

Religio-centric product strategic: Halal literacy and brand management capabilities towards business performance

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Abstract

Purpose – This study aims to explore a new model concept finding that can bridge the research gap of halal literacy relationships, brand management skills that are centralized to religio-centric product strategies and the commitment to diversity as a function of moderation.

Design/methodology/approach – Quantitative methods were used to collect data from a total of 186 respondents with PLS-SEM, instruments used with questionnaires and interviews taken randomly from a population of 320 spread across the island of Java.

Findings – This concept is a novelty in efforts to improve business performance based on the religious nature of centrists in determining product strategies. Furthermore, the growth of product brand innovation is increasingly dynamic, demanding the participation of religion in leading competitive brands and the dissemination of halal literacy

Research limitations/implications – In the meantime, in-depth research has not yet been carried out on other dimensions of the function of the previous variable religio-centric product strategy, such as halal marketing innovation capabilities and information technology configuration of halal product literacy.

Practical implications – the application of a religion-centred marketing strategy is the company's ability to provide innovation in product strategy decisions that are committed to religious values and can be leveraged in current market understanding and future market forecasts. For stakeholders, this is a new faith-based business *opportunity* that can open up new segments in heterogeneous market demands.

Originality/value – To contribute ideas for knowledge about religious-product strategies and the ability of MSME businesses to spread the importance of halal brand products to customers and through attention on innovation strategies of customer religiosity product needs that are oriented to the needs of halal products customers.

Keywords: Religio-centric product strategy, halal literacy, brand management capabilities, business performance, religious commitment.

Introduction

This review analyzer analyzes the essential position of the R-CPS (Religio-Centric Product Strategy) in increasing the accuracy of MSMEs in the sectors of the religious market. R-CPS is a new paradigm of synthesis that focuses on the production and distribution of the business's goods, meaning religious values. This study seeks to synthesize dynamic capability theory (DCT) synthesis, rational action theory, and expected behaviour theory in the religious-based goods market section.

The religious-based segment of the halal customers was chosen because Islam has strict rules on purchasing products, namely, only halal products that Muslims can consume. At the same time, those restrictions are not permitted (Zailani et al., 2015). Constructed on expressive action theory by Ajzen (1985), subjective norms and behaviours become important variables of individuals doing or not doing something behavioural. Approximately 88% of Indonesian are Muslim. Awareness of the existence of religious values from halal literacy provides the ability to distinguish permitted goods and services (halal) and forbidden (haram) derived from a better understanding of Islamic law (Sharia) (Salehudin, 2012). Also, religious orientation provides reasons for acting from their knowledge of the fatwa prohibition ruling of selected brands and behaviours Abd. Rahim & Junos (2012), Muhamad et al., (2016) negative religious commitment to consumers.

Marketing literature sources explain that market-oriented product innovation strategies can support business performance Mu & Di Benedetto, (2011)), and business performance is influenced by new product strategies either directly or indirectly through market orientation (Frambach, Prabhu & Verhallen, 2003). This means that the achievement of the company's vision depends on determining the design of the product strategy (Montebello, 2001). In the religious-based marketplace sector, halal literacy becomes a subjective norm related to the perception of individuals seeing behaviour. In general, evaluation is expressed as individuals' motivation to adhere to the groups of referrals. Therefore, R-CPS is part of efforts to optimize the business performance of MSMEs. To achieve business performance success, businesses must be able to synergize in the speed of product strategy by maneuvering leading product features to excel in the market (Liu, Chen and Tsai, 2005; Muhamad, Leong and Mizerski, 2016).

Several discussions of halal literacy, brand management capabilities, religious commitment, and business performance have linked this variable to a discussion topic of a discussion of issues. A variety of perspectives on the role of these three capabilities in enhancing business performance are already created by empirical studies. First, innovative technology provides halal literacy stimulus for halal industry support and investment in raising MSME business performance (Gunawan, 2020; Murdiono *et al.*, 2020). Second, literacy is intended for human beings as an essential resource in optimizing business performance. Third, Islam puts people in their position as natural managers (Khalifah) (Dz and Nurhayati, 2019).

Another thing halal literacy provides is strengthening in halal industry productivity that is beneficial to financial literacy knowledge, Offering Sharia banks, governmentally businesses, and the corporate industry with exceptional knowledge to manage the halal sector to boost business performance (Baluja, 2016; Devi, 2016; Fatah Yasin, Mahmud and Diniyya, 2020a; Utomo *et al.*, 2020; Yudha, Pauzi and Mohd Azli, 2020). Nevertheless, some empirical studies show otherwise that Rohana, (2017) religiosity has a negative and insignificant relationship to consumptive behaviour. Halal literacy by issuing halal certification was also found to reject negative hypothesized relationships Inam et al., (2016) that businesses have successful businesses without being certified. Therefore, the role of a religion-centric product strategy is to mediate halal literacy on business results.

Second, sustainable business performance can be measured by building a brand with awareness and uniqueness of the product (Lee, O'Cass and Sok, 2017). Third, brand management capability occurs from positive association relationships between exploitative and explorative types of innovation (Iyer et al., 2020). Fourth, the support of other researchers was put forward by (Pyper *et al.*, 2020a). This potential tends to focus on the brand's actuality and integrates its brand image to business customers thru the effective strategy formulation of their brand. However, other research shows that brand management does not have an encouraging bearing on the balanced profit progress (Morgan, Slotegraaf and Vorhies, 2009). From the inconsistencies of the above, brand management is used to identify differences in a product, besides reputation, market segmentation, distributors as intermediaries, distributor power, manufacturer images, Distributor relative risk, easy access, contract terms, faithfulness, and appearance (Herstein and Zvilling, 2011; Anagnostopoulos et al., 2018). Therefore, knowledge of religion-centric product strategies is needed to make it easier for companies to develop product strategies in specific market segments, including religious-based ones.

