

# **Towards Sustainable Financial Well-Being: The Conceptual Role of Brand Authenticity in Linking Islamic Entrepreneurial Orientation and Halal Supply Chain Integration among Halal MSMEs in Medan**

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## **Abstract**

In the era of value-based entrepreneurship, the pursuit of financial well-being among Halal micro, small, and medium enterprises (MSMEs) extends beyond profit generation it embodies ethical authenticity, spiritual values, and sustainable practices. This conceptual paper explores the role of brand authenticity as a pivotal mechanism linking Islamic Entrepreneurial Orientation (IEO) and Halal Supply Chain Integration (HSCI) to the sustainable financial well-being of Halal MSMEs in Medan, Indonesia. Grounded in the perspectives of Islamic business ethics and value co-creation, this study proposes that IEO characterized by faith-driven innovation, risk-taking, and proactiveness fosters the development of authentic brands that reflect honesty, integrity, and adherence to Sharia principles. Furthermore, Halal Supply Chain Integration reinforces brand credibility and consumer trust through transparency and compliance, thereby enhancing the perceived authenticity of Halal products. By integrating these constructs, the paper develops a conceptual framework illustrating how brand authenticity mediates the relationship between entrepreneurial orientation and financial well-being within the Halal business ecosystem. This framework contributes to theoretical enrichment in Islamic entrepreneurship and Halal management literature while offering practical insights for policymakers and business owners seeking to empower Halal MSMEs toward inclusive and sustainable economic prosperity.

**Keywords:** Islamic Entrepreneurial Orientation; Brand Authenticity; Halal Supply Chain Integration; Financial Well-Being; Sustainable Development; Halal MSMEs; Conceptual Framework

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## Introduction

In recent years, Halal micro, small, and medium enterprises (MSMEs) have become one of the most dynamic forces driving inclusive economic growth and ethical market transformation in Muslim-majority countries such as Indonesia. The Halal economy is no longer viewed solely as a religious obligation but has evolved into a global value system integrating ethical consumption, transparency, and sustainability [1].

In Medan one of Indonesia's emerging Halal hubs Halal MSMEs play a vital role in supporting local livelihoods, creating employment, and strengthening the identity of value-based entrepreneurship. Despite their growing economic significance, many Halal MSMEs continue to face challenges in achieving sustainable financial well-being due to limited brand differentiation, low market trust, and fragmented supply chain systems [2].

Within this context, the concept of Islamic Entrepreneurial Orientation (IEO) has attracted increasing scholarly attention as a framework that integrates entrepreneurial behaviour with Islamic ethical principles such as honesty (*sidq*), trust (*amanah*), and social responsibility (*falah*). Prior studies indicate that IEO characterized by innovation, proactiveness, and risk-taking guided by spiritual values can enhance business resilience and competitiveness [3]. However, the mechanism by which IEO contributes to the financial well-being of entrepreneurs remains insufficiently explored, particularly in faith-based business environments such as the Halal MSME ecosystem. Most empirical works tend to emphasize performance metrics or innovation capability rather than the broader and human-centered notion of financial well-being, which includes income stability, financial security, and subjective satisfaction with economic conditions [4].

In parallel, the notion of Halal Supply Chain Integration (HSCI) has emerged as a key factor for ensuring product integrity and consumer trust in the Halal market. A well-integrated Halal supply chain not only enhances operational efficiency and compliance but also symbolizes moral consistency between producers and consumers [2]. Nevertheless, while existing studies confirm the role of supply chain integration in improving Halal performance and traceability, limited research has investigated how such integration interacts with entrepreneurial values and branding processes to improve sustainable financial outcomes [1]. This theoretical gap suggests the need to examine the relational mechanisms that connect structural capabilities with human and ethical dimensions of business.

At the intersection of these constructs lies Brand Authenticity, a psychological and symbolic factor reflecting consumers' perception that a brand is sincere, honest, and faithful to its values [5]. Authentic brands convey consistency between what a company claims and what it delivers an especially important signal in Halal markets where trust and faith compliance drive consumer decisions. Recent literature has shown that authentic branding can strengthen emotional attachment, loyalty, and willingness to pay [6]. Yet, despite its relevance, few studies have examined the role of brand authenticity as a mediating mechanism that transforms Islamic entrepreneurial values and Halal supply chain practices into tangible financial well-being for MSME owners.

