MODELLING THE SIGNIFICANCE OF GLOBAL MIND-SET AND HALAL BRAND TRUST TO DETERMINE THE PERFORMANCE OF HALAL SMES

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ABSTRACT

This study investigated the impact of global mind-set (GM) and halal brand trust (HBT) on halal entrepreneurial performance (HEP). This study extends the entrepreneurship literature by adopting the dynamic capability theory (DCT) to assess HEP. Data were collected from 311 SMEs established in Indonesia using the simple random sampling method, whereas the variance-based partial least-square structural equation modelling (PLS-SEM) approach was used for test the proposed conceptual model. This study revealed the significant effect of GM and HBT upon HEP. Additionally, entrepreneurial competency (EC) and effectual logic (EL) displayed partially mediating effects. This study found that online food delivery (OFD) had strengthened the relationship between EC and HEP. Nevertheless, EC had no statistical impact on EL, while OFD negatively affected the GM-HEP link. Due to the limited scope of this study, the cross-sectional approach adopted in this study is viewed as a limitation. Besides, constriction in time had led this study to be conducted within a specified time-frame. As such, future studies may adopt the longitudinal approach over a period of three to five years in order to overcome the listed limitations. This study assessed the effect of GM and HBT on HEP as fresh insight to better comprehend the determinants of HEP in uncertain condition. This study has extended the theory of Teece et al. (1997) DCT within the context of HEP. Upon determining the effect of two new constructs (GM and HBT) through the lens of DCT and validating the proposed model, this study offers theoretical and contextual contributions to the overall body of knowledge with PLS-SEM.

Keywords: Global mind-set, halal brand trust, entrepreneurial competency, effectual logic, online food delivery, halal entrepreneurial performance.

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1.   INTRODUCTION

Being essential business players in developing countries, small and medium enterprises need to deploy effective business strategy adjustments to enhance their capabilities than their competitors. In year 2018, Indonesia recorded 57.2 million micro enterprises, 106.000 medium enterprises and 5.066 large enterprises (International Monetary Fund, 2018). Indonesia is going through unprecedented times with a new middle class on the rise, and digital technology has brought increased opportunities for Indonesians to start a business. Currently, there are over 62 million small and medium-sized enterprises (SMEs) in the country, which is one SME for every five Indonesians. Of these, 98.75% (61.5 million) are micro-enterprises and developing these small businesses into bigger ones will be an essential driver of the country's future development (Indonesian Ministry of National Development Planning, 2019). The halal economy has been envisioned to be an important engine of Indonesia's economic growth and realising its vision of Indonesia Maju 2045 (advanced Indonesia in 2045). In the pursuit of Indonesia Maju, the Shariah economy and finance (herein referred to as 'halal economy') have been identified as key contributors given the vast global opportunity of $1.9 trillion (2020) and domestic opportunity of $184 billion in the related consumer spending market that has yet to be fully tapped. The halal industry is growing rapidly, covering several different industries, ranging from halal food to non-food products (i.e., halal consultancy), halal medicines to halal cosmetics, and halal education to halal tourism (Sen et al., 2019). Indonesia is home to the world's largest domestic halal economy market, driven by the largest global Muslim population of 229.6 million in 2020.

This population's domestic spending across halal economy products and services stood at $184 billion in 2020 and is projected to increase by 14.96% compound annual growth rate to reach $281.6 billion by 2025. The share of the Halal economy in the national economy has expanded over the past five consecutive years. The Halal economy remained more unscathed by the effects of the COVID-19 pandemic than the national economy, with a contraction of –1.70% compared to –2.07% for the national economy in the year 2020 (Bank Indonesia, 2020). According to the 2019/2020 Global Islamic Economy Index (GIEI) report, Indonesia could not occupy a position in the top 10 countries of the halal food industry since 2014 to 2017 (Halal Institution, 2021). Regardless, efforts to develop the halal food industry are continued so that Indonesia can rank fourth in the world's halal food industry in 2025 (Mostafa, 2020). In 2021, Indonesia has realised the development of the halal food industry by establishing three Halal Industrial Estates/*Kawasan Industri Halal* (KIH). Moreover, several sectors in the Indonesian halal industry have competed in the global market. The country's halal tourism industry ranked fourth in the world, while the Muslim fashion industry and the Islamic finance industry ranked third and fifth, respectively (Halal Institution, 2021).

