

Consumer Loyalty in Halal MSMEs: Trust and Sustainability Perspectives

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Abstract

This study examines the influence of Islamic Business Ethics on Consumer Loyalty in halal food Micro, Small, and Medium Enterprises (MSMEs), with Consumer Trust as a mediating variable and Sustainability Awareness as a moderating variable. A quantitative survey design was employed, involving 290 consumers of halal food MSMEs in Indonesia. Data were collected through structured questionnaires and analyzed using Structural Equation Modeling (SEM) with AMOS. The findings reveal that Islamic Business Ethics has a positive and significant impact on both Consumer Trust and Consumer Loyalty. Consumer Trust also significantly affects Consumer Loyalty and partially mediates the relationship between Islamic Business Ethics and Consumer Loyalty. Multi-group analysis further shows that Sustainability Awareness strengthens the positive effect of Islamic Business Ethics on Consumer Loyalty. Consumers with higher sustainability awareness demonstrate stronger trust and loyalty toward halal MSMEs that implement ethical practices. These results highlight that ethical conduct based on Islamic principles—honesty, fairness, transparency, and responsibility serves as a strategic resource for building long-term customer relationships. The study contributes to halal marketing and consumer behavior literature by integrating ethical, relational, and sustainability perspectives. Practically, halal MSMEs are encouraged to reinforce ethical values and sustainability initiatives to enhance trust, loyalty, and competitiveness.

Keywords: Islamic Business Ethics; Consumer Trust; Consumer Loyalty; Sustainability Awareness, Consumer Behavior

INTRODUCTION

The halal industry has emerged as one of the fastest-growing sectors of the global economy, driven by the expanding Muslim population, rising consumer awareness of halal-certified products, and increasing demand for ethical and sustainable business practices (Topit Hidayat et al., 2024; Tuhuteru & Iqbal, 2024). Indonesia, home to the world's largest Muslim population, holds considerable potential to become a leading hub in this industry. Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role, accounting for more than 99% of all business entities and contributing significantly to national economic growth (Urumsah & Puspitasari, 2021). Strengthening the competitiveness of halal MSMEs is therefore a strategic priority for policymakers and practitioners.

Halal certification adoption among Indonesian MSMEs demonstrates growing commitment to consumer expectations and regulatory standards. Prior studies show that certification enhances legitimacy, innovation, and financial outcomes, while also shaping consumer purchase intentions (Ali et al., 2018; Aprilia Mulyadi & Mesta, 2023; Putri & Sjabadhyni, 2025). However, certification alone may not guarantee long-term loyalty, as consumers increasingly evaluate firms based on ethical practices, transparency, and social responsibility (Turyakira, 2018).

Islamic Business Ethics provides a normative framework emphasizing honesty (sidq), trustworthiness (amanah), justice (adl), and accountability (mas'uliyah). Empirical evidence confirms that ethical conduct enhances consumer trust and strengthens relational outcomes in halal markets (Hasmi et al., 2025; Suhartanto et al., 2025). Trust, in turn, is a key antecedent of loyalty, reducing uncertainty and reinforcing commitment (Hanafiah et al., 2024; Morgan & Hunt, 1994).

Recent scholarship highlights sustainability awareness as an emerging factor influencing consumer behavior. Consumers with higher awareness place greater value on ethical and responsible practices, which positively affect engagement and loyalty (Khan & Fatma, 2023; Puriwat & Tripopsakul, 2023). Building on the Value–Belief–Norm Theory (Stern, 2000), this study investigates how sustainability awareness moderates the relationship between Islamic Business Ethics and consumer loyalty in halal MSMEs.

LITERATURE REVIEW

Consumer loyalty has long been recognized as a fundamental objective of relationship marketing because it reflects consumers' commitment to maintaining long-term relationships with a firm despite the presence of competing alternatives. Oliver, (1999) defined loyalty as a deeply held commitment to repurchase or consistently patronize a preferred product or service in the future. In halal markets, loyalty is a strategic asset for MSMEs, as loyal customers generate repeat purchases, positive word-of-mouth, and business sustainability. Recent studies show that loyalty is shaped by relational and value-based factors. For instance, service quality significantly enhances loyalty among Muslim millennial users of halal food delivery applications (Suhartanto et al., 2025). Similarly, perceived value has been identified as an antecedent of loyalty in halal service contexts, while trust plays a critical role in strengthening consumer commitment (Hanafiah et al., 2024).

PIBE refers to consumers' perceptions of how businesses apply Islamic ethical principles such as honesty (sidq), trustworthiness (amanah), justice (adl), transparency, and responsibility. Unlike conventional approaches that emphasize profit maximization, PIBE highlights moral accountability and fairness as perceived by consumers. When consumers believe that a firm consistently demonstrates ethical values, they are more likely to view it as credible and responsible, which enhances trust and loyalty. Prior research confirms that perceived ethical compliance positively influences consumer confidence and strengthens relational outcomes in halal markets (Ali et al., 2018; Iranmanesh et al., 2022; Suhartanto et al., 2025).

