitoring in the production process.	18	34	4	42	75
Proper time management is necessary for product manufacturing.	50	6	0	54	96,42
Total	197	74	8		

Table 4. Analysis Outbound Logistic activities in halal fried chicken MSMEs

Aspect being studied	Maximum score			Average	Percentage (%)
	3	2	1		
Special handling of raw materials during storage in the warehouse to prevent damage.	40	16	0	50.66	90.46
Intensive care of raw materials during storage.	35	8	13	44.67	79.76
Direct supervision by the business owner during the delivery of raw materials.	44	10	2	51.33	91.66
Total	119	34	15		

This aligns with Al-Shboul (2023), who stated that the process of improving cooperation between employees can enhance the fulfillment of current and future customer needs. Timely operations are able to increase operational productivity. Smooth production, effective work environment management, and proper supervision are essential components of the supply chain value chain. When all these elements are optimized, companies not only create value for customers but also ensure operational sustainability and competitiveness in the market. Integrating work environment management and information protection within the supply chain is key to building trust and achieving greater efficiency. The production process must be strictly managed to comply with halal standards. This includes the use of equipment exclusively designated for halal materials and products, as well as ensuring that the production environment is free from non-halal contamination. Additionally, all workers involved must understand the importance of maintaining the halal integrity of the product at every stage of production

Outbound Logistics

Outbound logistics is one of the value chain elements related to product distribution. Porter (1985) stated that outbound logistics refers to

the delivery of goods or products along the supply chain to the end consumer. In the value chain of SMEs producing fried chicken, outbound logistics includes several aspects, such as handling raw materials during storage, maintaining raw materials during the storage period, and direct supervision by the business owner during the shipment of raw materials. Arifin et al. (2023) explained that this value chain activity is crucial as it has a significant impact on product quality and reputation.

Based on Table 4, this aligns with the research findings that explain the survey responses from respondents who agree on the importance of special handling and care for products to be distributed. This is evident in food products like fried chicken, which are uniquely packaged, unlike the packaging or distribution of non-food items. Good outbound logistics can optimize the operations of SMEs through product distribution. This is consistent with the views of Sudiantini et al. (2023), who state that optimizing product distribution to consumers can be achieved by applying the concepts of supply chains and value chains. This opinion is also supported by Miao et al. (2023), who state that better distribution channel optimization can enhance effectiveness and shorten delivery paths as well as supply chain design. In the process, dynamic pricing

strategies are employed to handle emergencies and distribution disruptions. Outbound logistics, the distribution of halal products must be carried out in a manner that ensures cleanliness and maintains the halal integrity of the products until they reach consumers. Proper packaging and distribution management in compliance with halal standards are also crucial factors in preserving product quality during the delivery process."

Marketing and Sales

Marketing and sales are two important aspects of the value chain that relate to the promotion and sale of products or services. Marketing focuses on activities aimed at introducing products to the market, building awareness, and creating interest. In contrast,

sales focus on the direct activities involved in selling products to consumers.

Based on Table 5, it shows that most SME respondents in the Malang Raya area agree on the importance of maintaining good relationships with customers, setting prices, and payment agreements made with the mutual consent of both business owners and consumers, as well as maintaining customer loyalty by offering discounts and introducing new menus. However, respondents are less in favor of conducting direct surveys on customer satisfaction behavior. Consumers feel that their privacy is not respected when sellers directly inquire about their satisfaction. They prefer to have a dedicated feedback box where they can provide their input directly to the seller.

Table 5. Analysis marketing and sales activities in halal fried chicken MSMEs

Aspect being studied	Score			Average	Percentage (%)
	3	2	1		
Establishing good relationships with customers and being friendly.	56	0	0	56	100
Price setting and payment agreements are made with the mutual consent of the business owner and the consumer.	53	3	0	55	98.21
Negotiations take place between the consumer and the business owner during sales.	2	36	18	32	57.14
Informing customers when there are new collection items.	31	25	0	47.66	85.10
Surveying customer satisfaction by asking directly.	19	36	1	43.33	77.375
Providing a special place to accommodate customer complaints.	23	33	0	45	80.35
Maintaining customer loyalty by offering discounts during purchases.	48	8	0	53.33	95.23
Total	232	141	19		