Religio-centric arises from an individual's religious beliefs in different perspectives on certain behaviours called normative beliefs. This is based on the theory of planned behaviour according to Conner & Sparks, (2005); Fielding et al., (2008) in which there are three elements: attitude, subjective norms, and control of perceived behaviour. Subjective attitudes and norms also appear in reasoned action theory that provides emerging issues of consumer intention to choose halal products (Lada, Harvey Tanakinjal and Amin, 2009). Religio-centric means religious values based on the originality of the certainty that a being should indeed believe in the teachings of his religious belief in fulfilling his interests. Ray & Doratis, (1971) felt the characteristics of his religiosity more than the attributes of the group's strict adherence to other religions (Sterkens and Anthony, 2008). The perception of religion-centric customers is exactly apprehensive with rational thinking in considering the actions and morality of their religious groups so that the reasoned action becomes the basis for continuing to consume goods by religious philosophies straight if they have a little attribute (Hendar et al., 2020). Therefore, a centric religious product strategy contributes a new concept to convey religious values in improving business performance.

Third, an individual's religious commitment to the interest in using products or services of religious value also has positive implications for a decision to use religious or sharia-based services (Michell and Al-Mossawi, 1999; Hicks and King, 2008; Abu-Alhaija et al., 2018). A strong push for religious commitment will always be inherent in individual perceptions of behaving, whether profitable or not (Peterson and Bredow, 2015). Therefore, the moderation function of religious commitment is used as a moderation function to explore whether religious commitment will strengthen or weaken the relationship of halal literacy in the religio-centric product strategy. Some previous research conducted by researchers previously focused on financial literacy, product literacy, and religious literacy. However, from the discussion, there is still a need for more or a limitation of studies discussing the role of religion-centric product strategy of halal literacy relationships and brand management capabilities to improve business performance. Other outcomes since this analysis also intensely discuss the importance of the influence of moderation of religious commitment as a contribution to the new concept of religion-centric product strategy from its relationship with halal literacy. Therefore, this research aims to provide a postulate novelty concept of two functions, namely the religion-centric product strategy of halal literacy relationship and brand management capability on business performance, and secondly, the moderation function of religious commitment of halal literacy in religious-centric product strategy.

Literature Review

Halal Literacy

Researchers who have made significant contributions to the field of halal literacy have found that Muslim consumers' intentions to accept halal products are influenced by their attitudes toward accepting halal products, as well as by the significant influence of others, their perception of control over the purchase of halal products, religious laws, and consumer habits (Abd. Rahim & Junos, 2012). Applying Islamic Sharia (law) as a framework for the entire marketing process is what is meant by having a working understanding of halal literacy in marketing. Islam limits its adherents' manner of life, including the kind of commodities and services they can and cannot consume (Salehudin & Mukhlis, 2012). Any marketer, especially those working in nations with a majority of Muslims, must consider the particular needs of Muslim consumers while acting in their interests. In addition, according to the literature on halal literacy in marketing science, there is a considerable correlation between religiosity (both intrinsic and extrinsic) and halal literacy. Nevertheless, halal literacy strongly influences buying intention in a nondirect manner (Khan, Arafat & Azam, 2020).

Brand Management Capabilities (BMC)

Building, developing, maintaining, and using firm brand assets are all covered by BMC (Vorhies, Morgan & Autry, 2009). It relates to formulating and applying brand business plans using specialized marketing skills such as market research, product management, pricing, marketing for specific brands, research and development, accounting, production, and operations (Morgan,

2012). Companies with strong BMC, according to (Morgan, Slotegraaf & Vorhies, 2009), exhibit traits like using customer insight to identify valuable brand positions, creating desired brand associations in the minds of customers, maintaining a relatively positive brand image toward competitors, achieving a high level of brand awareness in the market, using brand equity to preferential channel positions, and tracking brand image. Brand identification, which sets a product apart from competing products, is the primary goal of brand management, according to strategic marketing literature. As a crucial component of the branding environment, brand managers must possess analytical skills in many branding-related areas.

Religious Commitment

A customer's initial behaviour regarding Islamic value attributes related to transactions, and muamalat fiqh toward service providers can be changed from negative to positive by a person's dedication to their religion. This observation is consistent with the Carlsmith and Aronson, (1963) theory, which proposed that customers will react negatively to any disconfirmation when expectations are held strongly. Additionally, it might happen if the actual performance is better than anticipated. Due to respondents' poor knowledge of the jurisprudence of commercial law, compliance with the law of fiqh in trade is likely to be considered excessive and uncomfortable. Furthermore, although the impact is small, religious devotion can change the direction of the standard Islamic operational process variables connected to Muslim women's fiqh from negative to positive.

On the other hand, implementing the same service technique inconveniences the clientele with a low level of religious commitment, which lowers customer satisfaction. It is possible to get client feedback and suggestions for using common Islamic operating procedures by implementing experiential marketing with a thinking experience. If you want to give clients a cognitive, problem-solving experience that encourages creativity, consider how appealing the experience is to the intellect (Schmitt, 2010).

Religious-centric Product Strategy

Religion has been the foundation for establishing crucial market categories for a product in marketing literature, particularly for religious-centric products. One needs this item to maintain or strengthen their religious identity. In this market area, marketers can develop value propositions based on religion and provide services to customers by religious principles. According to research, religious convictions impact corporate culture development, business judgment, and decision-making in the workplace (Engelland, 2014). So, by concentrating on marketing strategy in the religion-based market segment, the religio-centric approach becomes the secret to a business's success (Hendar, Ferdinand & Nurhayati, 2017). Strong believers are more likely to uphold the laws and moral standards created by a religion's principles.