H₁: Perceived Islamic Business Ethics positively influences Consumer Loyalty.

Trust is a fundamental element in developing successful consumer relationships. According to the Commitment–Trust Theory, trust represents confidence in a partner's reliability and integrity, serving as a key determinant of relationship continuity (Morgan & Hunt, 1994). In halal markets, where consumers face uncertainty and information asymmetry, trust becomes even more critical. Ethical practices such as transparency and integrity foster trust, which in turn encourages consumers to maintain long-term relationships (Dashti et al., 2024; Ramlan et al., 2025; Wijaya et al., 2023).

H₂: Perceived Islamic Business Ethics positively influences Consumer Trust.

H₃: Consumer Trust positively influences Consumer Loyalty.

The relationship between PIBE and consumer loyalty may not occur directly. Ethical practices first shape consumers' perceptions of trust, which subsequently influence loyalty. This argument aligns with the Commitment–Trust Theory, which suggests that trust functions as a mechanism linking organizational actions and relational outcomes (Morgan & Hunt, 1994). Empirical studies confirm that trust mediates the relationship between ethical compliance and loyalty (Hanafiah et al., 2024; Hasmi et al., 2025; Riptiono & Baehaqi, 2024).

H₄: Consumer Trust mediates the relationship between PIBE and Consumer Loyalty.

Sustainability awareness refers to consumers' knowledge and concern for environmental, social, and economic responsibility in consumption decisions. Research shows that sustainability perceptions positively affect engagement, brand attachment, and loyalty (Khan & Fatma, 2023; Puriwat & Tripopsakul, 2023). Based on the Value–Belief–Norm Theory (Stern, 2000), consumers with higher sustainability awareness are more likely to value ethical conduct and respond positively to firms whose practices align with their sustainability values.

H₅: Sustainability Awareness moderates the relationship between PIBE and Consumer Loyalty.

The proposed research model and the hypothesized relationships among the study constructs are illustrated in Figure 1.

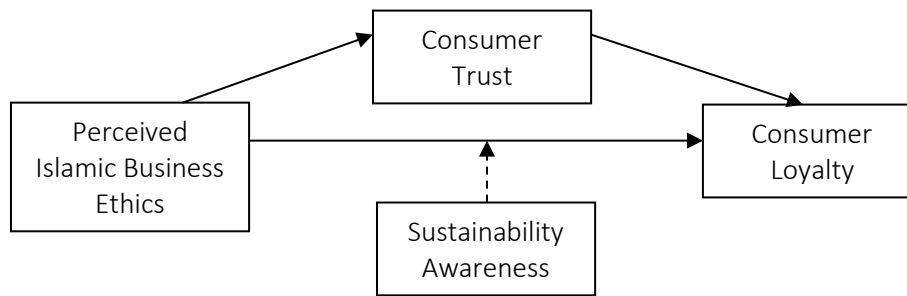


Figure 1. Research Models

RESEARCH METHOD

This study employed a quantitative research design with a survey approach to examine the relationships among Perceived Islamic Business Ethics (PIBE), Consumer Trust, Consumer Loyalty, and Sustainability Awareness in the context of halal food MSMEs in Indonesia. A quantitative approach was selected because it enables objective measurement of latent constructs, hypothesis testing, and empirical validation of causal relationships among variables through statistical analysis. The proposed conceptual framework consists of PIBE as the independent variable, Consumer Trust as the mediating variable, Consumer Loyalty as the dependent variable, and Sustainability Awareness as the moderating variable.

The research process began with an extensive literature review to identify theoretical foundations, conceptual relationships, and measurement indicators relevant to the study variables. The literature review focused on Islamic Business Ethics, Consumer Trust, Consumer Loyalty, Sustainability Awareness, halal consumption behavior, and sustainable business practices. Findings from this stage were used to develop the conceptual framework, formulate research hypotheses, and operationalize the research variables. The measurement indicators were adapted from established studies in Islamic marketing, consumer behavior, and sustainability research to ensure content validity and theoretical consistency.

The population of this study consisted of consumers who have purchased products from halal food MSMEs in Indonesia. Since the exact population size could not be identified, purposive sampling was employed. This method was chosen because it allows researchers to deliberately select respondents who meet specific criteria relevant to the research objectives, ensuring that the sample reflects individuals with adequate experience and knowledge of halal MSMEs (Etikan, 2016). Respondents were selected based on the following criteria: (1) at least 17 years old; (2) having purchased halal food products from MSMEs within the last six months; (3) being familiar with halal certification or halal business practices; and (4) being willing to participate voluntarily in the survey.