The capabilities of the halal industry have influenced the interpretation of the present scenario, thus determining the strategic choices to enhance their business performance. Both choice and decision have an impact on both strategic direction and performance. Therefore, in light of halal entrepreneurial capability, this present study had adopted the dynamic capability theory (DCT), which upholds resource as the potential key to create sustainable halal entrepreneurial performance. Halal SMEs have the capability to exploit business opportunities in uncertain markets and further flourish their business internationally. Ismail et al. (2019) revealed that the vital contribution of capabilities is in terms of entrepreneurs' knowledge and mindset in boosting their

SMEs' performance. Javidan and Teagarden (2011) asserted that the concept of global mind-set (GM) relates to the halal SMEs' mind-set and competency in accepting global diversity, as well as recognising business opportunities to expand their businesses. Sen et al. (2019) depicted that halal SMEs have to think globally and act locally, whereby these entrepreneurs need some adjustments to deploy their business activities, both in thinking and acting. This signifies that as a concept, GM transfers across borders mind-set and its impact is not dependent on the country of origin of the entrepreneur. Nevertheless, the role of GM as a driver for successful halal entrepreneurial internationalisation may even be generalizable to other empirical contexts. According to Torkkeli et al. (2018), GM of halal SMEs towards decision making to gain better business performance and competitive advantage enriches entrepreneurship knowledge. Hence, this study highlights the impact of GM and HBT on halal entrepreneurial performance (HEP) of SMEs.

2.   LITERATURE REVIEW

2.1.   *Dynamic Capability Theory*

Resource-based view initiated by Penrose (2009), emphasises on the integrated position between internal factor (capability) and external environment (competitors). Upon further development, Wenerfelt (1984) classified organisational resources into tangible (e.g., building, chairs, desks, and papers) and intangible (e.g., employees' capability) assets. Meanwhile, Peteraf (1993) noted that the resource-based theory regards that there is a significant relationship between competitive advantage and capabilities utilised. Teece et al. (1997) framed the resource-based perspective under a dynamic context and proposed the perspective of dynamic capabilities. The entrepreneurship and dynamic capabilities literature enrich a better understanding of how strategic change can drive an organisation performance (Arend, 2014). The term dynamic refers to the capability to renew capability competences to achieve congruence with the changing business environment in adapting, integrating and reconfiguring internal dan external organisational capabilities, resource and functional competence to match the requirement of changing environment. The halal SMEs' internal resource can be transformed into capabilities to ensure the sustainable performance. Based on the concept of resource-based view (RBV), halal standard implementation, as one type of firm resource, can affect the performance of food manufacturing SMEs.

Technology and capabilities can serve as the source of competitive advantage to gain competitive advantage in halal products. However, halal SMEs are confronted with fiercer competitive challenge in global market. Halal SMEs must try to denote a lasting dynamic capability to adapt to achieve a competitive advantage and this process is defined as the concept of dynamic capability. Some previous studies believe that dynamic capabilities are the key to superior performance (Peteraf, 1993; Teece et al., 2007). The complexity of consumers' need, the emergence of new technology and core competency in global market make halal SMEs have to change their strategy. This rigidity cause halal SMEs to lose opportunity as well as their performance in the global market. Hence, the global competitive innovation in high technology promotes organisations to establish sustainable relationships through digital channel in order to demonstrate competency by exploring new knowledge and capability required by competitive advantage, also known as dynamic capability (Teece et al., 2007). They added that the winner of the global marketplace are

those organisations with capabilities to effectively coordinate and redeploy internal and external competencies and resources to demonstrates timely responsiveness to their markets.

2.2. Conceptual framework and hypotheses development

2.2.1. Global Mind-set

Strategy in SMEs focuses on the reliance on EC to shape the organisation by identifying and exploiting opportunities (Sunil, 2020). The EC stresses on the importance of strategy in firm by integrating individuals with external environment to gain competitiveness through an open mind-set. Javidan and Bowen (2013) asserted that developing a GM focuses on knowledge input, advanced cognitive skills, and sense-making intervention to inform experience, as well as to influence entrepreneurial competency and growth. Moreover, EC is heavily endowed by GM to develop better understanding of network usage in enhancing the performance of small businesses. Torkkeli et al. (2018) claimed that GM refers to one's capacity to function effectively in highly complex business environment to make a strategic decision. As such, the following hypotheses are proposed:

H1a: Global mind-set has a positive effect on entrepreneurial competency.
H1b: Global mind-set has a positive effect on the performance of small-medium halal enterprises.
H1c: Global mind-set has a positive effect on effectually logic.

2.2.2. Halal Brand trust

Kotler (2017) mentioned that the dependency of customers on a certain brand increases their willingness through intent communication and information to customers. Businesses need to enable accessibility to information, so that customers may learn about their products. Customers' rational and emotional feelings towards a brand are vital to instil trust, and eventually lead to intensified purchase intentions. As noted by Pinar et al. (2016), many customers arrive at the decision to use or consume the products based on emotional ties. Thus, halal products offer a more emotional approach as it is part of the way of life for Muslims (Atkinson & Rosenthal, 2014). Moreover, Naeem (2019) depicted that brand trust represents the perceptions of policy from the owner towards the brand appearance in the market. Thus, information and communication must be made clear to build customer trust and desire to purchase. Therefore, the following hypotheses are proposed:

H2a: Halal brand trust has a positive effect on entrepreneurial competency.
H2b. Halal brand trust has a positive effect on the performance of small-medium halal enterprises.
H2c: Halal brand trust has a positive effect on effectual logic.

