


Islamic marketing mediation model in the influence of product innovation on the financial performance of Halal-certified MSMEs in Samarinda, Indonesia

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ABSTRACT

Introduction

Financial performance is a critical indicator of sustainability and competitiveness for halal-certified Micro, Small, and Medium Enterprises, especially in markets where consumers increasingly demand halal compliance, product quality, ethical business conduct, and transparent value communication. Although product innovation is widely recognized as a strategic capability, its financial benefits may depend on the extent to which innovation is communicated through Islamic marketing principles.

Objectives

This study examines the influence of product innovation on the financial performance of halal-certified Micro, Small, and Medium Enterprises in Samarinda, Indonesia. It also analyzes the mediating role of Islamic marketing in strengthening the relationship between product innovation and financial performance.

Method

This study employed an explanatory quantitative design using Structural Equation Modeling based on Partial Least Squares. Primary data were collected through structured questionnaires from 215 owners and managers of halal-certified Micro, Small, and Medium Enterprises in Samarinda. The research model tested the direct effects of product innovation on financial performance, product innovation on Islamic marketing, Islamic marketing on financial performance, and the indirect effect of product innovation on financial performance through Islamic marketing.

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Results

The findings show that product innovation has a positive and significant effect on the financial performance of halal-certified Micro, Small, and Medium Enterprises. Product innovation also significantly improves Islamic marketing practices. In addition, Islamic marketing has a positive effect on financial performance and partially mediates the relationship between product innovation and financial performance. These results indicate that innovation generates stronger financial outcomes when supported by marketing practices grounded in honesty, transparency, trustworthiness, ethical promotion, fair pricing, and halal-oriented communication.

Implications

This study suggests that halal-certified Micro, Small, and Medium Enterprises should not rely solely on halal certification or product renewal. Sustainable financial performance requires the integration of product innovation with Islamic marketing values that build consumer trust, strengthen market differentiation, and enhance business resilience.

Originality/Novelty

This study contributes to the halal business and Islamic marketing literature by developing an Islamic Marketing Mediation Model that explains how product innovation is converted into financial performance among halal-certified Micro, Small, and Medium Enterprises in a regional Indonesian context.

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INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector remains a central pillar of Indonesia's economic structure because of its broad contribution to employment, income distribution, and national output. Indonesia has more than 64.2 million MSMEs, contributing 61.07% to Gross Domestic Product and absorbing approximately 97% of the workforce (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2021). Bank Indonesia and LPPI similarly report that MSMEs contribute 54.22% to GDP and employ more than 77 million workers, confirming their strategic role in sustaining macroeconomic resilience (Bank Indonesia & LPPI, 2016). In this context, improving MSME financial performance is not merely a firm-level concern but also a policy priority linked to inclusive growth, regional competitiveness, and long-term economic stability.

At the regional level, East Kalimantan recorded 460,147 MSMEs in 2023, with micro-enterprises representing 93.44% of the total (Satu Data Kalimantan Timur, 2025). Samarinda, as the provincial economic center, has developed a dynamic MSME

ecosystem, particularly in culinary businesses, home industries, handicrafts, and services. However, compared with more developed regions such as Java, Samarinda represents an emerging and resource-constrained halal market, where technological adoption, access to finance, and institutional support remain uneven. This regional condition provides an important empirical setting for examining how halal-certified MSMEs transform internal capabilities into financial outcomes amid structural constraints and increasingly competitive market pressures.

The growing awareness of Muslim consumers regarding halal compliance, product safety, and quality has changed the competitive landscape for MSMEs operating in halal markets. Halal certification functions as a legitimacy signal that can reduce consumer uncertainty and strengthen trust in products (Amalia & Andni, 2023; Bonne & Verbeke, 2008; Tieman, 2011; Tuhuteru & Iqbal, 2024). Nevertheless, certification alone does not automatically guarantee superior financial performance, particularly when firms face intense competition and must continuously communicate value to consumers. Halal-certified MSMEs therefore need capabilities that go beyond formal compliance. They must be able to differentiate products, respond to changing consumer expectations, and communicate halal value in a credible, ethical, and market-oriented manner.

The main research problem addressed in this study concerns the inconsistent relationship between product innovation and financial performance. From the Resource-Based View, firm performance depends on the ability to develop and deploy valuable, rare, inimitable, and non-substitutable resources and capabilities (Barney, 1991). Product innovation is widely recognized as a strategic capability that enables firms to create value through differentiation, quality improvement, and responsiveness to market change (Afriyie et al., 2019; Del Giudice et al., 2021; Gunday et al., 2011; Larios-Francia & Ferasso, 2023; Rajapathirana & Hui, 2018). However, prior empirical findings suggest that innovation does not always lead directly to stronger financial results, especially when firms lack complementary marketing capabilities (Alegre & Chiva, 2013; O’Cass & Sok, 2014).

A general solution to this problem is to examine the mechanisms through which innovation is converted into financial value. Product innovation may generate new value, but that value must be recognized, trusted, and accepted by consumers before it can improve sales, income stability, or business expansion. In halal MSMEs, innovation is not limited to product novelty or packaging improvement; it also involves halal-compliant materials, production processes, traceability, and quality assurance (Al-shami & Abdullah, 2023; Vanany et al., 2024). These attributes may strengthen market appeal, yet their financial impact depends on whether MSMEs can communicate them persuasively and ethically to target consumers.

A more specific solution proposed in the literature is the integration of Islamic marketing as a strategic capability. Islamic marketing embeds Sharia-based principles such as honesty, transparency, trustworthiness, fairness, and social responsibility into marketing activities (A. J. Ali, 2011; H. Ali et al., 2025; Mathew, 2022; Wilson & Liu, 2011). Unlike conventional marketing, Islamic marketing emphasizes not only exchange



efficiency but also ethical conduct, spiritual accountability, and halal authenticity. These principles are especially relevant in Muslim consumer markets, where trust and perceived compliance influence purchasing decisions. Islamic marketing can therefore strengthen the credibility of innovation by aligning product attributes with consumer expectations of ethical and halal business conduct.

Recent studies also highlight the increasing importance of digital Islamic marketing in halal business development (Aini et al., 2024; Fauziyah et al., 2023; Karsono & Salma, 2023; Marzuki & Kadir, 2025; Normasyhuri & Nurohmah, 2023). Social media, e-commerce platforms, and digital traceability systems have become important channels for communicating halal value propositions, enhancing transparency, and strengthening consumer engagement (Mohd Yusof & Wan Jusoh, 2014). However, many MSMEs, particularly those in emerging regions, still face difficulties in integrating digital tools with Sharia-compliant marketing practices. This limitation may reduce the effectiveness of innovation and weaken its contribution to financial performance. Thus, Islamic marketing can be understood as a value-capturing capability that helps translate innovation outputs into customer trust, loyalty, and improved business outcomes.