The sample size was determined based on the recommendation of Hair et al., (2021), who suggested that Structural Equation Modeling (SEM) requires a minimum sample size of five to ten observations for each estimated parameter. The proposed model consists of 13 observed indicators and four structural paths, resulting in 17 estimated parameters. Accordingly, the recommended minimum sample size ranged from 85 respondents (17×5) to 170 respondents (17×10). To enhance the robustness of the SEM analysis, improve statistical power, and obtain more stable parameter estimates, this study employed 290 respondents, which substantially exceeds the minimum recommended sample size. The larger sample size is expected to increase the precision of parameter estimation and strengthen the reliability of the structural model results.

This study employed a quantitative research design with a survey approach to examine the relationships among Perceived Islamic Business Ethics (PIBE), Consumer Trust, Consumer Loyalty, and Sustainability Awareness in the context of halal food MSMEs in Indonesia. A quantitative approach was chosen because it enables objective measurement of latent constructs, hypothesis testing, and empirical validation of causal relationships through statistical analysis. The research process began with an extensive literature review to identify theoretical foundations, conceptual relationships, and measurement indicators relevant to the study

variables. Findings from this stage were used to develop the conceptual framework, formulate hypotheses, and operationalize the research variables. The population consisted of consumers who had purchased products from halal food MSMEs in Indonesia. Since the exact population size was unknown, purposive sampling was employed to ensure that respondents met specific criteria relevant to the research objectives, including being at least 17 years old, having purchased halal food products within the last six months, being familiar with halal certification or business practices, and voluntarily agreeing to participate. This method was chosen because it allows researchers to deliberately select respondents with adequate knowledge and experience of halal MSMEs, thereby increasing the relevance of the data collected. The sample size was determined based on Hair et al., (2021), who recommend five to ten observations per estimated parameter in SEM. With 17 parameters, the minimum sample size ranged from 85 to 170 respondents. To enhance robustness and statistical power, 290 respondents were included, exceeding the minimum requirement and ensuring stable parameter estimates.

Data were collected using a structured questionnaire distributed online through WhatsApp, Instagram, Facebook, and other social media platforms. The questionnaire consisted of four sections representing the research variables. PIBE was measured using four indicators trustworthiness, honesty, transparency, and fairness adapted from Gusti Ngurah Oka Widana et al., (2024) and supported by Soediro et al., (2024). Consumer Trust was measured using three indicators integrity, competence, and benevolence, adapted from Mayer et al., (1995) and validated in halal consumer behavior studies (Hanafiah et al., 2024). Consumer Loyalty was measured using three indicators repurchase intention, positive word-of-mouth, and recommendation behavior adapted from Oliver, (1999) and supported by Suhartanto et al., (2025). Sustainability Awareness was measured using three indicators environmental awareness, social responsibility, and long-term sustainability orientation adapted from Gericke et al., (2019) and supported by Despotović et al., (2021). All items were assessed using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree").

RESULT AND DISCUSSION

Respondent Characteristics

A total of 290 valid responses were collected from consumers and entrepreneurs engaged in halal food MSMEs in Indonesia. The respondents represented both male and female participants with relevant purchasing or business experience in the industry. The gender distribution shows that the majority were female (55.17%), while male respondents accounted for 44.83%. This relatively balanced composition, with a slight dominance of female participants, reflects the strong involvement of women in MSME economic activities. In terms of age, most respondents were in the productive age group of 26–45 years, with the largest proportion in the 26–35 years category (38.96%), followed by 36–45 years (33.79%). This indicates that the majority of respondents are in an active working and decision-making phase, which is highly relevant for evaluating consumption behavior, trust formation, and loyalty in halal food MSMEs. The demographic and business characteristics of the respondents are presented in Table 1.

Table 1. Characteristic of Respondent

Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Male	130	44.83
	Female	160	55.17
Age	19–25 years	37	12.75
	26–35 years	113	38.96
	36–45 years	98	33.79
	46–55 years	39	13.44
	56–65 years	3	1.06
	> 65 years	0	0.00
Turnover	< IDR 10 million	104	35.86
	IDR 10–50 million	85	29.31
	IDR 51–100 million	37	12.76
	> IDR 100 million	45	15.52
	> IDR 500 million	19	6.55

Characteristics	Category	Frequency (n)	Percentage (%)
Total respondents		290	100.00

Source: Author's Work (2026)

Regarding business turnover, most respondents reported monthly revenues below 50 million IDR, with the largest group earning less than 10 million IDR (35.86%), followed by those earning between 10–50 million IDR (29.31%). This profile demonstrates that the sample is predominantly composed of micro and small-scale MSME actors, consistent with the overall structure of MSMEs in Indonesia. Taken together, the demographic and economic characteristics of the respondents confirm that the sample is highly relevant for examining brand experience, trust, and loyalty, as participants have sufficient exposure to MSME operations, purchasing decisions, and customer-business interactions.