2.2.3. Entrepreneurial Competency

The importance of integrated competency on products innovation in small firms involves EC, which suggests an implication for radical innovation in large firms (Duening et al., 2012). It has

been evidenced that EC positively affects innovativeness in SMEs (Brettel et al., 2012), while Solihin and Syaroni (2020) concluded that EC in SMEs can improve their performance in the market via innovativeness and strategy to a greater extent under turbulence technological and positive market condition. Identifying opportunity and devising strategic competency are the specific dimensions of EC that can positively and significantly affect the performance of low-income firms. This highlights the integral role of EC towards the business success of SMEs in both developed and developing countries. Hence, the following hypotheses are proposed:

H3a: *Enterprise competency has a positive effect on effectual logic.*
H3b: *Enterprise competency has a positive effect on the performance of small-medium halal enterprises.*

2.2.4. Effectual Logic

The important role of effectuation in digital business environment is related to fast and unpredictably changing digital technologies (Nylén & Holmström, 2019). Evers and Andersson (2021) found that effectual logic (EL) can shape innovation development and improve organisation performance. Hence, the performance of halal SMEs based on various decisions from physical to digital distribution platforms is a crucial decision to gain better performance. This garners increasing interest, the best knowledge to reveal effectuation, and causation impact on business performance (Baber & Martinez, 2019). Besides, EL contributes to high innovative success and offer benefits to low-income SMEs (Brettel et al., 2012). Based on the above depiction, this study proposes the following hypothesis:

H4: *Effectual logic has a positive effect on the performance of small-medium halal enterprises.*

2.2.5. The Moderating Effect of Online Food Delivery (OFD) Services

The evolution of technology has had a positive effect on the performance of this new era of SMEs, which has increasingly stimulated firm growth. Both network competence and environment turbulence served as the moderating variables to assess the correlation between EC and success attained by SMEs (Tehseen & Anderson, 2020). Meanwhile, Yeo et al. (2017) found that the new market was sparked by technology that offered convenience, besides saving time and effort; enabling customers to complete transactions rapidly that benefits both the customer and the marketer. Therefore, halal SMEs must invest more resources in their website design to be user-friendly and easy-to-navigate, along with visually appealing relevant products (Tariq et al., 2019). Hence, the following hypotheses are proposed:

H5a: *Online food delivery services moderate the relationship between enterprise competency and the performance of small-medium halal enterprises in Indonesia.*
H5b: *Online food delivery services moderate the relationship between global mind-set and the performance of small-medium halal enterprises in Indonesia.*
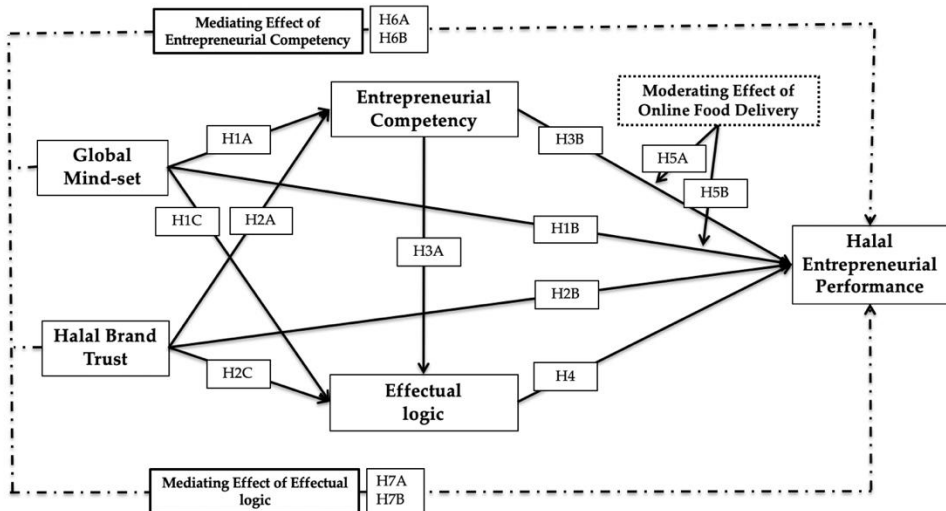
2.2.6. Mediating Effect on Halal Entrepreneurial Performance

Sunil (2020) reported that entrepreneurs are integral to achieve goals, wherein competency is required to ascertain better business performance. Similarly, Saunila et al. (2014) revealed that network competency of internal and external factors had been vital for innovation capability amongst SMEs. It is essential to produce products with innovative feature, apart from being competitive, in order to attract potential customers and gain better performance (Sajilan & Tehseen, 2019). Entrepreneurship functions as a bridge between business intelligence and competitiveness, which can significantly affect performance. Meanwhile, Englis and Wakkee (2015) pointed out that both entrepreneurial opportunities and the type of EL deployed may be associated with GM to describe entrepreneurial performance. As such, the following are hypothesised:

> H6a: *Entrepreneurial competency mediates the relationship between global mind-set and the performance of small-medium halal enterprises in Indonesia.*
>
> H6b: *Effectual logic mediates the relationship between global mind-set and the performance of small-medium halal enterprises in Indonesia.*
>
> H7a: *Entrepreneurial competency mediates the relationship between halal brand trust and the performance of small-medium halal enterprises in Indonesia.*
>
> H7b: *Effectual logic mediates the relationship between halal brand trust and the performance of small-medium halal enterprises in Indonesia.*

All association hypothesized and tested in this study is illustrated in Figure 1.