Closely related literature indicates that product innovation (Andrianata et al., 2024; Sibuea et al., 2022), halal certification (Fathoni et al., 2024; Susiang et al., 2024), and Islamic marketing (Afril & Fahlefi, 2025; Basar et al., 2024) each contribute to MSME competitiveness, yet they are often examined separately. Studies on innovation emphasize differentiation and performance gains, while studies on halal certification focus on legitimacy, consumer trust, and purchase intention. Meanwhile, Islamic marketing research highlights ethical communication, brand credibility, and loyalty in Muslim markets (Aoun & Tournois, 2015; Koc et al., 2025; Noor, 2025). Despite these contributions, limited research explicitly positions Islamic marketing as a mediating capability that connects product innovation with financial performance. This gap is especially evident in non-Java regional contexts such as Samarinda, where resource constraints may shape how innovation and marketing interact.

Therefore, this study aims to examine the effect of product innovation on the financial performance of halal-certified MSMEs and to analyze the mediating role of Islamic marketing in that relationship. The study advances the literature by proposing an Islamic Marketing Mediation Model that integrates value creation through product innovation and value capture through Sharia-compliant marketing. Its novelty lies in extending the Resource-Based View by conceptualizing Islamic marketing as a distinctive ethical capability within halal MSMEs, while also providing empirical evidence from Samarinda as an underexplored regional halal market. The study focuses on 215 halal-certified MSMEs and applies SEM-PLS using SmartPLS 4 to test the proposed relationships.

LITERATURE REVIEW

MSMEs, Economic Relevance, and Contextual Foundation

Micro, Small, and Medium Enterprises constitute a major component of economic activity in both developed and developing economies. They represent approximately 90% of firms worldwide and contribute substantially to employment, income generation, and productive capacity (Gherghina et al., 2020; Manzoor et al., 2021; Pedraza, 2021). The International Labour Organization also reports that micro and small enterprises account for nearly 70% of total employment across many countries (Abisuga-Oyekunle et al., 2020; Ndiaye et al., 2018). This evidence confirms that MSMEs are not peripheral actors but core institutions in economic development. Their contribution is particularly important in developing economies, where they help reduce unemployment, widen income opportunities, and support inclusive growth (Al-Haddad et al., 2019; Amoah et al., 2022; Erdin & Ozkaya, 2020; Prasanna et al., 2019; Sisay et al., 2025).

In Indonesia, MSMEs are central to national economic resilience and regional development. They dominate the business population and provide broad employment opportunities, making them essential for poverty reduction, household income stability, and local economic circulation (Ismail et al., 2023; Tambunan, 2023). However, Indonesian MSMEs are largely micro-scale enterprises with limited capital, uneven technological readiness, and restricted access to formal markets (Anatan & Nur, 2023; Pranitasari, Harini, et al., 2026; Pranitasari, Suriawinata, et al., 2026). These structural constraints affect their ability to transform entrepreneurial effort into sustainable financial outcomes. Consequently, the performance of MSMEs cannot be explained only by their number or economic presence. It must also be examined through internal capabilities, institutional support, and market adaptation.

Recent literature emphasizes that MSME contribution to economic development depends on the strength of firm-level capabilities. Innovation, financial access, managerial competence, and organizational adaptability are repeatedly identified as determinants of resilience and competitiveness (Ferraro et al., 2026; Heenkenda et al., 2022; Olaleye et al., 2024; Tsakalerou et al., 2025). Innovation capability is especially important because it enables small firms to respond to market uncertainty and changing consumer needs (Alegre & Chiva, 2013; Cravo et al., 2015). Nevertheless, the effects of such capabilities differ across regions because institutional support, infrastructure, technological adoption, and market maturity are uneven. This makes regional analysis important, particularly for halal-certified MSMEs operating in emerging markets such as Samarinda.

Product Innovation and Financial Performance

Product innovation is widely regarded as a strategic driver of firm performance because it enables enterprises to create differentiated offerings, improve quality, and respond to changing market demand. Empirical studies show that innovation contributes to market expansion, customer retention, sales growth, and stronger



financial performance (Aksoy, 2017; Castillo-Vergara & García-Pérez-de-Lema, 2021; Ho et al., 2018; Mulolli et al., 2024; Niguse et al., 2025). Cross-country evidence further indicates that product innovation can contribute more directly to sales growth and financial outcomes than other forms of innovation because it is closely connected to consumer choice and market acceptance (Giannetti & Rubera, 2020; Lestari et al., 2024; Ramdani et al., 2023).

From the Resource-Based View, product innovation can be understood as a value-creation capability. Firms gain competitive advantage when they develop resources and capabilities that are valuable, rare, difficult to imitate, and difficult to substitute (Barney, 1991; Wernerfelt, 1984). In this perspective, innovation is not merely the introduction of new products but a strategic process through which firms renew value propositions and strengthen competitive positioning. For halal MSMEs, innovation includes product reformulation, quality improvement, packaging renewal, adaptation to consumer preferences, and enhancement of halal compliance. These dimensions are important because halal consumers evaluate not only functional product attributes but also religious compliance, safety, and authenticity.

In halal markets, product innovation carries a distinctive meaning because innovation must remain consistent with Islamic principles and halal standards. Halal-oriented innovation may involve ingredient traceability, certified production processes, hygienic handling, and quality assurance systems (Al-shami & Abdullah, 2023; Vanany et al., 2024). Such innovation can strengthen perceived quality and increase consumer confidence in halal products (Bahara et al., 2025; Jaaffar et al., 2024; Kristanto & Kurniawati, 2025). However, studies also suggest that product innovation does not always produce superior financial outcomes. Some firms innovate without achieving stronger performance, especially when innovation is not supported by effective marketing capabilities and customer engagement (Alegre & Chiva, 2013; O'Cass & Sok, 2014).

Halal Certification, Trust, and Market Signaling

Halal certification is an important institutional mechanism in Muslim consumer markets because it signals compliance with religious, safety, and quality standards. By reducing uncertainty, halal certification helps consumers evaluate whether a product is permissible and trustworthy (Afendi, 2020; Bonne & Verbeke, 2008; Mahliza, 2022; Septiani & Ridlwan, 2020). It is particularly influential in food, cosmetics, fashion, and other sectors where Muslim consumers consider halal status an essential part of purchase decisions (Nur et al., 2021; Usman et al., 2022; Zafar & Abu-Hussin, 2025). For MSMEs, certification can strengthen legitimacy, expand market access, and support consumer confidence.

Although halal certification provides an important signal, it does not automatically generate better financial performance. The economic value of certification depends on whether firms can integrate it with product quality, innovation, branding, and customer communication. Prior studies indicate that halal certification becomes more effective when supported by business strategies that turn compliance into perceived market

value (Maflahah et al., 2025; Puspitasari & Urumsah, 2021). In competitive MSME environments, many firms may hold certification, but only some are able to use it as part of a broader differentiation strategy. Certification must therefore be treated as a foundation rather than a complete performance mechanism.

Recent research also highlights the importance of halal supply chain transparency and traceability. Consumers increasingly expect firms to provide credible information about ingredients, production processes, distribution channels, and product integrity (Meixner et al., 2018; Moghaddam et al., 2022; Vanany et al., 2024). This expectation is especially relevant for halal-certified MSMEs because their reputation depends on both formal certification and ongoing consumer trust. In this sense, halal certification functions as a market signal, while innovation and marketing determine how effectively the signal is transformed into economic advantage. The interaction among certification, innovation, and communication is therefore central to understanding financial performance in halal MSMEs.