Measurement Model Assessment

Construct Validity

The validity of the measurement model was evaluated using the Critical Ratio (C.R.) and probability (p-value) obtained from the Confirmatory Factor Analysis (CFA). An indicator is considered valid when it has a Critical Ratio (C.R.) greater than 1.96 and a p-value lower than 0.05.

As presented in Table 4, all structural relationships were statistically significant. Islamic Business Ethics had a positive and significant effect on Consumer Trust ($\beta = 0.659$, C.R. = 13.758, $p < 0.001$), indicating that stronger implementation of Islamic Business Ethics increases consumers' trust. Consumer Trust also had a positive and significant effect on Consumer Loyalty ($\beta = 0.359$, C.R. = 3.906, $p < 0.001$), suggesting that higher trust encourages stronger consumer loyalty. Furthermore, Islamic Business Ethics exerted a direct positive effect on Consumer Loyalty ($\beta = 0.459$, C.R. = 5.704, $p < 0.001$), demonstrating that ethical business practices directly strengthen consumer loyalty.

Regarding the measurement model, all indicator loadings were statistically significant with Critical Ratio values ranging from 19.206 to 26.180 ($p < 0.001$), exceeding the recommended threshold of 1.96. The first indicator of each construct was fixed at a loading value of 1.000 as the reference indicator, which is a standard estimation procedure in SEM. Overall, these results confirm that all measurement indicators adequately represent their respective latent constructs and satisfy the construct validity requirements. The results of the construct validity assessment based on the Critical Ratio and significance values are presented in Table 2.

Table 2. Validity Test

			Estimate	S.E.	C.R.	P	Label
Customer_Trust	<---	Perceived_Islamic_Business_Ethic	.659	.048	13.758	***	
Customer_Loyalty	<---	Customer_Trust	.359	.092	3.906	***	
Customer_Loyalty	<---	Perceived_Islamic_Business_Ethic	.459	.081	5.704	***	
X1_4	<---	Perceived_Islamic_Business_Ethic	1.000				
X1_3	<---	Perceived_Islamic_Business_Ethic	1.068	.042	25.380	***	
X1_2	<---	Perceived_Islamic_Business_Ethic	1.045	.040	26.180	***	
X1_1	<---	Perceived_Islamic_Business_Ethic	.965	.044	22.132	***	
X2_1	<---	Customer_Trust	1.000				
X2_2	<---	Customer_Trust	1.052	.053	19.807	***	
X2_3	<---	Customer_Trust	.996	.052	19.206	***	
X3_1	<---	Customer_Loyalty	1.000				
X3_2	<---	Customer_Loyalty	1.120	.054	20.881	***	
X3_3	<---	Customer_Loyalty	1.019	.052	19.575	***	

Source : Author's Work (2026)

The table above shows that all variables have a Critical Ratio > 1.96 with a significance level < 0.05 . Therefore, it can be concluded that all indicators reflect latent variables.

Converget Validity

Convergent validity testing assesses the proportion of variance explained by each construct or indicator. This testing is conducted using confirmatory factor analysis by comparing standardized factor loadings. The expected value should be > 0.5 . The standardized factor loadings used to assess convergent validity are presented in Table 3.

Table 3. Convergent Validity

			Estimate
Customer_Trust	<---	Islamic_Business_Ethic	.745
Customer_Loyalty	<---	Customer_Trust	.311
Customer_Loyalty	<---	Perceived_Islamic_Business_Ethic	.450
X1_4	<---	Perceived_Islamic_Business_Ethic	.911
X1_3	<---	Perceived_Islamic_Business_Ethic	.912
X1_2	<---	Perceived_Islamic_Business_Ethic	.923
X1_1	<---	Perceived_Islamic_Business_Ethic	.864
X2_1	<---	Customer_Trust	.872
X2_2	<---	Customer_Trust	.883
X2_3	<---	Customer_Trust	.866
X3_1	<---	Customer_Loyalty	.869
X3_2	<---	Customer_Loyalty	.909
X3_3	<---	Customer_Loyalty	.871

Source : Author's Work (2026)

The results show that all measurement indicators have factor loadings above the recommended threshold of 0.50, ranging from 0.311 to 0.923. Most indicators demonstrate strong loadings, particularly those measuring Perceived Islamic Business Ethics (0.864–0.923), Customer Trust (0.866–0.883), and Customer Loyalty (0.869–0.909).