Figure 1: Research Framework

3. METHODOLOGY

3.1. Sample Size and Data Collection

A survey using Google Form was carried out between July and September 2020 to gather data from West Kalimantan, Indonesia. In particular, SMEs involved in the food and beverages segment had been selected for this study. The method of Google Form reflects convenience sampling technique for data collection purpose. All 311 respondents who had responded to the questionnaire were eligible for the ensuing statistical analysis. A pre-test was conducted to test the reliability and the validity of each indicator prior to the actual survey. Additionally, structural interview was held to capture more information pertaining to entrepreneurial capability of several SMEs in West Kalimantan, Indonesia. In order to obtain the minimum sample size, this study used G*Power 3.1 (G*Power - Universität Düsseldorf: Psychologies, Germany, 2009). With the power of 0.5, effect size of 0.8, and 4 predictors, the calculated minimum sample size for this study was 80.

3.2. Data Screening and Pre-Analysis

In the data pre-analysis stage, a screening process was thoroughly conducted to detect potential statistical error of normality, outlier, and missing value. The demographic profiles of the respondents are presented in Table 1, which revealed a balanced proportion from all segments and verified that the data were indeed unbiased. The study findings reflected the impartial view of the respondents' mind-set and strategy towards HEP.

3.3. Measures of constructs

The partial least square SEM (PLS-SEM) was applied to estimate the complex cause-effect relationship models with latent (Carrion et al., 2019). Global mind-set is the foundation for business competence to manage competitiveness and uncertainty within the global setting (Srinivas, 1995). Seven items of GM were retrieved from Javidan et al. (2010). Four items of HBT were adopted from Delgado-Ballester (2003) for this study. Opportunity recognition competency and strategic competency were used in this study as dimensions of EC with four indicators obtained from Man et al. (2008). In order to measure EL, four and three items were adopted from Chandler et al. (2011) for causation-based and effectuation-based decision making, respectively. The OFD, which refers to the service quality of internet-based interaction between firm and customer behaviour to ease shopping (Parasuraman et al., 2005), functioned as the moderator in this study. The OFD dimensions in this study were responsiveness and privacy with three items respectively adopted from Parasuraman et al. (2005). Next, the three dimensions of HEP (consumer orientation, service quality as well as dynamic market were adopted from Leonidou et al. (2013) with three items for each dimension. All items were measured using five-point Likert scale that ranged from strongly disagree (1) to strongly agree (5). The measurement items were included in the initial questionnaire.

4. DATA ANALYSIS

4.1. *Demographic Characteristics*

The demographic characteristics presented in Table 1 revealed that 55.3% and 44.7% of the respondents were female and male SME entrepreneurs, respectively, in Indonesia. Most of them were above 39 years old with high school education background. The respondents had net income between 5 and 10 million a month. Whereas 41.8% SMEs have used OFD for less than 6 months in Indonesia.

Table 1: Demographic Characteristics

	Distribution	n	%		Distribution	n	%
Gender	Male	139	44.7	Net Income/Month	< Rp 5 million	110	35.4
	Female	172	55.3		Rp. 5-10 million	121	38.9
	Total	311	100		> Rp. 10 million	80	25.7
					Total	311	100
Age	<20	41	13.2				
	20-29	32	10.3		<6	130	41.8
	30-39	21	6.8	Month using OFD System	6-12	85	27.3
	>39	217	69.8		13-24	47	15.1
	Total	311	100		>24	49	15.8
					Total	311	100
Education	< High School	101	32.5				
	High School	115	37				
	Bachelor	68	21.9				
	Master	27	8.7				
	Total	311	100				

4.2. *Validity and Reliability*

The first step in SEM is to assess the measurement model, which includes the evaluation of construct reliability, indicator reliability, convergent validity, and discriminant validity of the outlined constructs. Construct reliability can be determined using composite reliability (CR) and Cronbach's alpha (CA). The criterion is that the CR of a construct should exceed 0.07 to indicate adequate reliability of the construct, as this study had adopted the confirmatory research approach (Hair et al., 2014). The results of the measurement model, which are tabulated in Table 2, show that the CR values were greater than 0.07 and confirmed adequate reliability of the construct. Indicator reliability was assessed based on CA with the criterion that CA should exceed 0.06. The results indicated that the CA values of all factors were indeed acceptable. Convergent validity of construct was examined using average variance extracted (AVE). The criterion is that the values of AVE must be higher than 0.50 (Fornell & Larcker, 1981). As a result, all the constructs had substantial AVE and confirmed the convergent validity of the constructs. The values of CA, CR, and AVE are presented in Table 2.