The religion-centrism Field explains positive views toward fellow believers and unfavorable attitudes against adherents of other religions (Sterkens and Anthony, 2008). Religio-centric refers to religious sentiment based on the exclusivity of the belief that a person's pursuit of their interests must be based on their religious teachings Ray and Doratis (1971) so that the characteristics of their religion's religiosity will be felt better than those possessed by a group that practices a different religion (Sterkens and Anthony, 2008). Primarily religious customers are worried about the morality and welfare of their religious communities. Hence, they frequently purchase products inconsistent with their religious beliefs despite their inferior quality (Hendar, Ferdinand & Nurhayati, 2017). Creating and implementing RPS to provide value to customers and achieve positioning advantages is one of the company's objectives while dealing with various market categories. The intended RPS is an integrated decision-making process used by organizations to make crucial decisions about the product strategy and marketing performance that are provided to the market using marketing resources that are owned to develop, communicate, or convey religious values in a variety of programs to meet the needs of the target market.

Business Performance

A company's business performance is a barometer of how successfully it accomplishes its objectives. In the 1950s, the perspective was quite simple. The premise was that the best performance was attained when the actual result was the same as the anticipated one, focusing primarily on an organization's effectiveness (Valmohammadi, 2012; Valmohammadi & Roshanzamir, 2015). The number of performance term criteria rose with the complexity of the corporate environment in each decade. Senior executives are aware that measurements employed in traditional financial accounting, like return on investment and earnings per share, may need to be more reliable indications of the level of continuous improvement and innovation (Kaplan & Norton, 2001). Most individuals today agree that many financial and nonfinancial performance assessments should be used (Sneyd and Rowley, 2004; Harrison and Wicks, 2013). We define firm performance as considering various financial and nonfinancial objectives while being influenced by an ambiguous and unreliable external environment that involves an outside-in perspective for mobilizing various resources through open information flow.

Hyphotesis Development

Halal Literacy on Religious-centric Product Strategy

To develop product strategies centered on religious beliefs, halal business thinking must be fundamentally reoriented because it is a highly product-focused (Shahabuddin, Sukor & Hashim, 2020). Additionally, halal marketing has had great success in the marketing industry. Developing a segmentation, targeting, and positioning (STP) framework in strategic marketing makes the case that halal marketing has taken off and is being used as a product segmentation strategy. Precision positioning is necessary, nevertheless, when it comes to positioning. Halal marketing has developed and is utilized as a strategy for product segmentation; it is not primarily based on religion. Aligning a product positioning strategy with Islamic criteria is profitable for businesses, particularly those that engage in halal marketing (Islam, 2020; Shah, Azhar and Bhutto, 2020). The level of customer religiosity can be inferred from the goods they wear with halal literacy (Aruan and Wirdania, 2020). Therefore, marketers need to develop a communication program approach that incorporates religious messaging to pique consumers' emotive sentiments, influencing their purchase decision. Additionally, the desire to purchase is directly impacted by the consumer's knowledge of the level of halal observance among Muslim consumers (Kusumawati et al., 2020). Hendijani Fard and Seyyed Amiri,(2018); Hong et al., (2020) adds that there needs to be more significant effort put into product marketing and communication to build religious-centered branding through certification agencies. Therefore, spreading halal knowledge and ensuring authenticity will enhance product strategies based on moral principles.

H1: There is a positive relationship between Halal Literacy on Religio-centric Product Strategy.

Brand Management Capabilities (BMC) on Religious-centric Product Strategy (RPS)

Religiously focused product strategy and brand management skills. The target market's capacity to distinguish one product from another through branding is one of the determinants of corporate success in the consumer products sector. The desired brand Field is the name, term, symbol, design, or combination that identifies the seller's product and sets it apart from rival goods (Lamb, Hair & McDaniel, 2012). To generate a favorable perception of the product and business, brands must be developed, coordinated, and disseminated. To guarantee that the organization's vision and the confidence of stakeholders in a brand are consistent, brand management develops, coordinates, and tracks interactions between organizations and stakeholders (Berthon, Ewing & Napoli, 2008). Religious beliefs held by adherents may motivate opportunities and needs-based impulses for developing and supplying market-based prospects (Farmaki et al., 2020)

The ability to build and maintain strong brand equity is just one aspect of BMC's focus. Another is the capacity to use these resources in a manner that is consistent with the market product strategy in a high-performance marketing environment (Spence and Essoussi, 2010). Additionally, BMC is concerned with the methods and procedures utilized to create, develop, maintain, and employ

firm brand assets (Vorhies, Orr and Bush, 2011). Brand management capabilities are part of cross-functional capabilities related to brand knowledge (Hendar, Sudarti and Masfufah, 2020a). In the findings of Liu and Minton, (2018), high consumers believe that they will be rewarded by religious brands regardless of their size according to the level of assertiveness of religious cues or product categories. It deals with unique marketing skills such as market research, product management, pricing, marketing for specific brands, research and development, accounting, production, and operations to create and carry out brand business plans (Morgan, Katsikeas & Vorhies, 2012).

According to strategic marketing literature, brand management's primary goal is to help a product stand out from the competition through brand identification. Due to the importance of brand managers in the branding environment, they must be highly analytical in all facets of branding from a broad perspective. Building brand management skills can balance the development of brand identity and brand image and provide greater value through innovative, experimental methods (Iyer et al., 2020). Businesses may develop new marketing tactics, gain an advantage over rivals, and boost profitability through brand management based on religious halal branding (Ali et al., 2018). A religion-based product strategy outlines the nature of rationality that governs business activity and demonstrates how religion might prevent many types of corporate crime (Kavas, Jarzabkowski and Nigam, 2020).

It involves trustworthiness, market segmentation, the distributor's role as a middleman, the distributor's influence, the manufacturer's reputation, risk mitigation, accessibility, trading conditions, loyalty, and the distributor's reputation (Herstein and Zvilling, 2011). In some market segments, such as those with a religious component, a capacity is required to make it simpler for businesses to design product plans. Better BMC will enable businesses to create an RPS in this market niche. H2 is set as follows as a result:

H2: There is a positive relationship between BMC on RPS.