This conceptual study responds to these gaps by proposing a framework in which Brand Authenticity acts as a bridge linking Islamic Entrepreneurial Orientation (IEO) and Halal Supply Chain Integration (HSCI) to Sustainable Financial Well-Being (SFWB) among Halal MSMEs in Medan. Theoretically, this integration enriches existing scholarship on Islamic

entrepreneurship, Halal management, and ethical branding by offering a holistic perspective that combines value-based orientation, operational integrity, and consumer perception. Practically, the model provides actionable insights for policymakers and business practitioners to design interventions such as faith-aligned entrepreneurial training, supply chain transparency programs, and authentic brand-building initiatives that can help Halal MSMEs translate their ethical commitments into financial sustainability and prosperity.

In summary, this conceptual paper advances the understanding of how ethical authenticity and integration within the Halal value chain can foster long-term financial well-being. It emphasizes that sustainable prosperity in Halal MSMEs cannot be achieved merely through compliance and certification; it requires the embodiment of authentic values, trust-based relationships, and spiritually driven entrepreneurship that together strengthen the moral and economic foundations of the Halal economy.

## Literature Review and Hypotheses Development

### 2.1 Islamic Entrepreneurial Orientation (IEO) and Financial Well-Being

Islamic Entrepreneurial Orientation (IEO) extends the traditional concept of entrepreneurial orientation (EO) by embedding Islamic ethical and spiritual values into entrepreneurial behaviour. While the classic EO dimensions innovativeness, risk-taking, and proactiveness reflect strategic postures that drive competitiveness [7], IEO introduces a faith-based dimension emphasizing *amanah* (trust), *ihsan* (excellence), and *taqwa* (piety) in business decision-making [3]. Entrepreneurs with a strong IEO mindset perceive their business not only as a source of profit but also as a means to achieve *falah* (success in this life and the hereafter). Such orientation motivates sustainable practices and responsible value creation [8].

Recent evidence shows that value-based entrepreneurial orientation enhances business resilience, adaptability, and access to Halal markets [3]. These capabilities contribute to financial well-being defined as the ability of entrepreneurs to meet financial obligations, feel secure about their financial future, and enjoy autonomy in financial decision-making [9]. However, IEO's influence on financial well-being may not be direct; rather, it may operate through intermediate mechanisms such as brand credibility, consumer trust, and authenticity signals that translate values into tangible outcomes. Hence, the first hypothesis is proposed:

*H1: Islamic Entrepreneurial Orientation has a positive relationship with the financial well-being of Halal MSMEs.*

### 2.2 Halal Supply Chain Integration (HSCI) and Financial Well-Being

Halal Supply Chain Integration (HSCI) ensures that every process from sourcing to distribution adheres to Halal integrity, transparency, and traceability. In Islamic business contexts, integration signifies not only operational coordination but also moral accountability among partners [10]. Empirical studies confirm that integrated Halal supply chains increase efficiency, reduce risk, and build consumer confidence [1].

By aligning supply chain activities with Halal principles, MSMEs can enhance both perceived product legitimacy and market competitiveness. Consumers increasingly evaluate Halal products based on transparency and integrity, making HSCI a key determinant of business trustworthiness [2]. Such trust leads to higher sales consistency and long-term profitability, thus supporting sustainable financial well-being. Therefore, the second hypothesis is stated as:

*H2: Halal Supply Chain Integration has a positive relationship with the financial well-being of Halal MSMEs.*

### **Islamic Entrepreneurial Orientation and Brand Authenticity**

Brand authenticity reflects the degree to which a brand is perceived as genuine, consistent, and true to its values [5]. In Halal MSMEs, authenticity represents alignment between entrepreneurial identity, faith-based principles, and market behavior. Entrepreneurs with strong Islamic orientations are more likely to project honesty, humility, and ethical commitment through their branding efforts traits that resonate with value-conscious consumers [6].