Islamic Marketing as a Value-Capturing Capability

Islamic marketing refers to marketing practices guided by Sharia-based values, including honesty, fairness, transparency, trustworthiness, and social responsibility (Alserhan, 2010; Wilson & Liu, 2011). Unlike conventional marketing approaches that primarily emphasize persuasion, positioning, and exchange efficiency, Islamic marketing embeds ethical and spiritual considerations into business communication. It requires firms to promote products truthfully, avoid misleading claims, maintain fairness in pricing, and communicate halal value responsibly. These principles are not merely normative ideals; they can also create strategic value by increasing consumer trust, strengthening reputation, and supporting long-term loyalty (Aoun & Tournois, 2015; Kusmayadi & Albari, 2024).

Within the Resource-Based View, Islamic marketing can be conceptualized as a value-capturing capability. Product innovation creates value through new or improved offerings, but marketing capabilities determine whether that value is recognized and accepted by the market. Islamic marketing is especially relevant in halal markets because consumers often assess products through both functional and religious criteria. By communicating innovation through honesty, halal assurance, and ethical promotion, firms can translate product attributes into perceived authenticity and purchase confidence. Empirical studies show that Islamic marketing strengthens relationships among product quality, brand equity, customer trust, and financial performance (Koc et al., 2025; Mustapha & AbdulQuadri, 2024; Zailani et al., 2019).

The rise of digital platforms has expanded the relevance of Islamic marketing. Social media, e-commerce, and digital communication allow MSMEs to present halal claims, build customer relationships, and reach broader markets. Digital marketing capabilities can enhance MSME performance when they are combined with credible, value-based communication (Mohd Yusof & Wan Jusoh, 2014; Putranto, 2025; Sulaiman et al., 2026). However, many MSMEs in emerging regions still struggle to integrate digital tools with Sharia-compliant marketing principles. This gap may weaken the financial



impact of innovation because consumers may not fully recognize or trust the value created by new products. Islamic marketing therefore plays an important role in connecting innovation with market acceptance.

Islamic Marketing as a Mediating Mechanism

The relationship between product innovation and financial performance can be better understood through the interaction between value creation and value capture. Innovation enables firms to develop new products, improve quality, and differentiate offerings, but these efforts must be converted into consumer demand and financial returns. Marketing capability becomes essential because it communicates value, shapes customer perceptions, and supports repeat purchase behavior (Barney, 1991; O’Cass & Sok, 2014). In halal-certified MSMEs, Islamic marketing provides a distinctive mechanism because it connects innovation with religiously informed consumer expectations. It allows firms to frame innovation as both commercially useful and ethically credible.

Islamic marketing may mediate the innovation–performance relationship by strengthening consumer trust, perceived authenticity, and loyalty. When MSMEs introduce new products, improve packaging, or enhance halal compliance, consumers need clear and credible communication to understand these improvements. Islamic marketing helps translate these innovations into market value through transparent promotion, fair pricing, and halal-oriented messaging. Prior studies suggest that value-based marketing strategies can improve the effectiveness of innovation by increasing perceived value and strengthening customer relationships (Changalima, 2025; Herdiana et al., 2024; Nofrizal et al., 2023). Thus, Islamic marketing may explain why some innovative MSMEs achieve stronger financial results than others.

This mediating perspective is consistent with research showing that innovation-driven competitive advantage is more likely to improve performance when supported by credible marketing practices aligned with consumer values (H. Ali et al., 2025; Puspitasari & Urumsah, 2021). However, Islamic marketing has often been examined as an independent determinant rather than as a mechanism connecting innovation to financial performance. This limits theoretical understanding of how halal MSMEs transform internal capabilities into market outcomes. A mediation model is therefore necessary to explain whether product innovation improves financial performance directly, indirectly through Islamic marketing, or through both pathways simultaneously.

Research Gap and the Significance of the Study

The literature shows that MSMEs, product innovation, halal certification, and Islamic marketing are all important for firm competitiveness, yet several gaps remain unresolved. First, prior findings on the relationship between product innovation and financial performance are not fully consistent, suggesting that innovation alone may be insufficient. Second, Islamic marketing has not been adequately theorized as a strategic capability within the Resource-Based View, particularly as a value-capturing

mechanism. Third, most studies tend to treat halal MSMEs as a relatively homogeneous group, while regional differences in resources, technology adoption, institutional support, and consumer markets remain underexplored.

This study addresses these gaps by examining Islamic marketing as a mediating variable in the relationship between product innovation and the financial performance of halal-certified MSMEs in Samarinda. Its significance lies in integrating product innovation, Islamic marketing, and financial performance within a single mediation framework. The study contributes theoretically by extending the Resource-Based View to include Sharia-based ethical marketing as a strategic capability. It also contributes empirically by focusing on a regional halal MSME context outside Indonesia's major economic centers. This focus provides more context-specific evidence on how halal-certified enterprises convert innovation into financial outcomes through Islamic marketing.

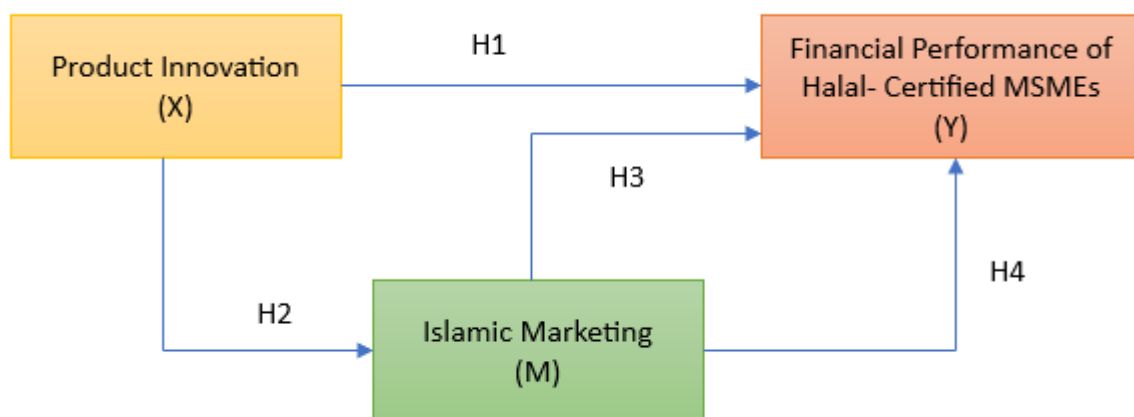
METHOD

Research Design

This study employed an explanatory quantitative research design to examine the relationship between product innovation, Islamic marketing, and the financial performance of halal-certified Micro, Small, and Medium Enterprises in Samarinda City. The explanatory design was considered appropriate because the study aimed not only to describe the observed phenomena but also to test causal relationships among latent constructs within a theoretically grounded model. The research framework was developed based on the assumption that product innovation functions as a strategic internal capability, while Islamic marketing serves as a mechanism through which innovation can be translated into stronger financial outcomes.

Figure 1

Research Design



Source: Authors' analysis.