Table 2: Convergent Validity and Reliability

Variable	No Items	Mean	SD	CA	DG Rho	CR	AVE	VIF
GM	7	1.768	0.878	0.843	0.842	0.884	0.560	2.763
EC	8	1.862	0.832	0.916	0.917	0.932	0.630	3.495
EL	7	1.665	0.795	0.873	0.874	0.913	0.725	3.654
OFD	6	1.799	0.786	0.927	0.930	0.943	0.732	4.013
HBT	4	1.827	0.819	0.849	0.850	0.898	0.688	3.577
HEP	9	1.832	0.905	0.922	0.923	0.939	0.721	

Notes: GM = Global Mindset, EC= Entrepreneurship Competency, HBT = Halal Brand Trust, EL = Effectual Logic, OFB: Online Food Delivery, HEP = Halal Entrepreneurship Performance, DG's rho =Dillon-Goldstein's rho, SD = standard deviation, CA = Cronbach's alpha, CR = Composite Reliability, AVE = Average Variance Extracted, VIF = Variance inflation factor.

In order to assess the discriminant validity of the constructs, three methods were applied: Fornell and Lacker criterion, cross-loading, and Heterotrait-Monotrait ratio (HTMT). Initial discriminant validity of the construct can also be determined by assessing the cross-loadings of the indicators (Hair et al., 2014). The Fornell-Lacker criterion is applied to assess discriminant validity by comparing the square root of AVE extracted from each construct with the correlation among the constructs. The HTMT method estimates discriminant validity of the construct by using multitrait and multimethod matrices. The results of Fornell-Lacker and HTMT are tabulated in Table 3, while Table 4 presents the cross-loading outcomes. According to Kline et al. (2011), values below 0.90 signify adequate discriminant validity of measure. This study had confirmed the discriminant validity of the constructs as all loading values of the constructs had exceeded the other constructs. Finally, discriminant validity was checked with Fornell-Lacker Criterion ratio as it identifies strong relationship among constructs to predict the discriminant validity of the constructs.

Table 3: Discriminant Validity

	EC	EL	GM	HBT	HEP	MOD_EC_HEP	MOD_GM_HEP
Fornell-Larcker Criterion							
EC	0.794						
EL	0.686	0.851					
GM	0.723	0.663	0.748				
HBT	0.748	0.787	0.619	0.830			
HEP	0.680	0.731	0.634	0.751	0.849		
MOD_EC_HEP	0.411	0.509	0.478	0.458	0.483	1.000	
MOD_GM_HEP	0.433	0.416	0.523	0.369	0.356	0.884	1.000
OFD	0.760	0.793	0.698	0.766	0.705	0.487	0.399
Heterotrait-Monotrait Ratio (HTMT)							
EC							
EL	0.763						
GM	0.823	0.770					
HBT	0.845	0.889	0.729				
HEP	0.736	0.814	0.715	0.849			
MOD_EC_HEP	0.433	0.544	0.519	0.496	0.502		
MOD_GM_HEP	0.459	0.444	0.568	0.399	0.370	0.884	
OFD	0.822	0.879	0.787	0.865	0.758	0.508	0.416

Notes: GM = Global Mindset, EC= Entrepreneurship Competency, HBT = Halal Brand Trust, EL = Effectual Logic, OFB: Online Food Delivery, HEP = Halal Entrepreneurship Performance.

Table 4: Loadings and Cross-Loading

Indicator	GM	HBT	EC	EL	OFD	HEP
Global Mindset						
I enjoy for learning about new experience relating with halal performance	**0.729**	0.501	0.621	0.444	0.574	0.434
I always learn different strategy in halal products	**0.717**	0.469	0.573	0.49	0.573	0.45
I have many accessibilities of halal business information	**0.737**	0.464	0.491	0.528	0.456	0.546
I use external network (system) to gain profit	**0.736**	0.458	0.535	0.554	0.516	0.554
I have alliance with other company (OFD) to increase consumer's intention	**0.776**	0.443	0.511	0.47	0.494	0.429
I have knowledge (Innovation) about halal products	**0.793**	0.438	0.505	0.478	0.517	0.413
Halal Brand Trust						
Trust my current halal brand	0.555	**0.848**	0.566	0.78	0.616	0.634
I rely on my current halal brand	0.499	**0.854**	0.589	0.653	0.619	0.616
My current halal brand is an honest brand	0.473	**0.788**	0.648	0.55	0.649	0.639
My current halal brand is safe	0.524	**0.827**	0.682	0.619	0.66	0.605
Entrepreneurial competency						
I am able to identify goods or services that customers want.	0.607	0.567	**0.806**	0.5	0.481	0.521
I am able to notice unfulfilled customer needs by others	0.605	0.526	**0.805**	0.548	0.502	0.517
I am able to actively look for products or services that provide real benefit to customers	0.604	0.552	**0.783**	0.516	0.51	0.544
I am able to grab high-quality business opportunities	0.626	0.548	**0.785**	0.484	0.505	0.611
I am able to prioritize work in alignment with business goals	0.611	0.586	**0.793**	0.5	0.528	0.636
I am able to align current actions with strategic goals	0.503	0.718	**0.788**	0.637	0.566	0.677
I am able to evaluate results against strategic goals	0.539	0.645	**0.799**	0.588	0.647	0.62
I am able to determine strategic actions by weighing costs and benefits	0.509	0.584	**0.79**	0.559	0.557	0.681
Effectual logic						
I analysed long run opportunities and selected what I thought would provide the best returns	0.552	0.743	0.581	**0.833**	0.637	0.59
I had a clear and consistent vision for what I wanted to do	0.591	0.688	0.6	**0.886**	0.712	0.642
I experimented with different products and business models	0.554	0.643	0.579	**0.851**	0.7	0.628
My product/service concept is quite different from my original conception.	0.561	0.6	0.575	**0.834**	0.651	0.63
Online Food Delivery						
It is important to have a qualified contact person if there is a problem	0.58	0.654	0.64	0.643	**0.859**	0.603
It provides me with convenient options for returning items	0.61	0.643	0.591	0.676	**0.837**	0.565
I prefer that the online operations on the website have minimum waiting time	0.64	0.664	0.659	0.739	**0.865**	0.691
It does not share customer personal information with other sites	0.618	0.636	0.607	0.694	**0.845**	0.612
This site protects information about customer credit card	0.595	0.675	0.705	0.701	**0.885**	0.571
It protects information about customer Web-shopping behaviour	0.532	0.663	0.702	0.608	**0.843**	0.558
Halal entrepreneurial performance						
Our product sales increase from existing customers	0.574	0.624	0.571	0.577	0.601	**0.834**
Our halal products acquire new customer every year	0.528	0.61	0.56	0.592	0.554	**0.845**