Halal Literacy on Business Performance

Halal literacy is a crucial idea that can influence how a person behaves and makes decisions, particularly in the mindset of business producers (Taşpunar Altuntaş, 2019). According to the theory of planned behavior (TPB), there is a considerable correlation between religion and halal literacy and the majority of intentions (Khan, Arafat and Azam, 2022). To manage business activities, support for the crucial function of halal literacy in IoT user products needs to be expanded (Ahmad Tarmizi et al., 2020). Financial knowledge is another benefit for female business owners in the halal trade, and it has been demonstrated to raise productivity (Fatah Yasin, Mahmud and Diniyya, 2020b). Better business performance is attained in the context of halal products by increasing financial literacy, making wise investment and resource decisions, as well as managing working capital effectively and efficiently (Rabbani et al., 2021). Increased sales revenue, net income, expansion, and customer growth are metrics used to analyze how well a business performs according to halal standards (Savitri, DP and Syahza, 2021). Increased business performance is more likely the higher the halal literacy rate. Since halal funding will improve business performance, the literacy requirements for the appropriate halal business players must also focus on this.

H3: There is a positive relationship between halal literacy on Business Performance.

Brand Management Capabilities on Business Performance

Management of the brand and the business effectively. Per several studies, brand management plays a big role in BP's rise. M'zungu, Merrilees & Miller, (2019) asserts that in addition to innovation capability, branding ability also contributes significantly to raising the Business Performance of the firm. In order to develop a strong international brand orientation and financial performance, the owner or manager must also consider global brand management talents (Kusi, Gabriellsson and Baumgarth, 2022). By concentrating on the brand's core and communicating it to customers through effective management methods, marketing skills can create good brand associations, increase perceived brand value, and improve business performance (Pyper et al., 2020b). When brand orientation is strengthened by formalization, businesses are more likely to create a well-known and distinctive brand in the market because this combination can promote

brand consistency and boost brand management capabilities (Lee, O’Cass and Sok, 2017). Insights into brand management capabilities are developed in the B2B market by offering superior value through exploratory innovation (Iyer et al., 2020). Dynamic international business innovation is where culture and religion are essential in developing business relationships and performance (Ratten et al., 2016). This demonstrates the potential for a successful alliance between BMC and BP in the area of business on religious grounds. A stronger BMC will enable enterprises to increase BP across multiple market segments. Therefore, H8 is configured as follows:

H4: There is a positive relationship between BMC on BP.

Moderating Religious Commitment from Halal Literacy on Religious-centric Product Strategy

As human behaviour is mirrored by commitment, religious commitment is religiosity at the interpersonal level as represented by a devotion to a particular religion and its teachings (Jianfeng, Hongping and Lanying, 2009). The retail industry is the scene for (Jianfeng, Hongping and Lanying, 2009) study, which illustrates the significance of religious conviction in Muslim consumers' buying behaviours. Some researchers have also considered the influence of religiosity or religious devotion as a moderating factor connected to business performance. Similar trends were supported by science conducted in the context of willingness to pay for halal-certified food by Parvin Hosseini, Mirzaei & Iranmanesh, (2020a) and (Iranmanesh et al., 2020). Additionally, only two Islamic attributes—Muslim goods and services and products marked as halal—are significantly affected by the moderating influence of the religious commitment variable (Sobari, Kurniati and Usman, 2022a). Marketing executives can influence sales by positioning their goods and services to appeal to groups of the religious community (Cutler, 2021). Muslim customers' piety can help to improve the perception of consumers' product knowledge, strengthening their welfare preferences for halal items and resulting in transcendental consumers through their religious devotion (Mehdi, 2019). It is inferred that there is a connection between this:

H5: Religious commitment has a positive and significant moderating effect from halal literacy on Religious-centric Product Strategy.

Mediating Religious-centric Product Strategy from Halal Literacy on Business Performance

The halal lifestyle is strongly influenced by halal literacy and aspects of halal product purchases (Sardiana, 2020). The demand for agri-food products has grown due to Malaysians' changing lifestyles. To meet demand, MSME businesses must employ creative marketing techniques (Khairuddin et al., 2021). Additionally, novel and distinctive business strategies are required to enhance corporate performance in emerging markets. The lack of awareness of halal literacy cannot be overcome by creating a new market for religiously focused endeavours. By selling at higher prices with better profit margins, halal branding can help businesses reach new customers, gain a competitive advantage, and boost their profitability (Ali et al., 2018). In order to execute specialized techniques, improving halal literacy should take into account the religion and culture of the region where SMEs are located (Alharbi, Yahya and Kassim, 2021). The Philippines' business community's results regarding the provision of halal goods can influence Muslim religion-based product development strategies (Acas and Loanzon, 2020). For halal business owners, the knowledge consumers have about halal products can have practical ramifications for the effective design and marketing of religion-based items to optimize revenues (Acas and Loanzon, 2020). Therefore, it is envisaged that a product strategy based on religion can enhance the improvement in company performance brought about by halal literacy.

H6: Religious-centric product strategy has a positive and significant mediating effect from halal literacy on Business Performance.

Mediating Religious-centric Product Strategy from Brand Management Capabilities on Business Performance

It is beginning to develop brand management talents as dynamic abilities that may be used to establish a sustainable competitive advantage (Santos-Vijande *et al.*, 2013). Market sensing abilities,

mainly those linked to market scanning, are a part of marketing knowledge to attain a sustainable advantage. In contrast, brand management abilities are a part of cross-functional brand-related capabilities. The connection between brand management skills and market sensing abilities, as well as relational sales strategy and marketing effectiveness. The company's commercial performance is forecasted to be upgraded by the brand's management capabilities through sales strategy opportunities based on religious beliefs. Providing profit that improves corporate performance is made with a high level of business insight (Nuryakin, Aryanto and Setiawan, 2018). Another argument in favor of brand management is that marketing managers can create commercials and develop better product strategies depending on the target market to boost financial results (Mirkhah and Karami, 2020a). The consumption of luxury goods is not inhibited by a person's level of religiosity, demonstrating a favorable attitude and orientation toward the product brand strategy and the level of religiosity (Dekhil, Boulebech and Bouslama, 2017). Islamic products can become more appealing by labels, slogans, and packaging, raising consumer interest and motivating better company performance (Nickerson and Menon Nandialath, 2020). A product strategy based on religious principles can affect circumstances deemed suitable for business action (Smith et al., 2019). In light of the association described above, the researcher suggests the following:

H7: Religious-centric product strategy has a positive and significant mediating effect from brand management capabilities on Business Performance.