The study applied Structural Equation Modeling based on Partial Least Squares to test both direct and indirect relationships among the variables. This approach was selected because it is suitable for predictive models, mediation analysis, and studies involving latent variables measured through multiple indicators. In line with the methodological guidelines of Hair et al. (2021), Partial Least Squares Structural Equation Modeling allows simultaneous assessment of the measurement model and structural model, making it appropriate for examining the proposed Islamic Marketing Mediation Model.

Research Model and Hypotheses

The research model consists of three main constructs: product innovation as the independent variable, Islamic marketing as the mediating variable, and financial performance of halal-certified Micro, Small, and Medium Enterprises as the dependent variable. The model was designed to evaluate whether product innovation directly improves financial performance and whether this relationship is strengthened through Islamic marketing. Product innovation was positioned as a value-creation capability, while Islamic marketing was positioned as a value-capturing capability that communicates product value through Sharia-based principles.

Four hypotheses were tested in this study. The first hypothesis states that product innovation positively affects the financial performance of halal-certified Micro, Small, and Medium Enterprises. The second hypothesis states that product innovation positively affects Islamic marketing. The third hypothesis states that Islamic marketing positively affects financial performance. The fourth hypothesis states that Islamic marketing mediates the relationship between product innovation and financial performance. These hypotheses reflect the theoretical logic that innovation may generate economic value, but the realization of that value depends partly on ethical, transparent, and halal-oriented marketing practices.

Population, Sample, and Sampling Technique

The population of this study consisted of halal-certified Micro, Small, and Medium Enterprises operating in Samarinda City, East Kalimantan, Indonesia. Samarinda was selected because it represents an emerging regional halal market in which small businesses face increasing competition, growing consumer demand for halal products, and persistent resource limitations. This setting provides a relevant empirical context for examining how product innovation and Islamic marketing interact to influence business performance among halal-certified enterprises.

The sample was determined using purposive sampling. Respondents were selected based on three criteria: the business possessed a valid halal certificate, the enterprise had operated for at least one year, and the owner or manager was directly involved in strategic decision-making. These criteria were applied to ensure that respondents had sufficient business experience and adequate knowledge of innovation, marketing practices, and financial conditions within their enterprises. The final sample consisted of 215 owners or managers of halal-certified Micro, Small, and Medium Enterprises,

exceeding the minimum sample requirement commonly recommended for Partial Least Squares Structural Equation Modeling, including the ten-times rule.

Data Collection Procedure

Primary data were collected from February to April 2025 through a structured questionnaire distributed to eligible owners and managers of halal-certified Micro, Small, and Medium Enterprises in Samarinda. The questionnaire was designed to capture respondents' perceptions of product innovation, Islamic marketing practices, and financial performance. Because many Micro, Small, and Medium Enterprises do not maintain standardized audited financial statements, perceptual measurement was used to obtain comparable data across respondents. This approach is widely used in small business research when objective financial records are incomplete, unavailable, or inconsistent across firms.

All questionnaire items were measured using a five-point Likert scale, ranging from 1, indicating strongly disagree, to 5, indicating strongly agree. The items were adapted from validated international studies and adjusted to the halal Micro, Small, and Medium Enterprise context. Before the main analysis, the collected data were screened for completeness, response consistency, outliers, and potential bias. Only questionnaires that met the required completeness and consistency standards were included in the final analysis.

Variables and Measurement

The dependent variable in this study is the financial performance of halal-certified Micro, Small, and Medium Enterprises. This construct reflects perceived financial outcomes experienced by the enterprise and was measured through indicators related to sales growth, profit increase, income stability, and business expansion. These indicators were selected because they represent practical and relevant dimensions of financial performance for small businesses, particularly in regional markets where formal financial reporting may be limited.

The independent variable is product innovation. This construct was measured through indicators covering new product development, product quality improvement, packaging innovation, adaptation to consumer needs, and halal compliance enhancement. These dimensions reflect the specific character of innovation in halal-certified enterprises, where innovation must address not only functional product improvement but also religious compliance and consumer trust. The mediating variable is Islamic marketing, which was measured through Sharia-based marketing practices, including honesty and transparency, trustworthiness, ethical promotion, fair pricing, and halal-oriented communication. All constructs were modeled reflectively because the indicators were assumed to represent manifestations of the underlying latent variables.

Data Analysis Technique

Data were analyzed using SmartPLS 4 ([Ringle et al., 2024](#)). The analysis was conducted in two main stages: measurement model evaluation and structural model evaluation.



The measurement model was assessed to determine whether the indicators validly and reliably measured their respective constructs. Convergent validity was evaluated through outer loading values and Average Variance Extracted, with recommended thresholds of at least 0.70 for outer loadings and 0.50 for Average Variance Extracted. Reliability was examined using Cronbach's Alpha and Composite Reliability, with values of 0.70 or higher indicating acceptable internal consistency.

Discriminant validity was assessed using the Fornell–Larcker criterion and cross-loading values. These procedures were used to ensure that each construct was empirically distinct from the others and that each indicator loaded more strongly on its assigned construct than on other constructs. After the measurement model met the required validity and reliability criteria, the structural model was evaluated by examining the coefficient of determination, effect size, predictive relevance, path coefficients, t-values, and p-values. Bootstrapping with 5,000 resamples was used to test statistical significance at the 0.05 level, following Hair et al. (2021).

Diagnostic Tests and Ethical Considerations

Several diagnostic tests were conducted to strengthen the robustness of the model. Multicollinearity was examined using the Variance Inflation Factor, with values below 5 indicating that collinearity did not threaten the estimation results. Common method bias was also assessed because the data were collected using a single questionnaire instrument. Model fit was evaluated using the Standardized Root Mean Square Residual, with values below 0.10 indicating acceptable fit, and the Normed Fit Index, with values closer to 1 indicating better model adequacy.

The study also followed basic ethical research principles. Participation was voluntary, and respondents were informed about the academic purpose of the research before completing the questionnaire. Respondents' identities were kept anonymous, and the data were treated confidentially. The study did not involve experimental manipulation or sensitive personal data. The findings were reported transparently to maintain academic integrity and to ensure that the research process remained consistent with ethical standards in social science research.

RESULTS

Characteristics of the Respondents

Table 1 presents the demographic and socioeconomic characteristics of the 215 respondents who participated in this study. The respondents were predominantly women, with 161 respondents or 70.23%, while men accounted for 64 respondents or 29.77%. In terms of age, the largest group was respondents aged 40–49 years, representing 70 respondents or 32.56% of the sample. This was followed by respondents aged 30–39 years, with 54 respondents or 25.12%. The smallest age group consisted of respondents under 20 years old, comprising 11 respondents or 5.12%. These results indicate that most halal-certified Micro, Small, and Medium Enterprise owners or managers in this study were mature adults with relatively established business experience.