However, the path relationship between Customer Trust and Customer Loyalty (0.311) and between Perceived Islamic Business Ethics and Customer Loyalty (0.450) indicates moderate explanatory power at the structural level, although these values still contribute to the overall model. Overall, the results confirm that the measurement model meets the requirements for convergent validity, as all indicators exceed the minimum threshold of 0.50, indicating that the constructs are adequately represented by their respective indicators.

Reliability Test

A construct is considered reliable if it has a Construct Reliability (CR) value of 0.70 or higher. The construct reliability results for all variables are summarized in Table 4.

Table 4. Result of Construct Validity

Variable	Construct Reliability
Perceived Islamic Business Ethics	0.977
Customer Trust	0.948
Customer Loyalty	0.952

Source : Author's Work (2026)

The results of the Construct Reliability (CR) test show that all variables have values exceeding the recommended threshold of 0.70. Specifically, Content Advertising has a CR value of 0.780, while Purchase Intention has a CR value of 0.701.

These results indicate that all constructs demonstrate good internal consistency, meaning that all indicators consistently measure the same underlying construct. Therefore, it can be concluded that the measurement model is reliable.

Variance Extract

The Average Variance Extracted (AVE) is calculated as the proportion of variance captured by the construct relative to the variance due to measurement error. A value of 0.50 or higher indicates adequate convergent validity. The Average Variance Extracted (AVE) values for each construct are presented in Table 5.

Table 5. Result of Variance Extract

Variable	Variance extract
Islamic Business Ethics	0.890
Customer Trust	0.858
Customer Loyalty	0.870

Source : Author's Work (2026)

Based on the results of the Average Variance Extracted (AVE) test, all variables, Islamic Business Ethics (0.890), Customer Trust (0.858), and Customer Loyalty (0.870), have values above the minimum threshold of 0.50. This indicates that each construct explains more than 50% of the variance of its indicators, thereby confirming adequate convergent validity. Consequently, the measurement model demonstrates strong reliability, and the data are considered suitable and valid for further structural analysis using SEM.

Structural Model Evaluation

The structural model was assessed using Structural Equation Modeling (SEM) with AMOS. The model fit indices demonstrated an excellent fit between the proposed model and the observed data. The goodness-of-fit indices used to evaluate the overall structural model are presented in Table 6.

Table 6. Goodness-of-Fit Indices

Goodness of Fit Index	Cut-off Value	Result	Evaluation
Chi Square	<228.179	119.342	Good
Degree of Freedom	96		
Significance Probability	≥ 0.05	0.053	Good
CMIN/DF	≤ 2.00	1.243	Good
GFI	≥ 0.90	0.961	Good
AGFI	≥ 0.90	0.933	Good
RMSEA	≤ 0.08	0.021	Good
TLI	≥ 0.95	0.994	Good
CFI	≥ 0.95	0.996	Good

Source: Author's Work (2026)

The Goodness of Fit (GoF) results indicate that the structural model demonstrates an overall excellent fit with the observed data.

The Chi-Square value of 119.342 is lower than the recommended threshold, indicating an acceptable model fit. The significance probability value of 0.053 exceeds 0.05, suggesting that the model is statistically acceptable.

Furthermore, the CMIN/DF value of 1.243 is well below the recommended threshold of 2.00, indicating a very good model fit. The absolute fit indices, including GFI (0.961) and AGFI (0.933), both exceed the minimum cut-off value of 0.90, confirming a strong model fit.

In addition, the RMSEA value of 0.021 is far below 0.08, indicating an excellent approximation of the model in the population. Incremental fit indices such as TLI (0.994) and CFI (0.996) are also above the recommended threshold of 0.95, further confirming that the model has a very good fit.

After analyzing the measurement equation (confirmatory factor analysis), the next step is to examine the overall structural model. The results of the full structural model analysis, including the standardized path coefficients and model fit indices, are illustrated in Figure 2.