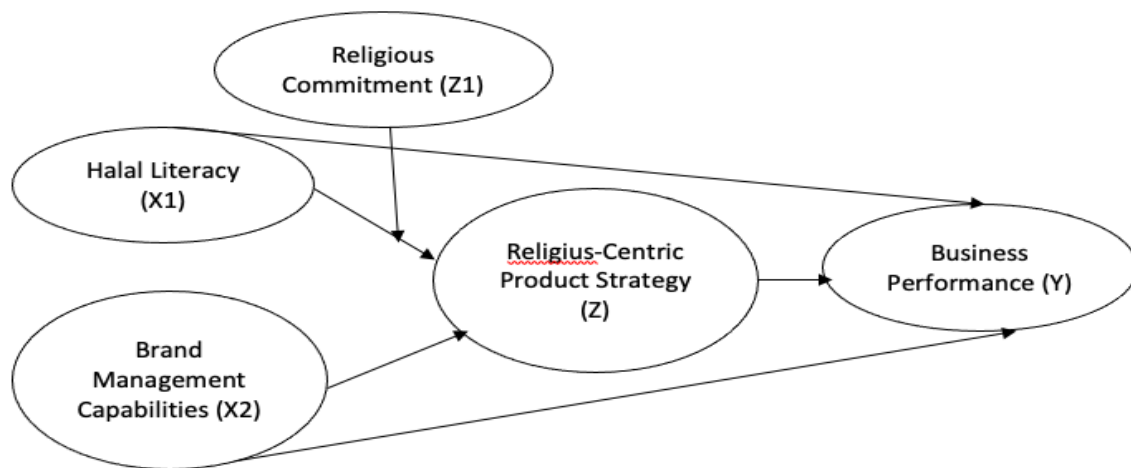


Figure 1. Conceptual Framework

Description:

X1= Halal Literacy; X2 = Brand Management Capabilities; Z = Religious-Centric Product Strategy; Z1= Religious Commitment, Y = Business Performance

Research Methods

The extension of learning is used to test the effects of individual variables in this research. Halal literacy is designed on independent variables, abilities for brand management, religious commitments as variables of moderation, and religiously oriented product strategies serve as variables of mediation. In the meantime, dependent variables depend on the performance of SME companies. A variable operation summary is distinct, dependent, and mediated and can be shown in Table 1. All considerations use the Likert Point-5 scale (1 = strongly disagree, 5 = strongly agree).

Data Collection and Sample Techniques

As the main instrument of analysis, questionnaires are used. Testing, validity, and reliability are implemented to ensure the accuracy of the tools. In order to ensure that the author still preserves the original sense of the questionnaire, the original English questionnaire and Indonesian translation objects are sized up by the author—samples from all fields of MSME analysis in Central Java. The rule of thumb in Hair, (2014), said that the sample in this study was at least 455 to yield high statistical power (for five independent variables). Thus, MSMEs describe a total of 320

samples used in this experiment. Using standardised surveys, questionnaires were distributed to 186 respondents, namely MSMEs in Indonesia, from January to April 2021. We use purposeful sampling techniques to select respondents according to the requirements of MSME corporations that have distributed items. Two aspects compose the questionnaire. The first section contains questions about respondents' demographic characteristics, including age, gender, income, a form of business, and company length of service. Details of reports on halal literacy, brand management skills, centrist strategies for religious goods, religious commitments, and market success in MSMEs are issued in section two. Using the Structural Equation Modelling-PLS form, the obtained data is then processed.

Table 1. Variabe Measurement Instruments

Variabel/Dimension	Dimension	Sources
Halal Literacy (X1)	Share halal knowledge (X1.1) Market control (X1.2) Moral obligation (X1.3) Self-identity (X1.4)	(Hendijani Fard and Seyyed Amiri, 2018; Randeree, 2019; Hong <i>et al.</i> , 2020; Khan, Arafat and Azam, 2022)
Brand Management Capabilities (X2)	Identify brand positions (X2.1) Develop a brand image (X2.2) Develop brand awareness (X2.3) Establish brand associations (X2.4)	(Rahman, Rodríguez-Serrano and Lambkin, 2018; M'zungu, Merrilees and Miller, 2019; Hendar, Sudarti and Masfufah, 2020b; Iyer <i>et al.</i> , 2021)
Religious Commitment (Z1)	Efficiency and speed to product knowledge (Z1.1) Development of innovations and product ideas (Z1.2) Product evaluation from customers and suppliers (Z1.3) Retention (Z1.4)	(Mirkhah and Karami, 2020b) (Alzyoud <i>et al.</i> , 2015; Ajibade <i>et al.</i> , 2016; Wesselmann, Van Der Drift and Agnew, 2016; Parvin Hosseini, Mirzaei and Iranmanesh, 2020b)
Religious-Centric Product Strategy (Z)	Developing new products in line with religious provisions (Y.1) Improving product quality by adhering to religious values (Y.2) Product attributes based on proximity to religious symbols, values and provisions (Y3) Implementation of religious values in each product design made (Y4)	(Hendar, Ferdinand and Nurhayati, 2017; Hendar <i>et al.</i> , 2020) (Sinha <i>et al.</i> , 2017)
Business Performance (Y)	Sales Increase (Y1) Consumer Growth (Y2) Sales Area Expansion (Y3) Net Income of the company (Y4)	(Dewi, Santoso and Laturette, 2021; Kijkasiwat, Wellalage and Locke, 2021; Savitri, DP and Syahza, 2021)

Results and Discussion

Characteristics of Respondents

Based on the results of the processing of research data, the characteristics of respondents are drawn in Table 2.