Table 1*Characteristics of Respondents*

| Characteristics | Quantity | Percentage (%) |
|---|-----------------|-----------------------|
| Gender | | |
| Male | 64 | 29.77 |
| Female | 161 | 70.23 |
| Age | | |
| < 20 years old | 11 | 5.12 |
| 20–29 years old | 38 | 17.67 |
| 30–39 years old | 54 | 25.12 |
| 40–49 years old | 70 | 32.56 |
| ≥ 50 years old | 40 | 18.60 |
| Education | | |
| Junior High School/MTs | 8 | 3.72 |
| Senior High School/Vocational School/MA | 95 | 44.19 |
| Diploma I/II/III/IV | 17 | 7.91 |
| Bachelor's Degree | 87 | 40.47 |
| Postgraduate Degree | 7 | 3.26 |
| Average Monthly Income (IDR) | | |
| ≤ 2,000,000 | 38 | 17.67 |
| > 2,000,000–5,000,000 | 50 | 23.26 |
| > 5,000,000–8,000,000 | 18 | 8.37 |
| > 8,000,000–11,000,000 | 24 | 11.16 |
| > 11,000,000 | 85 | 39.53 |
| Total | 215 | 100.00 |

Source: Primary data. Authors' estimation.

In terms of educational attainment, most respondents had completed senior high school, vocational school, or equivalent education, accounting for 95 respondents or 44.19%. Respondents with a bachelor's degree formed the second-largest group, with 87 respondents or 40.47%. Smaller proportions were found among diploma graduates, junior high school graduates, and postgraduate degree holders. Regarding average monthly income, the largest group reported income above IDR 11,000,000, representing 85 respondents or 39.53%. Meanwhile, 50 respondents or 23.26% earned between IDR 2,000,000 and IDR 5,000,000 per month. Overall, the profile suggests that the surveyed halal-certified enterprises were managed largely by women, middle-aged respondents, and individuals with secondary or higher education backgrounds.

Measurement Model Evaluation (Outer Model)

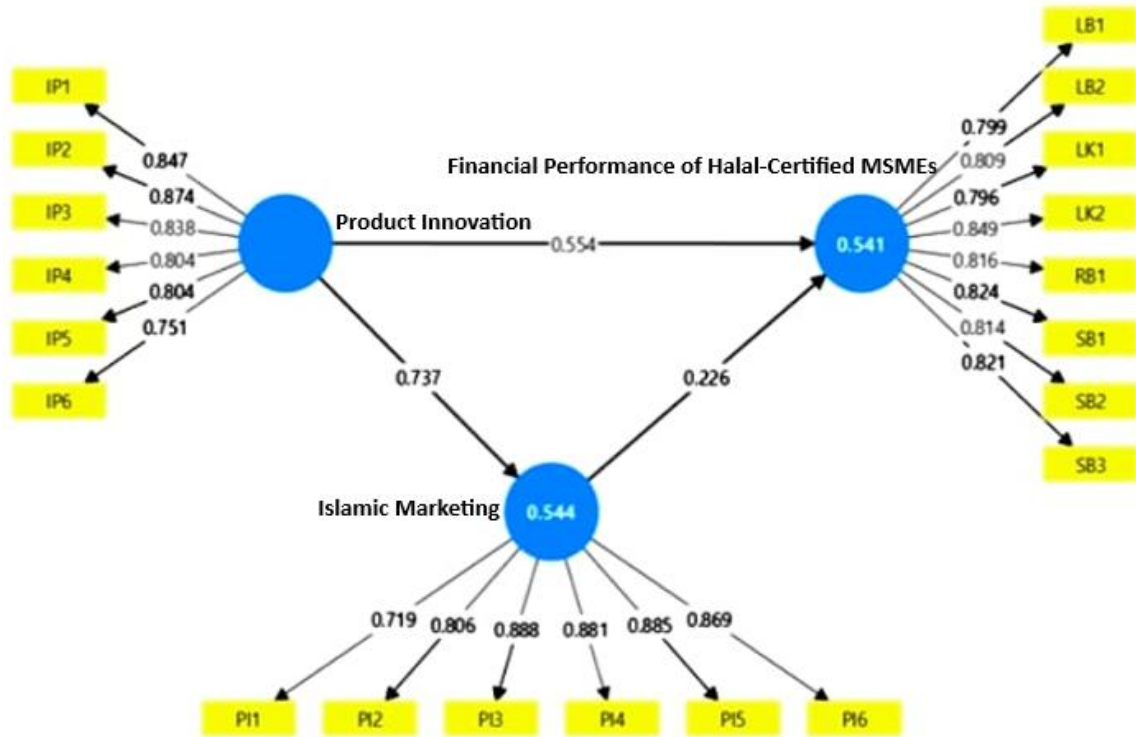
Convergent Validity Test

Convergent validity was evaluated using outer loading values and the Average Variance Extracted (AVE). Based on the analysis results, all indicators of the Product Innovation, Islamic Marketing, and Financial Performance of Halal-Certified MSMEs variables exhibit outer loading values above 0.70, ranging from 0.719 to 0.888. These values meet the minimum criteria recommended for SEM-PLS-based research;

therefore, all indicators are considered to demonstrate adequate convergent validity (Hair et al., 2021). The outer loading results are presented in Figure 2 and Table 2.

Figure 2

Loading Factor Results



Source: Primary data. Authors' estimation.

Table 2

Outer Loading Values of Measurement Indicators

| | Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|-----|---------------------------|---|--------------------------|
| IP1 | 0.847 | | |
| IP2 | 0.874 | | |
| IP3 | 0.838 | | |
| IP4 | 0.804 | | |
| IP5 | 0.804 | | |
| IP6 | 0.751 | | |
| LB1 | | 0.799 | |
| LB2 | | 0.809 | |
| LK1 | | 0.796 | |
| LK2 | | 0.849 | |
| RB1 | | 0.816 | |
| SB1 | | 0.824 | |
| SB2 | | | |
| SB3 | | | |
| P11 | | | 0.719 |
| P12 | | | 0.806 |
| P13 | | | 0.888 |
| P14 | | | 0.881 |
| P15 | | | 0.885 |
| P16 | | | 0.869 |

| Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|--------------------|--|-------------------|
| SB2 | 0.814 | |
| SB3 | 0.821 | |
| PI1 | | 0.719 |
| PI2 | | 0.806 |
| PI3 | | 0.888 |
| PI4 | | 0.881 |
| PI5 | | 0.885 |
| PI6 | | 0.869 |

Source: Primary data. Authors' estimation.

Furthermore, as presented in Table 3, the AVE values for each construct exceed the recommended threshold of 0.50, namely 0.673 for Product Innovation, 0.666 for the Financial Performance of Halal-Certified MSMEs, and 0.712 for Islamic Marketing. These results indicate that each construct explains more than 50% of the variance of its indicators, thereby confirming that convergent validity is adequately established (Hair et al., 2021).

Table 3

AVE Results

| Variable | Average variance extracted (AVE) |
|--|----------------------------------|
| Product Innovation | 0.673 |
| Financial Performance of Halal-Certified MSMEs | 0.666 |
| Islamic Marketing | 0.712 |

Source: Primary data. Authors' estimation.

Discriminant Validity Test

The discriminant validity test was conducted to ensure that each variable in the study accurately represents the construct it is intended to measure. This test is considered valid when the cross-loading value of each indicator is higher for its associated latent variable than for other variables. Discriminant validity was assessed using the cross-loading and Fornell-Larcker criteria. Based on Table 4, the cross-loading results indicate that each indicator has a loading value above 0.6 and is higher than its loadings on other constructs.

