Digitizing Halal MSMEs: Strategies to Sustainability of Halal MSMEs

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Abstract
This study aims to analyze the digitization of Halal MSMEs as a strategy to encourage business sustainability. Halal MSMEs are referred to as MSMEs that already have halal certification by including the halal logo on their products. The research approach is qualitative with case study type. Sources of data come from primary data with data collection techniques of observation, interviews, and documentation. Data analysis was carried out by data reduction, data presentation, and drawing conclusions. The results of the study show that Halal SMEs, one of which is Bakpia Eka SMEs, already have Halal legality from the Indonesian Ulama Council. Bakpia Eka Halal MSME Digitization using the marketplace Shopee, Instagram, website, Tokopedia, Facebook, and Bukalapak. The sustainability of Halal MSMEs can be demonstrated through increased sales of the role of digitization in Halal MSMEs, namely sales turnover that continues to increase from time to time, more markets that become sales areas, increased sales stalls. The practical implications of digitizing Halal MSMEs encourage MSMEs in general to immediately have Halal legality, increase the use of digitization in Halal MSME businesses, because Bakpia Eka with the halal logo makes it easier to enter from various digital market stalls, and reach a wider market.

Keywords: Digitalization; Halal MSMEs; Sustainability

A. Introduction
The community plays a role as actors of economic development, one of which is through the creation of business opportunities through micro, small and medium enterprises (MSMEs) (Sofyan, 2017). MSMEs have great potential in absorbing labor while reducing the number of unemployed because they generally do not require special skills and are labor-intensive so that they can increase income levels and equal distribution of income and people's welfare. MSME management does not require large capital so that the community can manage it independently. MSMEs also contribute to GDP growth, according to a source from the Ministry of Cooperatives and SMEs that the contribution of MSMEs to Indonesia's GDP in 2021 is 61.06%, which means that MSMEs have a large contribution to national economic growth. Along with advances in technology and the impact of Covid 19 which makes the habit of digitizing the economy, there is also a wedge for the progress and sustainability of MSME businesses. People feel more comfortable if they have to fulfill their needs by shopping online. In general, digitization in SMEs is still relatively low, due to the lack of digital literacy for SMEs (Rahayu et al., 2023).
Due to the challenges of digital literacy, the development of MSMEs has not been maximized. A conducive digital climate creates attractiveness and comfort in doing business thereby encouraging growth and expansion of existing business capacity so that the production and distribution process can take place smoothly, safely and easily so that efficiency and productivity of business activities can occur (Budiarto, et al., 2018). This success can encourage the productivity of MSMEs in achieving their vision, mission and goals. The purpose of business in general is to provide goods or services to consumers so that they are able to make a profit (Wijoyo, et al., 2021). More broadly that the company is able to persuade people to buy and use the products or services offered so that the products or services can circulate, be known, and develop in society and last for a long time. The very rapid development of technology can be utilized by MSMEs by using digital technology in their management, starting for interactions, marketing and promotions, as well as payments. Through digitizing MSMEs operational processes including marketing will be more effective and efficient.

Apart from digital issues, spiritual values are needed in MSME management, one of which is through the halal certification issued by the MUI for MSME products. MSMEs that have been declared halal can increase branding position and halal awareness for other entrepreneurs and consumers. When halal MSMEs are able to take advantage of digitization, they will develop far and increase competitiveness including sales, because through digitization, halal MSMEs can increase their reach and marketing targets. In general, the awareness of MSMEs to encourage their businesses to obtain halal legalization is not significant. Various backgrounds have caused this, including related to halal literacy, costs incurred on certain halal products that do not get government subsidies.

Digitalization and halal products determine the sustainability of MSME businesses proxied by sales ability. Sales are a measure of the company's success because when the number of sales increases, the company's turnover can increase. Sales volume plays a role in achieving financial and non-financial goals, which include profits, service quality, and consumer satisfaction levels. Through an increase in sales volume can be a benchmark for increasing profits achieved by the company (Firmansyah, et al., 2022). Because of the importance of increasing sales volume, it is necessary to have an effective and relevant strategy with marketing targets so that high demand by consumers can be achieved.
Consumer decisions to make purchases can determine the volume of sales that occur in a company. Including company decisions in establishing effective and relevant strategies can help encourage potential customers to make purchases. So that formulating a strategy needs to have stages including the stages of formulation, implementation, and evaluation. Strategy determination can be changed when the strategy is no longer relevant if used. Strategy can always be modified according to circumstances because the company's external and internal problems are always changing (Ritonga, 2020). Even so, every company needs an effective and efficient strategy to implement in order to achieve the company's goals and objectives.