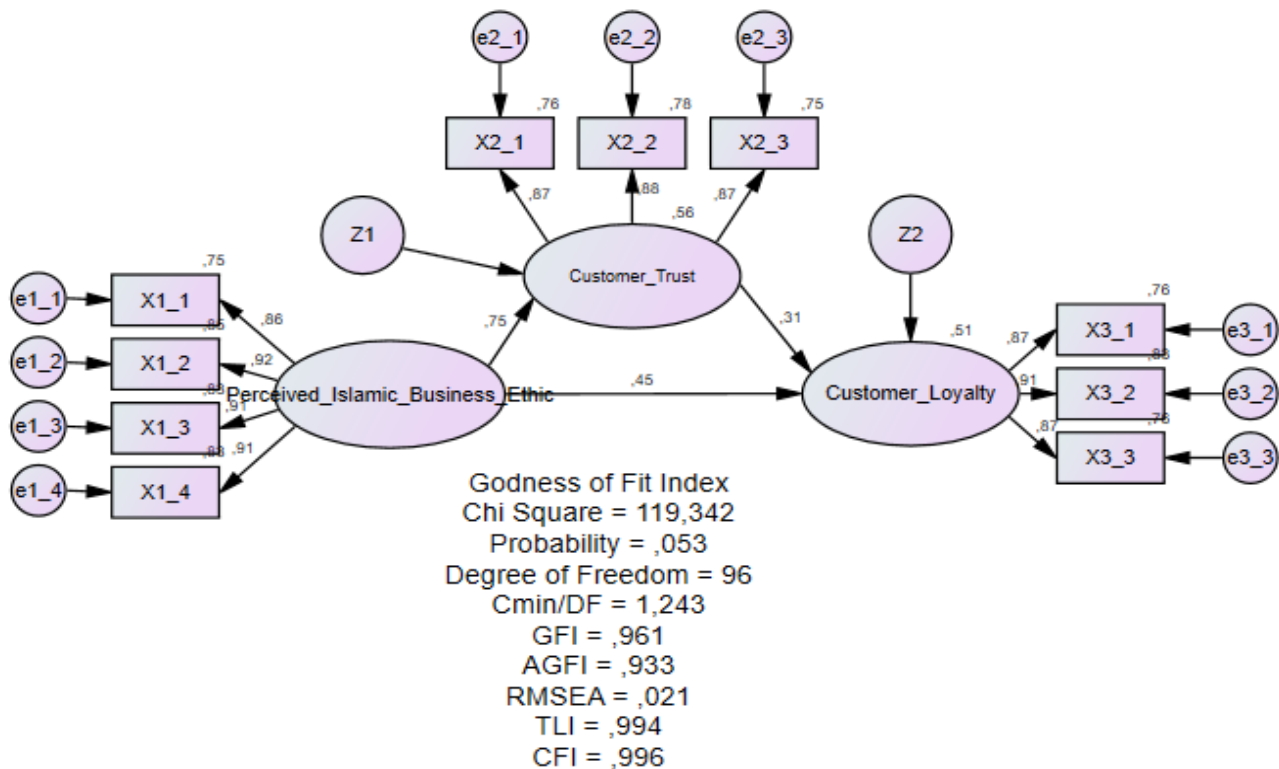


Figure 2. Full Model Analysis

Source: Author's Work (2026)

HYPOTHESIS TESTING

Hypothesis testing was conducted using Structural Equation Modeling (SEM) to examine the proposed causal relationships. A hypothesis is accepted when the Critical Ratio (C.R.) exceeds 1.96 and the probability value (p-value) is below 0.05. As presented in Table 7, all proposed hypotheses were supported.

Hypothesis 1 (H1) proposed that Islamic Business Ethics positively influences Consumer Trust. The analysis produced a standardized estimate of 0.659, a Critical Ratio (C.R.) of 13.758, and a p-value below 0.001. Since the C.R. exceeds 1.96 and the p-value is below 0.05, H1 is accepted, indicating that stronger implementation of Islamic Business Ethics significantly enhances consumer trust.

Hypothesis 2 (H2) proposed that Consumer Trust positively influences Consumer Loyalty. The results show a standardized estimate of 0.359, a C.R. of 3.906, and a p-value below 0.001. Therefore, H2 is accepted, demonstrating that higher consumer trust significantly strengthens consumer loyalty.

Hypothesis 3 (H3) proposed that Islamic Business Ethics directly affects Consumer Loyalty. The estimated path coefficient is 0.459, with a C.R. of 5.704 and a p-value below 0.001. Accordingly, H3 is accepted, indicating that Islamic Business Ethics directly contributes to consumer loyalty. Overall, the structural model confirms that

all hypothesized relationships are positive and significant, with Consumer Trust serving as an important mechanism while Islamic Business Ethics directly enhances Consumer Loyalty.

Table 7. Hypothesis Testing

Hypothesis	Structural Path	Estimate (β)	S.E.	C.R.	p-value	Decision
H ₁	Perceived Islamic Business Ethics → Consumer Trust	0.659	0.048	13.758	<0.001	Accepted
H ₂	Consumer Trust → Consumer Loyalty	0.359	0.092	3.906	<0.001	Accepted
H ₃	Perceived Islamic Business Ethics → Consumer Loyalty	0.459	0.081	5.704	<0.001	Accepted

Source : Author's Work (2026)

Based on the analysis, Islamic Business Ethics has a positive and significant effect on Consumer Trust, with a C.R. of 13.758 > 1.96 and a significance level of 0.000 < 0.05. Therefore, the first hypothesis is supported. Consumer Trust also positively and significantly influences Consumer Loyalty, as indicated by a C.R. of 3.906 > 1.96 and a significance level of 0.000 < 0.05. Thus, the second hypothesis is supported. Furthermore, Islamic Business Ethics significantly affects Consumer Loyalty, with a C.R. of 5.704 > 1.96 and a significance level of 0.000 < 0.05. Therefore, the third hypothesis is accepted. The Sobel test results for examining the mediating effect of Consumer Trust are presented in Figure 3.