IEO shapes an organization's internal culture, which then manifests in external expressions of authenticity. When business owners demonstrate spiritual consistency and integrity, consumers perceive the brand as trustworthy and "real" rather than opportunistic. Thus, IEO can be seen as the moral foundation for authentic brand formation. Accordingly, the following hypothesis is proposed:

*H3: Islamic Entrepreneurial Orientation has a positive relationship with Brand Authenticity.*

### **2.3 Halal Supply Chain Integration and Brand Authenticity**

An integrated Halal supply chain enhances brand authenticity by ensuring transparency, compliance, and traceability core attributes valued by ethical consumers. Supply chain integrity functions as proof that the brand "walks the talk," bridging the gap between moral promise and operational practice [1]. When supply chain processes are well-aligned with Halal standards, the brand narrative becomes credible and authentic [2]. This operational authenticity translates into consumer trust and strengthens the brand's symbolic value. Therefore, a transparent supply chain is not only an operational asset but also a strategic enabler of authentic branding. Hence, the next hypothesis is proposed:

*H4: Halal Supply Chain Integration has a positive relationship with Brand Authenticity.*

### **2.4 Brand Authenticity and Financial Well-Being**

Brand authenticity is a strategic intangible asset that shapes consumer trust, loyalty, and advocacy [5]. For small businesses, authenticity often substitutes for large-scale marketing budgets by leveraging genuine storytelling and moral credibility. Consumers reward authentic brands with sustained patronage, which directly supports financial stability and well-being.

In Halal MSMEs, authenticity signifies more than consistency it reflects the business's commitment to Islamic values and social responsibility. When consumers perceive this authenticity, they are more likely to engage in repeat purchases, recommend products, and form emotional bonds with the brand [6]. Consequently, authentic branding becomes a pathway through which ethical entrepreneurship transforms into economic prosperity. Therefore, the hypothesis is proposed as:

*H5: Brand Authenticity has a positive relationship with the financial well-being of Halal MSMEs.*

## 2.5 The Mediating Role of Brand Authenticity

Although both IEO and HSCI are expected to improve financial well-being, their effectiveness depends on the degree to which their underlying values are communicated credibly to consumers. Brand authenticity acts as a critical mediating mechanism that converts ethical intent and structural integrity into perceived trust and market loyalty [5];[1].

Entrepreneurs who practice Islamic-oriented innovation and maintain supply chain integrity strengthen their brand's authenticity, which subsequently enhances consumer engagement and financial outcomes. Thus, authenticity functions as a bridge connecting internal values and external performance a psychological translation of moral commitment into economic well-being. Accordingly, two mediating hypotheses are proposed:

H6: *Brand Authenticity mediates the relationship between Islamic Entrepreneurial Orientation and Financial Well-Being.*

H7: *Brand Authenticity mediates the relationship between Halal Supply Chain Integration and Financial Well-Being.*

## 2.6 Conceptual Framework

The conceptual framework of this study illustrates the proposed relationships among *Islamic Entrepreneurial Orientation* (IEO), *Halal Supply Chain Integration* (HSCI), *Brand Authenticity* (BA), and *Financial Well-Being* (FWB) among Halal MSMEs in Medan. The framework posits that both IEO and HSCI directly and indirectly influence MSMEs' financial well-being, with *Brand Authenticity* serving as a mediating mechanism that strengthens these relationships within the context of Halal business practices.

Grounded in Resource-Based View (RBV) and Islamic Business Ethics, this model emphasizes that sustainable competitive advantage and well-being arise not merely from economic capability, but from the integration of ethical, spiritual, and authentic business practices [11];[12]. Within the RBV perspective, *Islamic Entrepreneurial Orientation* characterized by *tawakkul* (trust in Allah), *amanah* (trustworthiness), and *ijtihad* (innovative effort) acts as an internal intangible resource that drives unique value creation. When this orientation aligns with *Halal Supply Chain Integration*, MSMEs are better equipped to ensure traceability, transparency, and compliance across the value chain [13]. This alignment fosters stakeholder trust and strengthens market legitimacy within the growing Halal economy [14].