Table 4

Cross-Loading Value Results

| | Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|-----|--------------------|--|-------------------|
| IP1 | 0.847 | 0.638 | 0.600 |
| IP2 | 0.874 | 0.626 | 0.697 |
| IP3 | 0.838 | 0.541 | 0.613 |



| | Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|-----|---------------------------|---|--------------------------|
| IP4 | 0.804 | 0.586 | 0.704 |
| IP5 | 0.804 | 0.576 | 0.489 |
| IP6 | 0.751 | 0.573 | 0.491 |
| LB1 | 0.576 | 0.799 | 0.423 |
| LB2 | 0.612 | 0.809 | 0.517 |
| LK1 | 0.514 | 0.796 | 0.438 |
| LK2 | 0.622 | 0.849 | 0.600 |
| RB1 | 0.584 | 0.816 | 0.588 |
| SB1 | 0.605 | 0.824 | 0.498 |
| SB2 | 0.546 | 0.814 | 0.484 |
| SB3 | 0.626 | 0.821 | 0.563 |
| PI1 | 0.509 | 0.431 | 0.719 |
| PI2 | 0.678 | 0.504 | 0.806 |
| PI3 | 0.601 | 0.561 | 0.888 |
| PI4 | 0.657 | 0.550 | 0.881 |
| PI5 | 0.639 | 0.595 | 0.885 |
| PI6 | 0.632 | 0.552 | 0.869 |

Source: Primary data. Authors' estimation.

Furthermore, based on the Fornell–Larcker criterion presented in Table 5, the square root of the AVE for each construct is greater than its correlations with other constructs. This finding indicates that each construct demonstrates adequate discriminant validity and that no discriminant validity issues are present in the research model (Hair et al., 2021).

Table 5

Fornell–Larcker Test Results

| Variable | Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|--|---------------------------|---|--------------------------|
| Product Innovation | 0.821 | | |
| Financial Performance of Halal-Certified MSMEs | 0.720 | 0.816 | |
| Islamic Marketing | 0.737 | 0.634 | 0.844 |

Source: Primary data. Authors' estimation.

Construct Reliability Test

Reliability testing aims to demonstrate the accuracy, consistency, and precision of an instrument in measuring a construct. Construct reliability was assessed by examining Cronbach's Alpha and Composite Reliability (ρ_c) values. Based on the results presented in Table 6, all latent variables exhibit Cronbach's Alpha and Composite Reliability values exceeding the recommended threshold of 0.70. Specifically, Product Innovation shows a Cronbach's Alpha of 0.903 and a Composite Reliability of 0.925; Halal-Certified MSMEs'

Financial Performance records values of 0.928 and 0.941, respectively; and Islamic Marketing demonstrates a Cronbach's Alpha of 0.918 and a Composite Reliability of 0.936. These findings indicate that all constructs are reliable and internally consistent in measuring the variables examined in this study (Hair et al., 2021).

Table 6*Construct Reliability Test Results*

| Variable | Alpha Cronbach | Composite reliability (rho_a) | Composite reliability (rho_c) | Average variance extracted (AVE) |
|--|----------------|-------------------------------|-------------------------------|----------------------------------|
| Product Innovation | 0.903 | 0.907 | 0.925 | 0.673 |
| Financial Performance of Halal-Certified MSMEs | 0.928 | 0.930 | 0.941 | 0.666 |
| Islamic Marketing | 0.918 | 0.923 | 0.936 | 0.712 |

Source: Primary data. Authors' estimation.

Model Fit

The results of the model fit evaluation in Table 7 indicate that the SRMR value is 0.060, which is below the threshold of 0.10, suggesting that the model demonstrates a good level of fit. The d_ULS and d_G values are above 0.05, while the NFI value of 0.850 is close to 1. In addition, the Chi-square value exceeds the critical Chi-square (χ^2) table value. Overall, these results indicate that the structural model developed exhibits an adequate level of goodness of fit in explaining the relationships among the variables examined in this study.

Table 7*Model Fit Test Results*

| Parameters | Rule Of Thumb | Estimated model | Remarks |
|------------|--|-----------------------|---------|
| SRMR | < 0.10 | 0.060 | Fit |
| d_ULS | > 0.05 | 0.767 | Fit |
| d_G | > 0.05 | 0.448 | Fit |
| Chi-square | χ^2 statistics \geq χ^2 tables | 524,068 \geq 30,144 | Fit |
| NFI | Close to value 1 | 0.850 | Fit |

Source: Primary data. Authors' estimation.

Structural Model Evaluation (Inner Model)**Coefficient of Determination (R-Square)**

The R-square value indicates the ability of exogenous variables to explain endogenous variables. Based on Table 8, the analysis results show that the R-square value for Islamic Marketing is 0.544, meaning that Product Innovation explains 54.4% of the variance in Islamic Marketing. Meanwhile, the R-square value for the Financial Performance of Halal-Certified MSMEs is 0.541, indicating that Product Innovation and



Islamic Marketing jointly explain 54.1% of the variance in the financial performance of halal-certified MSMEs. According to the criteria proposed by Hair et al. (2021), these values fall within the moderate to strong explanatory power category.

Table 8

R-Square Test Results

| Variable | R-Square | R-square adjustable |
|--|----------|---------------------|
| Financial Performance of Halal-Certified MSMEs | 0.541 | 0.537 |
| Islamic Marketing | 0.544 | 0.542 |

Source: Primary data. Authors' estimation.

Effect Size (f^2 -Square)

The results of the effect size (f^2) test presented in Table 9 indicate that Product Innovation has a strong effect on Islamic Marketing ($f^2 = 1.191$) and a moderate effect on the Financial Performance of Halal-Certified MSMEs ($f^2 = 0.305$). Meanwhile, Islamic Marketing shows a small effect on the Financial Performance of Halal-Certified MSMEs, with an f^2 value of 0.051. These findings suggest that Product Innovation is the primary determinant within the tested structural model (Hair et al., 2021).

Table 9

Effect Size Test Results (f^2)

| Variable | Product Innovation | Financial Performance of Halal-Certified MSMEs | Islamic Marketing |
|--|--------------------|--|-------------------|
| Product Innovation | | 0.305 | 1,191 |
| Financial Performance of Halal-Certified MSMEs | | | |
| Islamic Marketing | | 0.051 | |

Source: Primary data. Authors' estimation.

Hypothesis Testing

Path Coefficients

The results of the structural path analysis indicate that Product Innovation has a positive and significant effect on the Financial Performance of Halal-Certified MSMEs ($\beta = 0.554$; $t = 8.522$; $p < 0.001$). In addition, Product Innovation also has a positive and significant effect on Islamic Marketing ($\beta = 0.737$; $t = 13.857$; $p < 0.001$). Furthermore, Islamic Marketing is proven to have a positive and significant effect on the Financial Performance of Halal-Certified MSMEs ($\beta = 0.226$; $t = 2.814$; $p = 0.002$). Accordingly, all direct effects in this research model are statistically significant.

Table 10*Line Coefficient (Direct Effect)*

| Path Coefficients | Original sample (o) | Sample average (M) | Standard deviation (STDEV) | T Statistics | P values | Results |
|---|---------------------|--------------------|----------------------------|--------------|----------|----------|
| Product Innovation -> Financial Performance of Halal-Certified MSMEs (H1) | 0.554 | 0.559 | 0.065 | 8,522 | 0.000 | Accepted |
| Product Innovation -> Islamic Marketing (H2) | 0.737 | 0.733 | 0.053 | 13,857 | 0.000 | Accepted |
| Islamic Marketing -> Financial Performance of Halal-Certified MSMEs (H3) | 0.226 | 0.215 | 0.080 | 2,814 | 0.002 | Accepted |

Source: Primary data. Authors' estimation.