In this case the researchers conducted research on the UMKM Bakpia Eka located in Kedungsoko village, Tulungagung district which has the main product Bakpia cake and UMKM Bakpia Eka has other products such as wingko, cipiran, onion sticks, peanut cake, and others. The formulation of the problem in this paper includes 1) How do MSMEs have Halal certification? 2) How can the digitization of Halal MSMEs be used as an option in running a business? 3) What is the Halal MSMEs sustainability strategy through increasing sales volume at Halal MSMEs?

B. Literature Review

1. MSME Sustainability

The sustainability of MSMEs is described through the company's success in managing employees and consumers, innovating, and returning initial capital. This shows that the company is oriented towards developing and continuously innovating against opportunities from time to time. Indicators of MSME sustainability include financial, strategic, structural, and organizational growth. MSME sustainability can also be measured through the assumption that first, performance measurement is based on financial and labor understanding. 2) Performance measurement based on financial indicators to show the actual condition of MSMEs, 3) Performance measurement based on MSME management conditions.

MSME sustainability requires sensitive human resources and leaders who are good at taking opportunities and dare to take risks to survive current business developments. Sustainability MSMEs can implement strategies at the digital level to build significant
business excellence and performance in the near and long term. The strategy is in the form of the company’s advantage to carry out sophisticated and up-to-date business activities.

2. MSME Digitization

Digitization of MSMEs is the use of digital technology as a business development effort that can have an impact on the growth of MSMEs in the technology sector (Octavina & Rita, 2021). The use of technology in digitizing MSMEs concerns the areas of marketing, payments, financial records, and interactions with consumers. Digitalization has begun to be utilized by MSME players because it is more effective and efficient in reaching the target market and can provide convenience for consumers, including:

1. Buying and selling transactions can be done at any time
2. Easier to access product information
3. Ease of ordering and comparing with similar products

For SMEs, digitization has benefits, including:

1. Reach a wider domestic or global market
2. Increase revenue in line with increasing market reach and demand
3. Make it easy to know consumer behavior and developments in the business world and competition in it.

3. MSME Halal

UMKM (Micro, Small and Medium Enterprises) is a form of productive business that is owned by individuals or business entities that are usually engaged in the scope of trade which has different characteristics or characteristics (Lestari & Amri, 2020). MSMEs are declared halal when they have gone through a technical stage process that does not violate Islamic sharia in producing halal products. The criteria for halal MSME certification are based on the Republic of Indonesia Minister of Religion Regulation No. 20 of 2021, among others:

1. Products produced must be halal-certified based on halal standards by the Halal Product Guarantee Agency (BPJHP) and MUI.
2. The product is not at risk or uses materials that have been confirmed to be halal and harmless.
3. The production process is ensured to be halal, including using simple production equipment and not using irradiation, genetic engineering, ozonation, and the use of hurdle technology

4. Location, place, and tools for Halal Product Processing (PPH) in accordance with the Halal Product Assurance system (JPH).

4. **Strategy Management**

   Strategic management is a decision-making process through the process of analysis, decision-making and action taken by the company in creating and maintaining competitive advantage that can achieve company goals (Ritonga, 2020). The application of useful strategic management helps companies in decision making. Strategic management can play a role in developing the company's mission and objectives, identifying internal and external threats, and reviewing company weaknesses. The benefits of strategic management can be felt when the implementation is appropriate and combines related elements (Badrianto, et al., 2021). Strategic management consists of three activities, namely formulation, implementation, and evaluation. First, the formulation of the strategy includes activities that can develop the mission, identify opportunities and threats, determine strengths and weaknesses, establish long-term objectives, create alternative strategies, and choose the established strategy. Second, strategy implementation is the stage of implementing the strategy that has been prepared, including creating an effective organizational structure, changing or improving marketing directions, preparing budgets, developing and utilizing information systems. Third, strategy evaluation is a stage to determine whether the implemented strategy is working well or needs to be changed, carried out by reviewing the basic internal and external factors for implementing the strategy, measuring achievement, and taking corrective action.