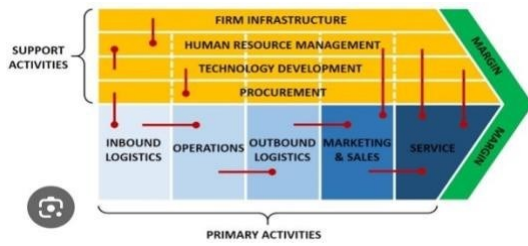


Figure 1. Value Chain Scheme

Therefore, sellers must pay attention to and care for consumers because they need products at the right time and place and want to feel comfortable to meet their needs. This highlights the importance of viewing marketing from various aspects. This aligns with the statement by Waridin and Al-Hafidz (2021) that marketing and sales are elements of the value chain that marketers must possess to attract consumer interest by creating products that meet consumers' timing and location needs. A responsible, transparent, and trustworthy marketing process can demonstrate integrity to consumers and stakeholders, thereby establishing a good relationship between both parties (Nadeem et al., 2023). In marketing, it is essential to highlight the halal status of the product as a key selling point. Clear information about halal certification can be provided through labels, advertisements, or other promotional materials. Additionally, marketing strategies that emphasize educating consumers about the importance of halal products can enhance product appeal, particularly in the growing Muslim market.

Figure 1 illustrates the activities within a business that are interconnected and aimed at creating value for consumers. Marketing and sales are considered elements that help create products or services relevant to consumers' timing and location needs and are essential aspects of marketing as part of the value chain. Transparency, integrity, and responsibility in marketing are key to building good relationships with consumers and other stakeholders. This highlights the importance of viewing marketing from various aspects. This is in line with the

statement by Waridin and Al-Hafidz (2021) that marketing and sales are value chain elements that marketers must possess to attract consumer interest by creating products that meet consumers' timing and location needs. A responsible, transparent, and trustworthy marketing process is able to demonstrate integrity to consumers and stakeholders, thereby establishing a good relationship between the two (Nadeem et al., 2023)

Service

In primary activities, service relates to enhancing and maintaining the value of a product. Good service provided by SME producers can increase consumer interest in products like fried chicken. In addition, an attractive packaging process that follows the development of the times can increase the selling power of fried chicken products so that it can add value to a product. This is in line with Panjaitan (2016), who stated that service quality plays an important role in increasing and maintaining the value of a product. This aligns with the explanation provided by Muhaimin et al. (2024), who stated that product packaging is a crucial element in attracting consumer attention and increasing product value, especially for MSMEs in Ketambul Village that produce processed foods made from chicken and flour. In the service aspect, it is important to provide transparent information to consumers regarding the halal status of products. For instance, offering consultation services or accepting complaints related to product halalness can enhance consumer trust. Friendly and responsive service tailored to the needs of Muslim consumers also adds significant value.

Several previous research results revealed that product quality can prove consumer satisfaction (Puspitasari and Ferdinand, 2018). However, these results differ from the findings of Hartanto (2019), who stated that product quality does not significantly affect customer satisfaction at a cafe in Surabaya. Furthermore,

Purwasih et al. (2018); Panjaitan and Yuliati (2016) can prove that service quality has a direct effect on consumer satisfaction. Next, the flow of the value chain scheme can be seen in Figure 1.

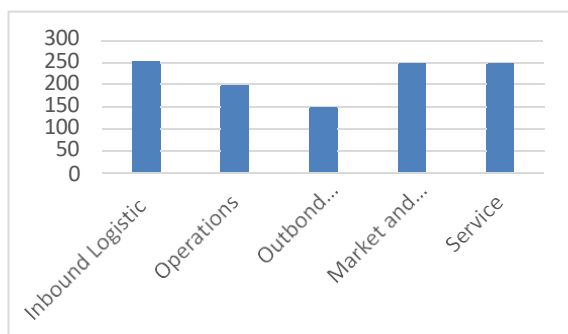


Figure 2. Performance Analysis of MSME Value Chain Elements

Figure 2 illustrates the assessment scores of the five main elements in the value chain, including inbound logistics, operations,

outbound logistics, marketing and sales, and service. The inbound logistics element achieved the highest score of 268, indicating that this aspect is considered the most significant and well-managed in supporting the success of the value chain. On the other hand, the operations element scored 197, which, although lower, still demonstrates an important contribution. outbound logistics received the lowest score of 119, highlighting challenges or weaknesses in the management of outbound distribution that require further attention for improvement. The marketing and sales element, with a score of 232, and service, with a score of 226, show substantial contributions to operational success, reflecting the critical role of marketing, sales, and services in strengthening competitiveness. Overall, the chart provides insights into the performance of each value chain element, emphasizing the need to enhance efficiency in specific areas, particularly outbound logistics.