Indirect Effects and Mediation

The results of the specific indirect effect test presented in Table 10 indicate that Product Innovation has a significant indirect effect on the Financial Performance of Halal-Certified MSMEs through Islamic Marketing ($\beta = 0.166$; $t = 2.641$; $p = 0.004$). In addition, the total effect value of 0.720 shows that the overall influence of Product Innovation on the Financial Performance of Halal-Certified MSMEs becomes stronger when the mediating mechanism of Islamic Marketing is taken into account. These findings confirm that Islamic Marketing acts as a partial mediating variable in the relationship between Product Innovation and the Financial Performance of halal MSMEs (Hair et al., 2021).

Table 11*Specific Indirect Effects Test Results*

| Path Coefficients | Original sample (o) | Sample average (M) | Standard deviation (STDEV) | T Statistics | P value | Results |
|--|---------------------|--------------------|----------------------------|--------------|---------|----------|
| Product Innovation -> Islamic Marketing -> Financial Performance of Halal-Certified MSMEs (H4) | 0.166 | 0.159 | 0.063 | 2,641 | 0.004 | Accepted |

Source: Primary data. Authors' estimation.



DISCUSSION

The Effect of Product Innovation on the Financial Performance of Halal-Certified MSMEs (H1)

The test of the first hypothesis shows that product innovation has a positive and significant effect on the financial performance of halal-certified MSMEs. This result indicates that enterprises with stronger innovation capacity tend to achieve better financial outcomes than those that rely primarily on existing products. In this study, product innovation includes new product development, product quality improvement, packaging renewal, adaptation to consumer needs, and halal compliance enhancement. These dimensions appear to help MSMEs strengthen market differentiation, increase product attractiveness, and respond more effectively to changing consumer expectations. Therefore, product innovation is not only an operational activity but also a strategic capability that supports sales growth, profit improvement, income stability, and business expansion.

This finding is consistent with previous empirical studies showing that product innovation is an important determinant of MSME performance, particularly in competitive markets characterized by changing consumer preferences (Alegre & Chiva, 2013; Ramdani et al., 2023). In the halal business context, product innovation also strengthens perceived product quality and halal value, both of which are important for Muslim consumers' purchasing decisions (H. Ali et al., 2025; Septi et al., 2023). However, the literature also suggests that innovation does not always generate financial gains when it is not supported by complementary capabilities such as marketing, customer engagement, and value communication. Thus, the present finding supports the positive innovation-performance relationship while still recognizing the need for strategic market alignment.

Theoretically, this result strengthens the Resource-Based View by confirming that product innovation functions as a valuable internal capability capable of generating competitive advantage and improved financial performance. Practically, the finding suggests that halal-certified MSMEs should continuously improve products, packaging, quality, and halal compliance rather than relying only on certification status. Innovation must be treated as a systematic business strategy, not as an occasional response to competition. From a policy perspective, local governments and halal ecosystem institutions should support MSMEs through innovation training, product development assistance, access to technology, and halal-oriented business incubation. Such support can help regional MSMEs convert innovation capability into stronger and more sustainable financial outcomes.

The Influence of Product Innovation on Islamic Marketing (H2)

The test of the second hypothesis shows that product innovation has a positive and significant effect on Islamic marketing practices among halal-certified MSMEs. This finding indicates that enterprises capable of improving product variety, quality, packaging, consumer responsiveness, and halal compliance are more likely to adopt

marketing practices aligned with Islamic values. In this context, innovation does not operate only at the technical or production level. It also shapes how firms communicate product value to consumers. When halal-certified MSMEs introduce improved or differentiated products, they have stronger reasons to emphasize honesty, transparency, trustworthiness, ethical promotion, fair pricing, and halal-oriented communication in their marketing activities.

This result is consistent with the Resource-Based View (Barney, 1991), which regards product innovation as a strategic internal capability that helps firms develop unique value propositions (Andersén, 2021; Cho & Linderman, 2020; Khanra et al., 2022). When innovation is grounded in halal standards, business actors are encouraged to communicate product advantages through Islamic marketing principles that stress credibility, transparency, and consumer trust. The finding also aligns with studies emphasizing the ethical foundations of Islamic marketing (Abbas et al., 2019; Saeed et al., 2001), as well as studies showing that Islamic marketing becomes more effective when supported by credible product attributes and Sharia-compliant business practices (Al-Aidid & Alkaff, 2026; Rohmawati, 2025; Sagita et al., 2025).

Theoretically, this finding extends the Resource-Based View by showing that product innovation can stimulate not only performance outcomes but also the development of Islamic marketing capability. Practically, halal-certified MSMEs should ensure that every product improvement is followed by consistent value communication based on honesty, halal assurance, and ethical promotion. Innovation that is not clearly communicated may fail to build consumer trust. From a policy perspective, halal authorities, local governments, and MSME development agencies should integrate product innovation programs with Islamic marketing training. Such integration can help MSMEs transform halal-based innovation into stronger market credibility, broader consumer acceptance, and more sustainable competitiveness.

The Effect of Islamic Marketing on the Financial Performance of Halal-Certified MSMEs (H3)

The test of the third hypothesis confirms that Islamic marketing has a positive effect on the financial performance of halal-certified MSMEs. This result indicates that the application of Islamic marketing principles contributes to better business outcomes, including sales growth, income stability, profit improvement, and perceived business sustainability. In this study, Islamic marketing reflects honesty, transparency, trustworthiness, ethical promotion, fair pricing, and halal-oriented communication. These practices appear to help halal-certified MSMEs strengthen consumer confidence and reduce uncertainty in purchase decisions. Therefore, Islamic marketing is not only a religious or ethical expression but also a practical market capability that supports financial performance.

This finding is consistent with the view that Islamic marketing builds trust and reputation, two elements that strongly influence Muslim consumers' purchasing behavior (Soliman et al., 2026; Sukoco et al., 2026; Yaacob et al., 2024). It also supports recent studies showing that Islamic value-based marketing contributes to customer



loyalty (Nasuka et al., 2021; Waharudin, 2019) and business performance (Adi & Adawiyah, 2018; Suandi et al., 2023), particularly in the halal MSME sector (Hendayana et al., 2024; Sahani & Faraby, 2024). These findings suggest that consumers respond positively when firms communicate value through ethical and Sharia-compliant principles. However, Islamic marketing may produce weaker outcomes when it remains symbolic and is not reflected in product quality, fair pricing, and consistent service delivery.

Theoretically, this result strengthens the argument that Islamic marketing can function as a strategic value-capturing capability within halal business research. Practically, halal-certified MSMEs should integrate Islamic values into all marketing activities, from product claims and pricing to promotion and customer relations. Ethical communication must be supported by real halal compliance and reliable product quality. From a policy perspective, halal institutions, local governments, and MSME development agencies should provide training on Islamic marketing, consumer trust-building, and ethical digital promotion. Such support can help MSMEs transform Sharia-based values into stronger competitiveness, more stable revenue, and sustainable financial performance.