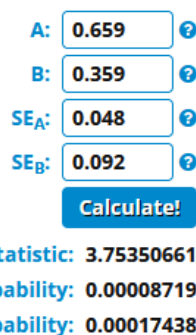


Figure 3. Sobel Test Result

The Sobel test results indicate that Consumer Trust significantly mediates the relationship between Islamic Business Ethics and Consumer Loyalty ($Z = 3.7535$, $p < 0.05$). Therefore, Hypothesis 4 is supported, confirming a partial mediation effect. The multi-group analysis results comparing consumers with high and low Sustainability Awareness are presented in Table 8.

Table 8. Multi Group Analysis result

				Estimate	S.E.	C.R.	P
All	Customer_Trust	<---	Perceived_Islamic_Business_Ethic	0.659	0.048	13.758	***
	Customer_Loyalty	<---	Customer_Trust	0.359	0.092	3.906	***
	Customer_Loyalty	<---	Perceived_Islamic_Business_Ethic	0.459	0.081	5.704	***
High Sustainability Awareness	Customer_Trust	<---	Perceived_Islamic_Business_Ethic	0.641	0.055	11.557	***
	Customer_Loyalty	<---	Customer_Trust	0.449	0.106	4.244	***
	Customer_Loyalty	<---	Perceived_Islamic_Business_Ethic	0.545	0.091	5.96	***
	Customer_Trust	<---	Perceived_Islamic_Business_Ethic	0.724	0.092	7.869	***
	Customer_Loyalty	<---	Customer_Trust	0.193	0.153	1.261	0.207

				Estimate	S.E.	C.R.	P
Low							
Sustainability Awareness	Customer_Loyalty	<---	Perceived_Islamic_Business_Ethic	0.172	0.138	1.249	0.212

Source : Author's Work (2026)

Furthermore, the multi-group analysis indicates that Sustainability Awareness moderates the relationship between Islamic Business Ethics and Consumer Loyalty. In the high sustainability awareness group, all relationships are positive and significant, including Islamic Business Ethics → Consumer Trust (C.R. = 11.557), Consumer Trust → Consumer Loyalty (C.R. = 4.244), and Islamic Business Ethics → Consumer Loyalty (C.R. = 5.960), with $p < 0.05$. In contrast, among consumers with low sustainability awareness, Islamic Business Ethics still significantly influences Consumer Trust (C.R. = 7.869), but its direct effect on Consumer Loyalty (C.R. = 1.249) and indirect effect through Consumer Trust (C.R. = 1.261) are not significant ($p > 0.05$). These findings demonstrate that higher Sustainability Awareness strengthens the effectiveness of Islamic Business Ethics in generating Consumer Loyalty. Consumers with greater sustainability awareness place greater importance on ethical, responsible, and sustainability-oriented business practices. Consequently, they respond more positively to halal MSMEs that demonstrate strong Islamic ethical values. Sustainability Awareness therefore acts as a reinforcing condition, enhancing the influence of Islamic Business Ethics on consumer trust and loyalty. Thus, the fifth hypothesis is supported.

DISCUSSION

The findings demonstrate that Islamic Business Ethics has a positive and significant effect on Consumer Trust ($\beta = 0.659$, $p < 0.001$), representing the strongest structural path in the proposed model. This result indicates that ethical business conduct is a primary factor underlying consumers' trust in halal MSMEs. The implementation of honesty, fairness, transparency, and *amanah* (trustworthiness) reduces uncertainty regarding product quality and business integrity. In halal markets, consumers cannot always directly verify whether production and business processes fully comply with Islamic principles. Therefore, ethical behavior functions as a credibility signal that enables consumers to assess business trustworthiness. This finding is consistent with Commitment–Trust Theory, which emphasizes that trust develops when consumers perceive businesses as reliable, honest, and committed to long-term relationships.

Consumer Trust also has a positive and significant effect on Consumer Loyalty ($\beta = 0.359$, $p < 0.001$). Although significant, this effect is smaller than the direct influence of Islamic Business Ethics on Consumer Loyalty. This indicates that trust is an important determinant of loyalty but does not fully explain consumer loyalty toward halal MSMEs. Loyalty may also be influenced by consumers' direct evaluation of ethical business practices. Consumers who perceive businesses as consistently implementing Islamic ethical values are more likely to repurchase, recommend the business, and maintain long-term relationships. Thus, loyalty is formed through both trust-based evaluations and direct moral evaluations of business ethics.