Customer loyalty is crucial value for our company to sustain in dynamic environment	0.486	0.679	0.567	0.665	0.621	**0.848**
Our halal products have good reputation among customers in the market	0.582	0.617	0.578	0.583	0.604	**0.841**
We always offer the best service quality to consumers	0.586	0.632	0.642	0.659	0.615	**0.891**
Customer satisfaction is our priority to gain competitive advantage in dynamic environment	0.476	0.662	0.543	0.645	0.594	**0.834**

Notes: GM = Global Mindset, EC= Entrepreneurship Competency, HBT = Halal Brand Trust, EL = Effectual Logic, OFB: Online Food Delivery, HEP = Halal Entrepreneurship Performance.

4.3. Path Analysis

The structural model results tabulated in Table 5 revealed that the causal relationship between GM and EC (H1a) was statistically significant (GM -> EC, B=0.421, t-value =7.310, significance, $p = 0.000$), whereas the relationship between GM and EL was significant, thus supporting H1b (GM -> EL, B=0.256, t-value =2.703, significance= $p= 0.004$). Similarly, GM displayed a significant influence on HEP (H1c) with statistical confirmation (GM -> HEP, B=0.193, t-value =2.910, significance= $p= 0.002$). Next, the relationship between HBT and EC was significant, thus confirming H2a (HBT -> EC, B=0.487, t-value =9.430, significance= $p= 0.000$), while the causal relationship between HBT and EL (H2b) signified a significant relationship (HBT -> EL, B=0.576, t-value =4.000, significance= $p= 0.000$). Additionally, the link between HBT and HEP emerged as significant (H2c) (HBT -> HEP, B=0.289, t-value = 3.277, significance= $p= 0.001$). The EC-HEP relationship (H3b) was statistically significant (EC -> HEP, B=0.813, t-value = 2.143, significance= $p= 0.016$). The correlation between EL and HEP (H4) revealed a significant impact (EL -> HEP, B=0.819, t-value = 2.437, significance= $p= 0.008$). On the contrary, the relationship between EC and EL (H3a) was insignificant with p-value exceeding 0.05 (EC -> EL, B=0.069 t-value = 0.859, significance= $p= 0.195$). Next, effect size (f^2) was calculated by adhering to the criterion suggested by Cohen (1988), whereby 0.35, 0.15, and 0.02 signified substantial, medium, and small effect sizes, respectively. Table 5 shows that the f^2 values obtained in this study were around 0.35 for all constructs; reflecting substantial effect size to HEP. According to Hair et al. (2014), the blindfolding procedure determines how the values of constructs are well-observed by reconstructing the parameter estimate. The blindfolding procedure was applied only on endogenous constructs with reflective indicators. Predictive relevance of the model was calculated collectively with Q^2, including all factors and at individual level (single factor). Table 5 presents the results of predictive relevance Q^2. The outcomes of the blindfolding procedure revealed that the predictive relevance of the model was substantial at 0.476%, thus confirming the integration of the predictors towards HEP. This indicated the significance of HEP and the fact that all exogenous variables had a substantial level of predictive relevance with their respective endogenous variables.