Table 6. Analysis of service activities in halal fried chicken MSMEs

Aspect being studied	Maximum score			Average	Percentage (%)
	3	2	1		
Good service can increase consumers' interest in shopping.	56	0	0	56	100
Accepting orders according to customer criteria.	56	0	0	56	100
Providing bonuses to regular customers.	43	13	0	51.66	92.25
Maintaining the aesthetics and cleanliness of the business premises.	56	0	0	56	100
Products produced always follow market trends.	15	31	10	39	69.64
Total	226	44	10		

Table 7. Analysis chi square

Value chain element	Success Category	Observation (O)	Expectation (E)	(O-E)²/E
Inbound Logistic	High	30	28	0.14
Operations	Medium	15	17	0.24
Outbound Logistic	Low	11	11	0.00
Marketing and Sales	High	25	24	0.04
Service	Medium	14	15	0.07
Total Chi-Square				0.49

The chi-square test results show the relationship between value chain elements (inbound logistics, operations, outbound logistics, marketing and sales, and services) and the success level of MSMEs. The analysis yielded a total chi-square value of 0.49, which was compared to the critical chi-square value from the table at a significance level of $\alpha = 0.05$ and a specific degree of freedom (df). Since the calculated X^2 value (0.49) is smaller than the critical X^2 value (9.488), the null hypothesis (H_0) is accepted. This indicates that there is no significant relationship between the overall value chain elements and the success level of MSMEs.

This result suggests that although value chain elements contribute to the success of MSMEs, their contributions may be independent or do not demonstrate a strong direct correlation with each other in improving success in an integrated manner. These findings highlight that each value chain element, such as inbound logistics or services, may require specific and individual improvement strategies to maximize their impact on the overall success of MSMEs.

Social Aspect Development

The inclination towards a social and environmental value-generation mindset is increasingly evident among major corporations (Mazzucchelli et al., 2022). The primary focus of business is centered on the economic and environmental dimensions, then this extends to important social aspects such as stakeholder interactions and employment (Ayaz and Tatogiu, 2024). This is in line with the fact that promotion covers various parts of life, including the financial and social areas of the local area. Promotional exercises include efforts made in developing products from producers to buyers. The importance of promoting in the public arena is reflected in the inseparable local life (Saefullah dan Arnu, 2022).

The more positive the value of supply chain management, the more positive the

performance of the SMEs will be. The results of this study indicate that supply chain management can affect the performance of SMEs. Supply chain management also has a significant effect on competitive advantage, where respondents are willing to establish long-term relationships with producers who are able to manage their businesses by implementing supply chain management efficiently (Murtadlo and Hanan, 2018).

Conclusions

The conclusion shows that the value chain, consisting of primary activities such as inbound logistics, operations, outbound logistics, marketing and sales, and service, has a significant influence on efforts to improve SMEs in the Malang Raya area, particularly in the context of halal fried chicken products. This research highlights that the halal value chain ecosystem for these SMEs is well-established, as evidenced by the data analysis. Proper management of value chain activities, from the procurement of raw materials to distribution and customer service, has a direct impact on improving business performance and maintaining consumer trust, particularly in ensuring compliance with halal standards. This study indicates that implementing strategies to strengthen each element of the value chain can optimize the operational efficiency of SMEs and help them compete better in the market. Special attention to halal certification, product quality, and customer engagement is crucial for SMEs operating in focused areas like Malang, where consumer demand for halal products continues to increase. Therefore, the study suggests that SMEs in the halal food industry, particularly fried chicken, should not only focus on meeting halal standards but also continuously improve their business processes by optimizing the value chain. This approach will not only enhance operational efficiency but also help build stronger relationships with consumers.

ultimately supporting long-term business sustainability.

This finding has broad implications for policymakers. Support for halal certification is not only relevant to the sustainability of MSMEs but also strengthens their competitiveness in both local and international markets. In the context of a based economy. ensuring that MSME products comply with halal standards can enhance the region's image as a Muslim-friendly destination. as well as open up new potential market opportunities. Strengthening collaboration between the government. business actors. and halal certification bodies is essential to create an ecosystem that supports the growth of halal-based MSMEs. This study opens up opportunities for future research that could explore aspects such as a comparative analysis of the implementation of halal value chains in regions with similar economic characteristics. the impact of adopting digital technology to support halal certification and value chain management. and longitudinal studies to assess the sustainability of the impact of halal certification on MSME performance in the long term.