Based on Table 2, it can be known that the majority of MSMEs are in the field of services (29.5%). Respondents eliminated MSME actors with the last S2 education of 37.6%. Meanwhile, judging by the length of the business, many MSMEs are only standing around 1-5 years (44.6%), with the majority of MSMEs earning a small amount of <Rp5,000,000- per month (70.9%).

Evaluation of Validity and Reliability Testing

This research used the SEM-PLS structural equation-technique model with Smart-PLS 3.0 software to examine the relationship between variables. SEM techniques are used because, as opposed to

the original regression analysis, they can solve many equations simultaneously as in our model. Furthermore, SEM is also able to test the results of mediation systematically. In order to measure the measurement of validity and reliability of our research instruments, as shown in Table 2 and Table 3, the data of 186 respondents were analyzed in a comprehensive product, followed by testing the relationship between the variables we built, as shown in Figure 1.

Table 2. Characteristic of Respondents

Characteristics of Respondents	Amount	Percentage
Business Type		
Creative Industries	40	21,5
Trade	53	28,4
Services	55	29,5
Manufacturing (Raw Material Processing)	11	4,3
Other	27	14,5
Total	186	100
Last Education		
Senior High School	51	27,4
Bachelor Degree	43	23,1
Magister	70	37,6
Other	22	11,8
Total	186	100
Business Length		
<1 Years	49	32,2
1-5 Years	83	44,6
5-10 Years	14	7,52
>10 Years	40	21,5
Total	186	100
Average Operating Income Per Month		
< Rp5.000.000,-	132	70,9
Rp5.000.001,- Rp25.000.000,-	38	22,6
Rp25.000.001,- Rp50.000.000,-	9	5,2
>Rp50.000.000,-	7	4,3
Total	186	100

Data Collected: April – Juni'2022

As presented in Table 2, all variables have a positive factor loading with a p-value ≤ 0.05 , indicating an acceptable significant factor loading value to reflect its latent variable. All variables are measured and mirrored with adequate regression weighting as loading positive factors with significant probability values ≤ 0.05 . Arbuckle, (2016) shows good acceptance of the indicators of all related variables. The convergent validity index for variables indicates a measure of sufficiency by observing the loading factor standard value. The result is that all variables have the acceptance level of the cut-off value of 0.50-0.70 (Hair et al., 2010), indicating a well-accepted convergent validity, the measurement of Average Variance Extracted (AVE) resulted in halal literacy (0.683), brand management capabilities (0.715), religion-centric product strategy (0.727), business performance (0.708) and religious commitment (0.656) All AVE criteria are above the cut-off value of 0.50 which indicates that the validity of the instrument used for this study has been accepted. The four latent variables have good reliability as measured by construct reliability index (CRI) ≥ 0.70 (Hair et al., 2010), 0.896 for halal literacy; 0.909 for brand management capabilities; 0.888 for religion-centric product strategy; and 0.906 for business performance and 0.882 for religious commitment. Furthermore, Table 3 shows a discriminant validity index based on the Fornell-Larcker criteria value. The result is a square root value of AVE ≥ 0.80 , more than the correlation value between variables (Fornell and Larcker, 1981). Because the validity and reliability of our data instruments have met the required minimum values (cut-off), we proceed to model testing of the relationship between variables.

Table 3. Measurement Validity and Reliability

Variable	Indicator	STD. Loading	P-values \leq 0.05	Status
Halal Literacy - Convergent validity (AVE) = 0.683 Construct reliability (CRI) = 0.896	X1.1	0.755	0.000	Valid
	X1.2	0.854	0.000	Valid
	X1.3	0.859	0.000	Valid
	X1.4	0.834	0.000	Valid
Brand Management Capabilities - AVE = 0.715 CRI = 0.909	X2.1	0.881	0.000	Valid
	X2.2	0.828	0.000	Valid
	X2.3	0.831	0.000	Valid
	X2.4	0.841	0.000	Valid
Religious-Centric Product Strategy - AVE = 0.727 CRI = 0.888	Z.1	0.891	0.000	Valid
	Z.2	<i>deleted</i>	-	-
	Z.3	0.825	0.000	Valid
	Z.4	0.839	0.000	Valid
	Z.5	<i>deleted</i>	-	-
Business Performance - AVE = 0.708 CRI = 0.906	Y.1	0.865	0.000	Valid
	Y.2	0.817	0.000	Valid
	Y.3	0.841	0.000	Valid
	Y.4	0.841	0.000	Valid
Religious Commitment - AVE = 0.656 CRI = 0.882	Z1.1	0.903	0.000	Valid
	Z1.2	0.635	0.000	Valid
	Z1.3	0.821	0.000	Valid
	Z1.4	0.855	0.000	Valid

Sources: Data processed, 2022

Table 4. Measurement of Discriminant Validity

Variable	Brand Management Capabilities	Business Performance	Halal Literacy	Religious- Commitment	Religious-Centric Product Strategy
Brand Management Capabilities	0.845				
Business Performance	0.685	0.841			
Halal Literacy	0.567	0.808	0.827		
Religious Commitment	0.741	0.909	0.799	0.810	
Religio-Centric Product Strategy	0.672	0.839	0.833	0.852	0.852

Sources: Data processed, 2022

The Result of Structural Equation Model (SEM-PLS)

For investigating the significance between variables, the structural equation model of the Smart-PLS 3.0 framework is used to test the methodological framework between related variables. The outcomes are shown in Table 4 and Figure 1. The following findings have emerged based on the outcome of the validation process for the relationship between Smart-PLS 3.0 variables.

As mentioned in the previous section of this article, evaluating relationships among variables of significant and indirect influence. As can be seen in Figure 1, the probability value (p-value) is below the limit value of 0.01 or 1 percentile for all regression models (Hair, Ringle and Sarstedt, 2011); the variable relationship is thus meaningful and well received.