Table 5: Path Coefficients

Hypo	Path	Beta	t	p	r²	f²	Q²	Decision
H1A	GM -> EC	0.421	7.130	0.000		0.329		Supported
H1B	GM -> EL	0.256	2.703	0.004		0.093		Supported
H1C	GM -> HEP	0.193	2.910	0.002	EC=0.669	0.041	EC=0.411	Supported
H2A	HBT -> EC	0.487	9.430	0.000		0.442		Supported
H2B	HBT -> EL	0.576	4.000	0.000	EL=0.671	0.431	EL= 0.476	Supported
H2C	HBT -> HEP	0.289	3.277	0.001		0.072		Supported
H3A	EC -> EL	0.069	0.859	0.195	HEP=0.675	0.005	HEP=0.476	Rejected
H3B	EC -> HEP	0.183	2.143	0.016		0.029		Supported
H4	EL -> HEP	0.189	2.437	0.008		0.03		Supported
Moderation Effect								
H5A	MOD_GM_HEP -> HEP	-0.188	3.602	0.000		0.083		Supported
H5B	MOD_EC_HEP -> HEP	0.227	3.789	0.000		0.097		Supported
Mediation Effect								
H6A	GM -> EC -> HEP	0.077	2.220	0.013			Partial Mediation	
H6B	HBT -> EC -> HEP	0.089	1.919	0.028			Partial Mediation	
H7A	GM -> EL -> HEP	0.049	2.094	0.018			Partial Mediation	
H7B	HBT -> EL -> HEP	0.109	1.844	0.033			Partial Mediation	

Notes: GM = Global Mindset, EC= Entrepreneurship Competency, HBT = Halal Brand Trust, EL = Effectual Logic, OFB: Online Food Delivery, HEP = Halal Entrepreneurship Performance, t = T statistics, p = probability / p value, beta = path coefficient, R2 = R squared / determinant coefficient, f^2 = effect size, Q^2 = quality criteria model, Decision = decision of hypotheses testing.
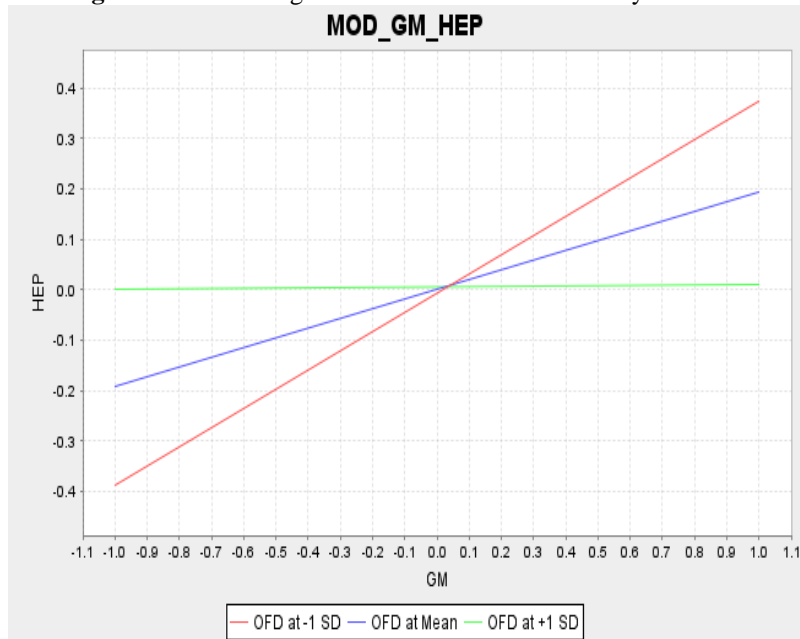
4.4. Mediation and Moderation Effect

The relationship between GM and HEP was mediated partially by EC ($\beta = 0.077$, $p = 0.013$), thus delivering support to accept hypothesis H6A. Hypothesis H6B is also supported as the relationship between HBT and HEP was partially mediated by EC ($\beta = 0.089$, $p = 0.028$). Next, the relationship between HEP with GM ($\beta = 0.049$, $p = 0.018$) and, HEP with HBT ($\beta = 0.109$, $p = 0.033$) were partially moderated by EL (H7A, H7B), respectively. The mediation results are tabulated in Table 5. The moderation effect of OFD on GM-HEP and EC-HEP correlations was tested. The results revealed that OFD had negatively moderated the relationship between GM and HEP ($\beta = -0.188$, t- value= 3.602, $p = 0.000$), but positively moderated the correlation between EC and HEP ($\beta = -0.188$, t value= 3.789, $p = 0.000$). The negative mediating effect of OFD on the relationship between GM and HEP ($\beta = -0.188$, t-value= 3.789, $p = 0.000$) indicated weak GM-HEP correlation. Hence, OFD had failed to moderate the GM-HEP association.