5. **Sales Volume**

   Sales volume is the number of products sold by the company to consumers in a certain period, meaning that the more products sold by manufacturers, the higher the profits will be in each period (Zulkarnain, 2012). Indicators that affect sales volume are price, promotion, quality, distribution channels and products (Putra, 2017).
1. Price, can be used to determine the products and services received with the amount of money paid according to the stipulated conditions.

2. Promotion, used as a process to inform, persuade, and influence purchasing decisions.

3. Quality, is the suitability of needs with products or services including availability, delivery, reliability, maintainability, and cost effectiveness.

4. Distribution channel, is a form of distributing products or services to consumers so that the product or service is ready for use or consumption.

   Product, is everything that is offered by the producer to be noticed, requested, searched for, purchased, used or consumed by the market as a fulfillment of the needs or desires of the relevant market.

C. Research Methods

   This study uses a qualitative approach, which aims to gain a general understanding of social reality. The type of research used is a case study, in order to obtain a complete and in-depth description of an entity.

   The data sources used are primary data sources that come directly from the informants. Data collection techniques were carried out through observing locations, social media, and activities at research locations, interviewing owners, employees, and consumers, as well as documentation of production results, sales records, and business licensing documents. Test the validity of the data using credibility, transferability, dependability, and confirmability. Data analysis was carried out through data reduction, data presentation, and drawing conclusions.

D. Result and Discussion

Halal MSME

   Halal MSMEs are proven by the existence of halal certification obtained from the Indonesian Ulema Council. One of the MSMEs that already has a halal logo is Bakpia Eka UMKM. Other Bakpia (Bakpia Pathok 25, Bakpia Mutiara Jogya) which have become typical Yogyakarta culinary delights, for example, do not yet have the halal logo on their packaging.
The halal logo printed on the right side of Bakpia Eka's packaging is an identity that Bakpia Eka guarantees and ensures that its products are halal for consumption. The existence of a halal logo can also increase consumer confidence and satisfaction with these products, because the majority of Tulungagung people are Muslims where everything consumed must be halal, both in terms of content, method of obtaining, processing and presentation. Not only that, halal products will have guarantees regarding cleanliness, safety, and nutritional content for consumption so that currently the awareness to consume halal products is not only for Muslims.

**Digitalization of Halal MSMEs**

The convenience of digitizing Halal MSMEs has begun to be felt by consumers and producers. By digitizing Halal MSME products, consumers can see products without having to come to the store. Consumers can compare from various stalls and choose the appropriate product. Like Halal MSMEs, Bakpia Eka, which already has a halal certificate, utilizes digitization to expand market reach. Among the forms of digitalization of Halal MSMEs are:

1. *Marketplace* shopee

Digitizing Halal MSMEs through the marketplace, for example, is as follows:
Bakpia Eka's digitization can be accessed via the link https://shopee.co.id/Bakpia-EKA-Tulungagung-i.139912154.2116083848. The results of digitizing Halal MSMEs can be identified that these Halal MSMEs get reviews from 5 stars consumers, which means good in the eyes of consumers. There are 2 ratings and it looks like 3 sold. The benefits of digitalization can evaluate developments in the sale of Halal MSME businesses so that they continue to be improved so that they can reach more layers of society.

2. Facebook Social Media

Facebook Halal MSMEs are the choice because Facebook is a social media that is frequently visited by account owners. Unlike the marketplace, because the marketplace is visited by consumers when they have the intention to buy accordingly. Facebook is also a type of social media that is widely used by people from various economic backgrounds and ages so that it can expand the reach of product marketing. The following shows the Halal MSME Facebook social media display:
When a search is carried out on Facebook social media with the Bakpia Eka Halal MSME account, the Bakpia Eka homepage appears which includes various information in the form of telephone numbers, shop opening hours, to Halal MSME product features in the same brand.

3. Website

Halal MSMEs generally have financial limitations to create media websites because they require significant costs. One of the websites used by halal MSMEs is to utilize government or village website facilities. For example:

Source: Online Observation
Based on the picture above it can be seen that the Bakpia Eka Halal MSME utilizes village website media on the link: https://kedungsoko.tulungagung.go.id/bakpia-eka/. The advantage of the website is that it can display broader product descriptions, provide literacy to consumers on Halal MSME products. The website provides information about product visualization through pictures so as to convince consumers of Halal MSME products. Digitizing MSMEs is important for MSMEs, especially those with digital capabilities. But for some people, digital also has a different response because of the negative impact it has (Eriyanto et al., 2023). Digitalization provides convenience, bringing together producers and consumers, so that digitalization provides efficiency benefits for MSMEs (Rahayu et al., 2023).