The findings of H1 demonstrated that halal literacy had a favorable direct impact on product strategy that focused on religion. According Antara et al., (2016) halal literacy is a fundamental point in which reasonable actuation can lead to an interpretation of the level of literacy among consumers, recognizing the importance of halal business producers. Halal knowledge in business performance is necessary to encourage employees to share knowledge that can indirectly integrate social cognitive theory and social capital theory to motivate knowledge-sharing behaviour. In line with Chiu et al., (2006); Lin, (2007) that the social environment provides stimulus in building behaviour in the direction of better science and the importance of social pressure by an organization in influencing a person to share literacy. However, according to research by Suci &

Hardi, (2020), After receiving counseling, religious factors no longer influence an appropriate basis for formulating non-Muslim educational achievement and contribution of their real intent to use. So halal literacy is considered still unreliable to understand the concept of halal products, so it is necessary to understand product strategy-oriented to bridge literacy with business performance, namely with the concept of religious-centric product strategy.

Table 5. Structural Model Estimate for Direct and Indirect Effect

Variabel Relational	Estimate	T - Values	P - Values	Hyphotesis Testing	Conclusion
Halal Literacy → Religious-Centric Product Strategy	0.312	4.747	0.000	Significant	Accepted
Brand Management Capabilities → Religious-Centric Product Strategy	0.126	2.162	0.0031	Significant	Accepted
Halal Literacy → Business Performance	0.351	4.198	0.000	Significant	Accepted
Brand Management Capabilities → Business Performance	0.216	3.174	0.002	Significant	Accepted
Efek Moderasi 1 → Religious-Centric Product Strategy	-0.068	3,784	0.000	Significant	Accepted
Halal Literacy → Religious-Centric Product Strategy → Business Performance	0.125	3.480	0.001	Significant	Accepted
Brand Management Capabilities → Religious-Centric Product Strategy → Business Performance	0.051	2.333	0.020	Significant	Accepted

Sources: Data processed, 2022

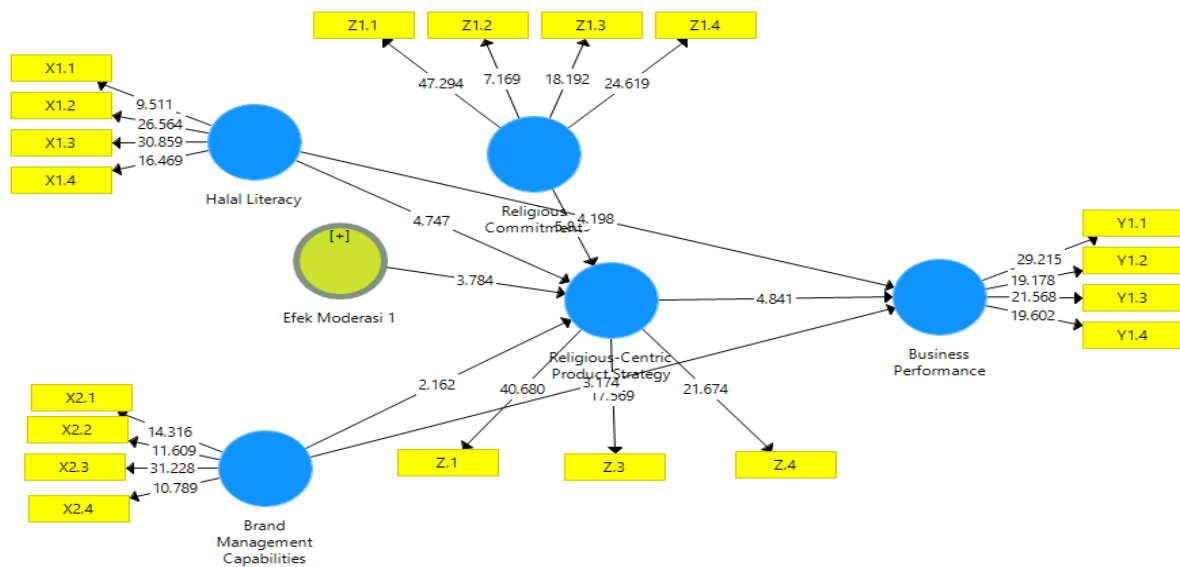


Figure 2. Full Structural Model – Business Performance

Additionally, a product strategy that emphasizes religion is positively and significantly related to brand management skills, therefore, H2 is accepted. Engaging businesses to find new ideas in line with religious values, try new ways, use the digital product, boost operational excellence, design new models, develop new sales strategies and use new approaches for addressing consumer relationships might make life simple for them to develop religious-focused product strategies. Although such researchers Samuel et al., (2017) the study findings are something which has not yet happened, they explained innovative relationships with strategy formulation, especially product excellence. In particular, these findings contribute to the theory of reasoned action on the

role of brand management capabilities in supporting decisions and implementation of product strategies in the business performance of MSMEs.

The findings support H3, which states that there is a link between halal literacy and business performance. This study aims to analyze the relationship between halal literacy, brand management capabilities, religious commitment, and the role of arbitration of R-CPS in business performance. The results have recognized how essential the responsibility of R-CPS seeks marketing performance to boost the firm of fast-changing MSMEs based on religion (Hendar *et al.*, 2020). The presence of positive sound effects between HL, BMC, RC, and RPS indicates that R-CPS acts as a mediator of BP.

Similarly, this study found a positive impact between BMC on BP, then H4 is accepted. Some control variables, however, such as HL, BMC, and RC, which have a positive and meaningful straight correlation with BP, indicate that there is partial mediation in that relationship. In its relationship to BP, the strong correlation between HL and BMC emphasizes the effects of R-CPS as a complete mediation. RC can contribute to strengthening its HL relationship role in R-CPS, which can help increase BP, in addition to the role of R-CPS as complete mediation and RC as a moderation component. The total effect of direct and indirect relationships is significantly higher than the direct effect of positive correlations. According to research from Rucker *et al.*, (2011), R-CPS mediation will intensify the regression association of the marketing mix toward improving business implementation. This means that RPS can be a mediator that can optimize business performance.