References

- Alfarizi. M. (2023). Kinerja berkelanjutan UMKM kuliner Indonesia dalam praktik standar halal: Investigasi kapabilitas internal–tekanan eksternal bisnis. *Journal of Finance. Business and Economy.* 1(1). 21–55. <https://e-journal.unu-jogja.ac.id/fe/>
- Al-Shboul. M. A. (2023). Enabling manufacturing firms' supply chain performance in the Middle East region through boosting the quality of multi-directional relationships and supply chain risk dilution: A moderated-mediation model. *Heliyon.* 9(1). 1–21. <https://www.sciencedirect.com/science/article/pii/S2405844023092678>
- Apriliani. P. Tikawati. T. & Nurul. F. (2021). The influence of brand image. halal label. and product quality on Kentucky Fried Chicken (KFC) purchase decisions. *Journal AICEB.* 1(1). 202–218.
- Ariesla. P. K. & Novera. H. (2018). Pemilihan teknik sampling berdasarkan perhitungan efisiensi relatif. *Jurnal Unimus.* 6(2). 166–171. <http://jurnal.unimus.ac.id/>
- Arifin. J. Animah. & Lalu. J. T. (2023). Analisis rantai nilai produk telur asin (studi kasus pada Bersahabat Farm). *Jurnal Risma.* 3(4). 51–62.
- Ayaz. O. & Tatogiu. E. (2024). Unveiling the power of social value: Catalyzing circular economy in emerging market SMEs. *Journal of Cleaner Production.* 453. 1–19. <https://www.sciencedirect.com/science/article/pii/S0959652624016937>
- Baiti. K. N. Djumali. & Kustiyah. E. (2020). Produktivitas karyawan ditinjau dari motivasi. disiplin kerja. dan lingkungan kerja pada PT Iskandar Indah Printing Textile Surakarta. *Edunomika.* 4(1). 69–87.
- Budijaji, S. W. 2017. Penggunaan Skala Likert dalam Penelitian Kuantitatif: Pendekatan untuk Mengukur Perilaku Individu. *Jurnal Penelitian Psikologi.* Vol. 13, No. 2, pp. 145-153, 2017
- Febriani, S., Din, M., & Lamusa, F. (2023). Mengaktifkan kegiatan inbound logistic dan conversion operation pada pengolahan minyak kelapa Desa Tambu. *Jurnal Manajemen dan Ekonomi Kreatif.* Volume 1 (No. 2)
- Florian. M., Kemper. J., Sihn. W, & Hellingrath. B. (2011). Concept of transport-oriented scheduling for reduction of inbound logistics traffic in the automotive industries. *CIRP Journal of Manufacturing Science and Technology.* 4. 252–257. <https://www.sciencedirect.com/science/article/pii/S175558171100006X>
- Hakim. M. F. & Sugianto. (2024). Study library research: Penguatan ekosistem halal value chain di Indonesia untuk industri halal global. *Jurnal Penelitian Inovatif (JUPIN).* 4(4). 2227–2238.
- Hasanah, H. (2016). Teknik-teknik observasi (sebuah alternatif metode pengumpulan data kualitatif ilmu-ilmu social. *Journal At-taqaddum.* Volume 8 (No. 1)
- Hartanto. A. (2019). Pengaruh kualitas produk. kualitas layanan. dan lingkungan fisik terhadap loyalitas pelanggan melalui kepuasan pelanggan sebagai variabel mediasi di De Mandailing Cafe Surabaya. *Agora.* 7(1). 1–15.
- Kristiyoningsih. A. Ridwan. & Fanani. A. (2023). The impact of halal label availability on fried chicken purchase decisions: A case study in Jatirogo District. Tuban Regency. *Journal of Agricultural Socioeconomics and Business.* 6(1). 23–33. <http://ejournal.umm.ac.id/index.php/agriecobis>
- Kurniawati, D.A., dan Savitri, H. 2020. Awareness level analysis of Indonesian consumers toward halal products. *Journal of Islamic Marketing.* Volume 11 (Issue 2).
- Mazzucchelli. A.. Chierici. R.. Del Giudice. M.. & Bua. I. (2022). Do circular economy practices affect corporate performance? Evidence from Italian large-sized manufacturing firms. *Corporate Social*