Halal MSME Sustainability Strategy

The results of the study show that the Bakpia Eka Halal MSME implements a business continuity strategy by increasing sales volume originating from the results of the analysis carried out in order to achieve maximum profit through the number of products or services sold. Digitization carried out at Bakpia Eka provides benefits in increasing demand for purchases of Bakpia Eka, thus increasing production and encouraging MSME resilience (Supari & Anton, 2022). This encourages MSME financial ratios to change for the better (Hadi et al., 2023). The strategy to encourage the sustainability of Halal MSMEs, among others:

1. Promotion
   UMKM Bakpia Eka implements it with promotions through mainly social media as discussed earlier. Even though implementing digitization of promotions, Bakpia Eka still applies manual promotions through word of mouth because they are still effectively implemented. Promotion is a tool that can inform a product so that it can increase its marketing reach. Through the era of information disclosure and to attract public interest, companies need to implement an effective strategy to convey information to potential customers (Wahjono et al., 2020).

2. Distribution channel
   UMKM Bakpia Eka apply through direct distribution and indirect distribution. The main distribution channel used is the direct distribution channel, where consumers
buy by contacting social media. When a company uses an effective distribution channel, the number of sales made increases. The existence of distribution channels can facilitate the delivery of products or services to consumers (Tjiptono, 2008).

3. Identify potential buyers

Consumer interest in products is identified through comments and messages conveyed on social media and when consumers ask questions at the Bakpia Eka store. Through consumer identification companies can identify new target customers, locations, and the estimated number of potential customers (Ibrahim, 2004).

4. Consumer research

UMKM Bakpia Eka implements this by offering products directly to potential consumers who are in accordance with the target market and providing samples. With this consumer research, companies can improve or adjust quality, price, and service to suit their tastes and marketing targets. Because market research will provide information about the circumstances and needs of the target market (Arief et al., 2021). The results of market research can be used by companies to determine the right strategy to increase sales, including to determine the right technology to increase sales and company operations (Nurani, 2015).

5. Product Display

Displays are made not only at the store, but also product photos displayed on social media, marketplaces, and the Bakpia Eka website in order to attract consumers' interest in making purchases. The physical design of the store and the display of product photos can influence consumer behavior when deciding to buy (Bangsawan, 2015).

6. Exhibition or bazaar

UMKM Bakpia Eka took part in a bazaar held by the Tulungagung Cooperative and UKM Office (Interview with the owner, at April 2023). The existence of these activities makes more and more audiences who know the product and its quality so that it can be an opportunity to increase sales. Promotion is also used as a medium to change the attitude and behavior of buyers who initially do not know to be familiar so they buy and remember the product (Jaya, 2015).
7. Discount

UMKM Bakpia Eka provides discounts to consumers with a minimum purchase of 300 boxes (Interview with the owner, at April 2023). Giving price discounts is the decision of each company according to its ability. However, giving a price discount can affect the amount of sales (Miarso & Irwadi, 2023). Discounts are also given to consumers who buy products according to the provisions in force at the company (Simamora, 2010).

The following is a sales chart at UMKM Bakpia Eka in the second semester of 2022:

**Graph 1. Graph of Bakpia Eka MSME Sales Semester II 2022**

![Sales Chart](image)

Based on the picture above, it can be seen that sales at UMKM Bakpia Eka during the second semester of 2022 tend to increase and be stable. Although the data in October had decreased. The increase in sales from July to December was 25%, this shows that the sustainability strategy implemented by Bakpia Eka as a Halal MSME is able to increase sale.

**E. Conclusion**

The sales increase strategy for Halal MSMEs can be concluded that:

1. Halal MSMEs can be identified in the form of MSME products that have included the halal logo on the product or packaging.
2. Digitalization of Halal MSMEs utilizing marketplaces (Shopee, Bukalapak, Lazada, Tokopedia etc.), social media (Facebook, Instagram, TikTok, WhatsApp etc.) and websites (village websites, local government).
3. Halal MSME sustainability strategy through increasing sales volume used by Bakpia Eka UMKM consumer research, promotions in online and offline media, using direct and indirect distribution channels, seeing consumer interest on social media and
Digitizing Halal MSMEs directly, displaying and photographing products to attract consumers' attention, bazaars, and giving price discounts.

References