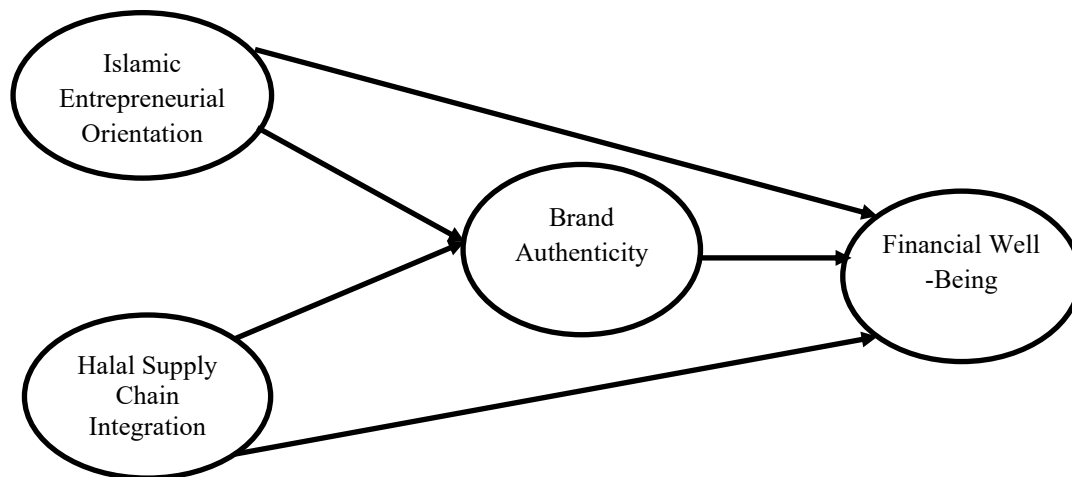
*Brand Authenticity* is introduced as the conceptual bridge linking IEO and HSCI to Financial Well-Being. In Halal MSMEs, brand authenticity reflects consistency between business actions and Islamic ethical principles creating emotional and spiritual connections with consumers [15]. Authentic brands tend to be perceived as more trustworthy, which leads to improved customer loyalty, higher sales stability, and ultimately greater financial well-being for entrepreneurs [16]; [17].

Thus, this conceptual framework argues that:

1. IEO enhances MSMEs' ability to act innovatively and ethically, which positively influences Financial Well-Being.
2. HSCI reinforces operational efficiency and market credibility through compliance and integrity, further promoting Financial Well-Being.

3. Brand Authenticity mediates both relationships, acting as the key emotional and spiritual link that translates entrepreneurial and operational excellence into sustainable financial outcomes.

This model provides a holistic understanding of how *Islamic-based entrepreneurship* and *Halal value chain management* contribute to the socio-economic empowerment of Halal MSMEs moving beyond profitability toward *sustainable financial well-being* that aligns with both worldly success and ethical accountability.



**Picture 1. Research Framework**

## Research Methodology

As this study is conceptual in nature, the research design emphasizes *theoretical integration* rather than empirical data collection. The methodology focuses on systematically developing and synthesizing theoretical constructs that explain the relationships among Islamic Entrepreneurial Orientation (IEO), Halal Supply Chain Integration (HSCI), Brand Authenticity (BA), and Financial Well-Being (FWB) in the context of Halal MSMEs in Medan, Indonesia.

### 3.1 Research Design

This research adopts a conceptual and exploratory design that aims to build a framework integrating both *Islamic entrepreneurship theory* and *Halal value chain principles*. The study draws from multiple literature sources including peer-reviewed journal articles, books, and reports published between 2018 and 2024 to identify conceptual linkages and theoretical gaps. The integration process uses a *deductive–inductive approach*: deductive reasoning is applied to connect established theories such as the Resource-Based View (RBV) and Islamic Ethical Framework, while inductive reasoning helps identify emerging insights from recent Halal business and branding literature.