Islamic Business Ethics also directly affects Consumer Loyalty ($\beta = 0.459$, $p < 0.001$). The stronger direct effect compared with the effect of Consumer Trust suggests that consumers regard ethical business conduct as an independent value deserving continued support. Honesty, fairness, transparency, and accountability can encourage repeat purchase intentions and positive word-of-mouth. Therefore, Islamic Business Ethics contributes to relational quality through trust while also directly shaping favorable consumer behavior.

The Sobel test confirms that Consumer Trust significantly mediates the relationship between Islamic Business Ethics and Consumer Loyalty ($Z = 3.7535$, $p < 0.05$). Because the direct relationship between Islamic Business Ethics and Consumer Loyalty remains significant after Consumer Trust is included, the mediation is classified as partial. This finding indicates that Consumer Trust explains only part of the mechanism through which Islamic Business Ethics influences loyalty. Consequently, halal MSMEs should recognize that strengthening trust alone is insufficient; consistent ethical practices also create direct value that encourages consumer loyalty.

The multi-group analysis further shows that Sustainability Awareness strengthens the influence of Islamic Business Ethics on Consumer Loyalty. Among consumers with high Sustainability Awareness, all structural relationships remain positive and statistically significant. Conversely, among consumers with low Sustainability

Awareness, the effects of Consumer Trust on Consumer Loyalty and Islamic Business Ethics on Consumer Loyalty become statistically insignificant. These results indicate that Sustainability Awareness changes how consumers interpret ethical business practices. Consumers with higher sustainability awareness evaluate businesses using broader criteria, including environmental responsibility, social responsibility, and long-term sustainability alongside halal compliance.

Consumers with lower sustainability awareness appear to emphasize functional attributes such as price, convenience, and product availability. Although Islamic Business Ethics still enhances trust among this group, trust is not sufficiently translated into loyalty. Overall, Sustainability Awareness represents an important boundary condition determining when Islamic Business Ethics is most effective in generating consumer loyalty. Ethical practices produce stronger behavioral outcomes when consumers possess greater awareness of sustainability values, demonstrating that sustainability awareness strengthens the effectiveness of Islamic Business Ethics in developing long-term loyalty among halal MSMEs.

CONCLUSION

This study examined the influence of Islamic Business Ethics on Consumer Trust and Consumer Loyalty among halal food MSMEs, including the mediating role of Consumer Trust and moderating role of Sustainability Awareness. The findings show that Islamic Business Ethics significantly enhances Consumer Trust and Consumer Loyalty. Consumer Trust significantly mediates the relationship between Islamic Business Ethics and Consumer Loyalty, demonstrating its role as an important psychological mechanism. Sustainability Awareness strengthens these relationships, with stronger effects among consumers with high sustainability awareness, while effects become insignificant among those with low awareness. Overall, the study highlights ethical and sustainability-oriented practices as strategic assets for strengthening customer retention.

Practical Implications

The findings offer several practical implications for halal food MSMEs. First, business owners should consistently implement Islamic ethical principles, including honesty, transparency, fairness, and accountability, to strengthen consumer trust and create sustainable competitive advantages. Second, MSMEs should not rely solely on halal certification but actively communicate ethical values through product information, customer service, and marketing activities to enhance trustworthiness and loyalty. Third, MSMEs should integrate sustainability-oriented initiatives, such as environmentally friendly packaging, waste reduction, responsible sourcing, and community engagement, into their business strategies. These initiatives can increase sustainability awareness, strengthen ethical practices, improve consumer loyalty, and support long-term business performance.

Research Limitations

Several limitations should be acknowledged. First, the cross-sectional design captures consumer perceptions at a single point in time and may not reflect changes in attitudes and loyalty over time. Second, the study focused exclusively on halal food MSMEs in Indonesia, limiting the generalizability of findings to other industries, regions, and countries. Third, Sustainability Awareness was measured through self-reported perceptions, which may introduce social desirability bias. Fourth, multi-group analysis categorized respondents into high and low sustainability awareness groups, potentially overlooking nuanced differences. Finally, the model included only Consumer Trust as a mediator, excluding other psychological mechanisms that may influence consumer loyalty.

Suggestions For Future Research

Future studies should address the limitations of this research through several approaches. First, longitudinal designs are recommended to examine how Islamic Business Ethics, Consumer Trust, and Consumer Loyalty evolve over time and provide stronger causal evidence. Second, research should extend beyond halal food MSMEs to halal cosmetics, tourism, Islamic financial services, and fashion. Third, future studies may

examine mediating variables such as customer satisfaction, perceived value, brand image, engagement, and emotional attachment. Fourth, researchers may investigate moderating variables, including religiosity, halal awareness, digital literacy, environmental concern, and demographics. Finally, advanced techniques such as latent interaction and moderated mediation analysis are recommended.

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