5. INTERPRETATION

This study identified the role of GM and HBT towards HEP. A model is proposed in this study by incorporating GM and HBT to describe HEP. As a result, GM displayed a significant impact on HEP. This indicated that halal SMEs may attain better entrepreneurial performance by adopting diverse network connectivity. In addition, knowledge innovation about halal products is required to pursue creativity as the halal SMEs respond to consumer behaviour. Torkkeli et al. (2018) claimed that halal food SMEs can achieve better halal performance by improving their innovative capability and enlarging their market. Although the majority of population in Indonesia is Muslims, the SMEs should promote their products in light of religious stance. Food sellers may use the halal brand to further elaborate issues related to safety, health, environment, hygiene, quality, and ethical treatment of animals to enhance the awareness of the halal concept (Ali et al., 2020). However, entrepreneurial competency had not significant effect on effectual logic (HA3). This study highlights that halal SMEs had no an integral of understanding the process of creation of new venture involves understanding entrepreneurial decision-making. Moreover, this study clarified that entrepreneurial competency of halal SMEs is not relevant with their decision-making to obtain performance. The value of halal brand can help SMEs to establish the foundation of brand trust amongst customers. Second, the role of EC had a partial effect on the relationship between GM and HBT towards HEP. Similarly, Sajilan and Tehseen (2019) found that EC displayed a mediating effect on predictors to increase sustainable competitive advantages. Thus, halal SMEs in Indonesia should deploy EC, such as opportunity recognition and strategy, to run their business and to build trust amongst consumers. The finding is also in line with that reported by Fisher (2017) on how an entrepreneur makes a decision logically and strategically in uncertain environment to enhance business performance.

Figure 2: Moderating Effect of Online Food Delivery Services

It is noteworthy to highlight that OFD had a stronger effect on behaviour intention than attitude as most of their respondents were 25-34 years old. Respondents of this age range are more sensitive and creative in using the OFD system. However, most of the respondents in this present study were above 39 years old (69.8%). This showed that halal entrepreneurs in Indonesia preferred offline sales than online delivery system, especially in West Kalimantan, Indonesia. OFD was insignificant to organisational performance, which is ascribed to the fact that consumers may be strongly motivated to complete a task that they would ignore any persuasive information available on OFD. The second reason is attributed to the lack of knowledge on using OFD and consumer trust towards the system due to their last foul experience. Hence, OFD had negatively affected the GM-HEP link, as illustrated in Figure 2. Nonetheless, OFD displayed a positive impact on the relationship between EC and HEP.

6. CONCLUSION

This study had generally found that halal SMEs could develop, progress, and sustain their halal products business in global halal market when the business excellence model could be adopted as way to improve their business by implementing some improvements and developments to its business by benchmarking itself with any successful business in the country and global brands. Furthermore, the entrepreneurs who has involved in halal products business should improve their business operations by improving quality excellence, operations, management and result. SMEs entrepreneurs should seriously involve directly in popular and attractive halal industry market since its sector is growing from time to time especially in Halal Food Industry, Pharmaceutical and health

products, Halal Cosmetics, Halal Tourism and Travel, halal audit and consultancy. Also, this study had successfully identified the role predictors as a new strategy based on the DCT in enhancing the performance of halal SMEs. Hence, SMEs should expand their market to gain competitiveness via GM, entrepreneurial competency and effectual logic, apart from exploring HBT.

7. MANAGERIAL IMPLICATION

As to the practical contributions provided by this study, it should be noted that when entrepreneurs of halal SMEs are deal with the rapidly changing environment they are facing, they mut be able to reconfigure their capabilities quickly and effectively. It is important to understand that the role of effectual logic in decision making plays crucial resource and capability to gain a better performance. Once halal SMEs recognize the value of knowledge and technology resource, they will take a leading role in development of SMEs' dynamic capability. Thus, halal SMEs will be able to reconfigure knowledge, technology change and strategy effectively that will allow them to respond to the changing environment and achieve competitive advantage. Technology and capability will enhance the benefit for halal SMEs in Indonesia to obtain more profit and market in many industries and counties. Moreover, the government has an important role in enhancing halal SMEs in Indonesia which involves not only facilitating the processing of halal certification but also giving an education of entrepreneurship about halal product management. Meanwhile, Indonesia must ensure the availability of halal products and increase the added value for business operators in producing and selling halal goods. Moreover, Indonesia has a halal infrastructure capital for the development of the halal industry, since the country is facing high public expectations for guaranteed halal products. The 30 years of experience of the Indonesian Ulema Council in issuing halal certification, which is now being continued by the Halal Product Assurance Organising Agency, is sufficient capital for the country to compete in the global halal market. Many people are paying attention to halal products, both nationally and globally, hence, the opportunities for the halal industry are very promising and it could experience a global boom in the future.

8. LIMITATION AND FUTURE RESEARCH

Notwithstanding its contribution, this study is not without limitation. First, in order to examine the effect of knowledge dynamic capability, resource and capability on dynamic capabilities, future research should conduct some longitudinal studied. Second, sample of 311 halal SMEs constitutes only a small percentage of the population under study, therefore, future research should add new, different and larger samples. Third, during uncertainty condition, it is important to test the model across various countries with different education background and cultures, mainly to identify any variance or similarity stemming from education and culture. Finally, even though this study used a broad measure for the halal SMEs' performance, this measure is subjective. Future research should attempt to use an objective measure of performance.

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