### 3.2 Data Sources and Literature Selection

The conceptual foundation was constructed through a systematic literature review using databases such as Scopus, Emerald Insight, ScienceDirect, and Google Scholar. Keywords including Islamic Entrepreneurial Orientation, Halal Supply Chain Integration, Brand

Authenticity, Financial Well-Being, and Halal MSMEs were employed to ensure thematic consistency.

Inclusion criteria focused on:

1. Empirical and conceptual studies published between 2018–2024;
2. Articles that address the intersection of entrepreneurship, ethics, Halal industry, and branding; and
3. Works that provide conceptual insights into sustainability or well-being outcomes for MSMEs.

This literature selection process ensures that the conceptual model is grounded in contemporary and contextually relevant scholarship, reflecting the dynamic nature of Halal MSME development in Southeast Asia.

### 3.3 Analytical Approach

The analysis followed three main stages:

1. Identification of Constructs: Key variables were identified based on theoretical and empirical evidence IEO, HSCI, BA, and FWB.
2. Conceptual Mapping: Relationships among constructs were mapped using thematic synthesis, focusing on causal logic and mediating roles supported by prior studies.
3. Framework Validation: The proposed model was evaluated against existing conceptual frameworks in entrepreneurship and Halal business to ensure theoretical coherence and novelty.

This approach emphasizes logical consistency and conceptual clarity rather than statistical validation. The model serves as a foundation for future empirical research that can test the hypothesized relationships using structural equation modeling (SEM) or partial least squares (PLS).

### 3.4 Contextual Justification

The selection of Halal MSMEs in Medan, Indonesia, as the focal context is both strategic and sociocultural. Medan represents one of Indonesia's most dynamic urban economies, where Halal business activities are expanding rapidly amid growing consumer awareness and Islamic values integration [18]. However, despite this growth, many MSMEs face challenges in aligning ethical entrepreneurship, supply chain integration, and brand credibility with financial sustainability. Hence, the conceptual exploration in this study provides a theoretically grounded lens to understand how spiritually driven entrepreneurship can coexist with market competitiveness and financial well-being.

### 3.5 Expected Contribution

This conceptual methodology contributes to both theoretical advancement and managerial understanding by:

- Integrating Islamic ethical entrepreneurship and Halal supply chain management within a single model;
- Introducing Brand Authenticity as a mediating mechanism linking entrepreneurial and operational behavior to financial well-being; and
- Offering a pathway for future empirical validation in Halal MSME research across different regions.

## Conclusion and Future Research Directions

This conceptual paper has developed an integrative framework that explains how Islamic Entrepreneurial Orientation and Halal Supply Chain Integration can enhance Financial Well-Being among Halal MSMEs through the mediating role of Brand Authenticity. The framework draws upon the Resource-Based View (RBV) and Islamic Ethical Principles, offering a spiritually grounded yet market-relevant model for sustainable business performance in the Halal sector.

The study contributes theoretically by extending the understanding of entrepreneurial orientation within an Islamic context, emphasizing that entrepreneurial behavior rooted in *tawakkul*, *amanah*, and *ijtihad* can lead not only to competitiveness but also to holistic well-being. It also positions Brand Authenticity as an emotional and ethical bridge that connects operational integration with financial sustainability—an area that remains underexplored in Halal MSME research.

From a managerial perspective, the proposed framework provides practical insights for entrepreneurs and policymakers in developing *trust-based Halal brands*, enhancing supply chain transparency, and promoting financial resilience. For Halal MSMEs, authenticity in branding and ethical orientation are not just moral imperatives but strategic assets for long-term growth.

Future research should empirically test the proposed relationships using quantitative methods such as PLS-SEM or CFA-based SEM, incorporating moderating factors like *Perceived Halal Support* or *Digital Readiness*. Comparative studies across different regions or industries may further validate the robustness of this conceptual framework and its applicability in advancing the *Halal economy* across Muslim-majority and non-Muslim markets alike.

In conclusion, this study advocates for a shift in the way Halal entrepreneurship is understood from profit-centered to purpose-driven, where ethical integrity and authenticity form the foundation for sustainable financial well-being.

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