A creative and innovative culture provides an opportunity for all parts of the business to work hard and find new ideas that support the business, develop creative avenues that are beneficial to business progress, consistently enhance the appearance of products, and keep changing the offered different products. Market performance encourages all aspects of the business to strengthen the ability to adapt to new customer requirements and strategies of competitors. The customer-centered approach encourages all components of the business to optimize its ability to provide its customers with the best service. Brand culture helps all aspects of an organization to strive to maximize its ability to establish a brand picture of goods and businesses to create the benefits of brand identity in the minds of consumers.

The contribution of religious commitment to R-CPS as a moderation in the relationship between halal literacy ability and R-CPS emphasizes the role of religious commitment to a value taught by religion that will continue to be the basis of the reason for acting and always planning its actions by religious teachings. The moderation function of religious commitment has a substantial value in determining halal mart's product strategy to be closer to the community, which certainly improves the decision of Muslim customers to buy. In addition, the interaction moderation model predicts that religious commitment considerably modifies the link between halal literacy and product strategy that emphasizes religion. H5 is then accepted. In addition, the halal mart has a more substantial commitment to religion, making it easier to determine product strategies to optimize the performance of marketing businesses. The same thing from Sobari *et al.*, (2019); Swimberghe *et al.*, (2009); Warsito *et al.*, (2020) consumer religious commitments significantly affect business loyalty and complaint intentions and raise customer satisfaction levels. However, according to Martin & Bateman, (2014), there is a strict negative relationship between the non-Muslim faith when age, gender, and urban/rural profiles are controlled, and intrapersonal religious commitments have no impact on eco-centric behaviour.

R-CPS and BP are affected by BMC. It shows the ability of an entrepreneur to manage brands by using market intelligence to define brand roles, create consumer loyalty, develops brand recognition, establish customer-desired brand relationships, obtain a loyal customer base, and use high brand equity in religious-based market segments, interests of the owner to design RPS and at the same time get a better BP. In addition, evidence of the relationship between BMC and R-CPS, HL with R-CPS, and R-CPS with BP has been considered to indicate that R-CPS has an essential function in mediating the religious-based business relationship between BMC and BP. BMC can help to increase the productivity of product solutions since they are part of business performance optimization. BMC will evaluate the efficacy of R-CPS in the religious-based product category.

This modern notion strengthens the perception of businesses that are used explicitly in religious-based markets.

The relationship between halal literacy and company performance was explored using the religio-centric product strategy variable, and the result suggested that H6 accepted that religio-centric product strategy positively affected both halal literacy and business performance. In addition, this study discovered a mediation function between brand management skills and business performance, which is acceptable for H7. The test results showed that the impact of halal literacy on business performance was lower ($\beta = 0,351$ decreases to $\beta = 0,125$) and substantial with a probability value below 0,01 ($t = 3,481$), signaling that the religious-centered product strategy would have a partial mediation effect. In addition, lower ($\beta = 0,216$ decreases to $\beta = 0,051$) and critical appraisal of the effect of brand management capabilities on market performance change with a likelihood value below 0.01 ($t = 2.333$), suggesting the existence of a partial mediation effect of religious-centered brand management. The study gap in the impact of halal literacy and brand management capabilities on business performance mediated by religious-centered brand management was explored in these studies.

Implication and Conclusion

The finding that RPS is a mediator in the positive relationship between halal literacy, brand management capabilities, religious commitment, religio-centric product strategy, and business performance in the religious-based market segment has added new knowledge about the importance of halal literacy and religious commitment as a basis for the perception of individual reasoned actions to stay afloat in marketing religio-centric product strategy to improve business performance. Also, brand management capability remains dominant in measuring an image and product services oriented towards business performance through the religio-centric novelty product strategy.

From this perspective, the practical implications of halal literacy, religious commitment, and brand management in the company are R-CPS, which is a significant development in improving the performance of MSMEs. For stakeholders, this is a new faith-based business opportunity that can open up new segments in heterogeneous market demands. This expectation has two aspects referring to the dynamic capability theory of Teece, Pisano and Shuen, (1997) First, dynamics relate to the characteristics of environmental changes, the response of specific strategies, and the time required to accept the acceptance of the innovation by the market. Second, the critical state of strategic management's essential role in adapting, integrating external, and configuring internal and organizational skills and functional abilities to adapt to change. Thus, the application of a religion-centered marketing strategy is the company's ability to provide innovation in product strategy decisions committed to religious values and can be leveraged in current market understanding and future market forecasts.

In religious-based markets, business performance capabilities such as halal literacy, brand management ability, and religious commitment are considered motivation factors for implementing religio-centric product strategy and optimizing functional business performance. Adding religion-centric concepts to product strategy is a novelty finding to contribute ideas for knowledge about religious-product strategies in the MSME industry. Moreover, in the religious-based market segment, the ability of MSME businesses to spread the importance of halal brand products to customers and through attention to innovation strategies of customer religiosity product needs that are oriented to the needs of halal products customers. Thus, religious-based marketing of religio-centric product strategy concepts can potentially increase the profit and sustainability of MSME business performance.

This study was presented by selecting a religio-centric product strategy as an intervention in the connection between halal literacy and religiously committed brand management capabilities. In the meantime, in-depth research has yet to be carried out on other dimensions of the function of the previous variable RPS, such as halal marketing innovation capabilities and IT configuration of halal product literacy. Furthermore, conceptual and empirical analyses are concentrated on other constructs of religion-centric strategies, such as religion-centric business ethics methods, religion-

centric business communication strategies, interactional religio-centric business strategies, and quasi-religious-centric halal innovation strategies. In the future, it is essential to test different antecedents and implications of religious-centric approach principles to gain insight into business performance optimization strategies.

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