- Responsibility and Environmental Management*. 29(6). 2016–2029.
- Miao. X. Pan. S. & Chen. L. (2023). Optimization of perishable agricultural products logistics distribution path based on IACO-time window constraint. *Journal of Cleaner Production*. 20. 1–10.
- Muhaimin. D. Anisah. S. Zukhrufur. R. & Kusuma. V. (2024). Pengembangan produk Bubblin'Nugz sebagai salah satu UMKM Desa Ketambul berbasis Canva untuk meningkatkan daya tarik konsumen. *Jurnal Ilmiah Mahasiswa*. 2(2). 15–19.
- Murtadlo. K.. & Hanan. (2018). Pengaruh kompetensi kewirausahaan, kompetensi sumber daya manusia, dan supply chain management terhadap kinerja UKM dan keunggulan bersaing. *Jurnal Sketsa Bisnis*. 5(1). 15–27.
- Nadeem. W.. Alimamy. S.. & Ashraf. A. R. (2023). Navigating through difficult times with ethical marketing: Assessing consumers' willingness-to-pay in the sharing economy. *Journal of Business Research*. 70. 1–14.
- Oscar. Y.. & Keni. (2019). Pengaruh brand image, persepsi harga, dan service quality terhadap keputusan pembelian konsumen. *Jurnal Muara Ilmu Ekonomi dan Bisnis*. 3(1). 20–28.
- Panjaitan. J. E.. & Yuliati. A. L. (2016). Pengaruh kualitas pelayanan terhadap kepuasan pelanggan pada JNE cabang Bandung. DeReMa (Development Research of Management): *Jurnal Manajemen*. 11(2). 265–289.
- Porter. M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. New York: Macmillan.
- Purwasih. R.. Yuliana. Y.. & Suyuthie. H. (2018). Pengaruh kualitas pelayanan karyawan terhadap kepuasan pelanggan di Kafe Batavia Padang. *E-Journal Home Economic and Tourism*. 16(1).
- Pusat Data dan Sistem Informasi Sekretaris Jenderal Kementerian Pertanian. (2023). Analisis kinerja perdagangan daging ayam. 3(2).
- Puspitasari. A. N. & Ferdinand. A. T. (2018). Analisis pengaruh kualitas produk dan kualitas pelayanan terhadap kepuasan pelanggan untuk mendorong minat beli ulang (Studi pada pengguna Nokia di Semarang). <http://eprints.undip.ac.id/29487/1/>
- Prasetyo. A. F. (2011). Analisis strategi pemasaran terhadap perilaku konsumen ayam goreng tulang lunak (Studi kasus di rumah makan King's Fried Chicken. Surakarta). Repository UNS.
- Ricciotti. F. (2020). From value chain to value network: A systematic literature review. *Management Review Quarterly*. 70. 191–212. <https://doi.org/10.1007/s11301-019-00164-7>
- Saefullah. A.. & Arnu. A. P. (2022). Analisis strategi pemasaran untuk meningkatkan daya saing produk UMKM ayam dan ikan bareng (bakar goreng). *Jurnal Ilmiah Ekonomi dan Bisnis*. 13(1). 1–4. <http://eksis.unbari.ac.id/index.php/EKSI/article/view/283/155>
- Sugiono. (2016). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: PT Alfabet.
- Sari. K. R.. & Alfarizi. M. (2024). Sustainable strategic planning and management influence on sustainable performance: Findings from halal culinary MSMEs in Southeast Asia. *Journal of Modelling in Management*. 1(19). <https://www.emerald.com/insight/1746-5664.htm>
- Sudiantini. A.. Irvana. N.. & Fitra. M. B. (2023). Peran supply chain management dalam sistem produksi dan operasi perusahaan. *Jurnal Ekonomi, Manajemen dan Akuntansi*. 2(6). 54–66.
- Utami. D. P.. Melliani. D.. Maolana. F. N.. Marliyanti. F.. & Hidayat. A. (2021). Iklim organisasi kelurahan dalam perspektif ekologi. *Jurnal Inovasi Penelitian*. 1(12). 2735–2742.
- Waridin. & Al-Hafidz. Z. (2021). A value chain analysis of sweet potato commodity marketing. *Jurnal Ekonomi dan Bisnis*. 24(1). 99–116.
- Yusuf. A. M. (2014). *Kuantitatif, kualitatif, dan penelitian gabungan*. Jakarta: Kencana.