The Mediating Role of Islamic Marketing in the Relationship between Product Innovation and Financial Performance of Halal-Certified MSMEs (H4)

The test of the fourth hypothesis confirms that Islamic marketing significantly mediates the relationship between product innovation and the financial performance of halal-certified MSMEs. The mediation is partial, meaning that product innovation improves financial performance both directly and indirectly through Islamic marketing. This result indicates that innovation in product variety, quality, packaging, consumer responsiveness, and halal compliance can generate financial benefits, but these benefits become stronger when supported by Islamic marketing practices. In this context, Islamic marketing helps transform product innovation into market value by communicating halal quality, ethical commitment, transparency, and trustworthiness to consumers.

This finding is consistent with the argument that innovation does not automatically produce financial gains unless firms possess marketing capabilities that can communicate product value effectively (Asihkia et al., 2020; Jung & Shegai, 2023; O'Cass & Sok, 2014). In halal markets, this communication process is more specific because consumers evaluate not only functional product benefits but also halal integrity, safety, and ethical credibility. The result also supports studies showing that Islamic value-based marketing capabilities strengthen the relationship between halal orientation and business performance (Izberk-Bilgin & Nakata, 2016; Mulyandi et al., 2025; Sholehuddin et al., 2026). Thus, the present study confirms that Islamic marketing functions as a bridge between innovation outputs and consumer purchasing decisions.

Theoretically, this finding extends the Resource-Based View by positioning Islamic marketing as a value-capturing capability that complements product innovation as a value-creation capability. Practically, halal-certified MSMEs should integrate innovation

strategies with honest, transparent, and halal-oriented marketing communication so that product improvements are clearly understood and trusted by consumers. From a policy perspective, MSME development programs should not separate product innovation assistance from Islamic marketing capacity-building. Local governments, halal certification agencies, and business incubators should provide integrated support in product development, halal branding, ethical digital promotion, and consumer trust-building to strengthen the financial sustainability of regional halal MSMEs.

CONCLUSION

This study concludes that product innovation is a key determinant of the financial performance of halal-certified Micro, Small, and Medium Enterprises in Samarinda. The findings show that enterprises that improve product quality, develop new products, renew packaging, adapt to consumer needs, and strengthen halal compliance tend to achieve better financial outcomes. Product innovation also has a significant influence on Islamic marketing practices, indicating that innovation encourages business actors to communicate product value through honesty, transparency, trustworthiness, ethical promotion, fair pricing, and halal-oriented messaging. These findings confirm that innovation is not merely a technical or operational activity but a strategic capability that supports competitiveness in halal markets.

The study also demonstrates that Islamic marketing has a direct positive effect on financial performance and partially mediates the relationship between product innovation and financial performance. This means that product innovation improves financial outcomes both independently and through the strengthening of Islamic marketing. In practical terms, halal-certified Micro, Small, and Medium Enterprises cannot rely only on certification or product renewal. They need to translate innovation into consumer trust by communicating halal quality, product safety, ethical values, and business credibility. Islamic marketing therefore functions as a bridge between internal innovation capability and external market acceptance.

The significance of this study lies in its contribution to the literature on halal business, Islamic marketing, and Micro, Small, and Medium Enterprise performance. The findings extend the Resource-Based View by positioning product innovation as a value-creation capability and Islamic marketing as a value-capturing capability. The study also provides empirical evidence from Samarinda, a regional halal market that has received limited attention in previous research. Future studies may broaden the geographical scope, apply longitudinal designs, and include additional variables such as digital marketing capability, halal literacy, access to finance, competitive intensity, and government support to provide a more comprehensive explanation of halal enterprise performance.

Limitation of the Study

This study has several limitations that should be considered when interpreting its findings. First, the research relied on cross-sectional primary data collected through self-reported questionnaires. Although this method is suitable for examining



perceptions among owners and managers of halal-certified Micro, Small, and Medium Enterprises, it may introduce subjective bias, especially in measuring financial performance. The financial performance indicators used in this study were based on perceived sales growth, profit increase, income stability, and business expansion rather than audited financial records. As a result, the findings reflect managerial assessments and may not fully capture objective financial conditions.

Second, the study was geographically limited to halal-certified Micro, Small, and Medium Enterprises in Samarinda City. The institutional environment, consumer characteristics, technological readiness, and market structure in Samarinda may differ from other regions in Indonesia or other Muslim-majority economies. Therefore, the generalizability of the findings remains limited. In addition, the model focused only on product innovation and Islamic marketing as determinants of financial performance. Other potentially relevant factors, such as entrepreneurial orientation, digital capability, access to financing, market competition, halal literacy, and government support, were not included. These limitations suggest that the model offers a focused but not exhaustive explanation of halal enterprise performance.

Recommendations for Future Research

Future research should expand the scope of analysis by including halal-certified Micro, Small, and Medium Enterprises from different regions, provinces, or countries. Comparative studies between urban and rural areas, Java and non-Java regions, or Indonesia and other Muslim-majority economies would provide stronger external validity and reveal how institutional, cultural, and market differences shape the relationship among product innovation, Islamic marketing, and financial performance. Longitudinal research is also recommended to observe how innovation capability, Islamic marketing practices, and financial outcomes evolve over time, especially during periods of market uncertainty, technological change, or regulatory transformation in the halal industry.

Future studies should also improve measurement precision by combining perceptual data with objective financial indicators, such as revenue growth, profit margin, return on assets, or business survival rates. A mixed-methods approach would be valuable for capturing both statistical relationships and the managerial reasoning behind innovation and Islamic marketing decisions. Further research may also examine moderating or mediating variables, including digital marketing adoption, halal certification intensity, halal supply chain transparency, entrepreneurial orientation, access to financing, and government assistance. These extensions would help build a more comprehensive framework for understanding how halal-certified enterprises create, communicate, and capture value in increasingly competitive halal markets.

Author's Contributions

| | | | |
|------------------------|-----------|-------------|-----------|
| Conceptualization | J. | Resources | J. |
| Data curation | J. | Software | J. & E.K. |
| Formal analysis | E.K. | Supervision | J. |
| Acquisition of funding | J. & E.K. | Validation | J. & E.K. |

| | | | |
|------------------------|-----------|----------------------------|-----------|
| Research | J. & E.K. | Visualization | J. & E.K. |
| Methodology | E.K. | Writing – original draft | J. & E.K. |
| Project administration | J. & E.K. | Writing – review & editing | J. & E.K. |

All authors have read and approved the published version of the manuscript.

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Informed Consent Statement

Informed consent was obtained before respondents filled up the questionnaire for this study.

Data Availability Statement

The data presented in this study is available upon request from the corresponding author.

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Conflict of Interest

The author states that there is no conflict of interest.

Declaration of Generative AI and AI-Assisted Technology in the Writing Process

During the preparation of this paper, the author used ChatGPT, DeepL, Grammarly, and PaperPal to translate from Indonesian to American English, and to improve language clarity and readability of articles. After using this tool, the author reviews and edits the content as needed and takes full responsibility for the content of the published article.

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