

Halal Certification As An Effort To Increase Product Value In Local MSME (Case Study of UMKM Dapoer Boenda In Jayapura City)

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Abstract

The halal industry has developed rapidly globally one of which is in Indonesia. According to the 2021 census, the majority of Indonesia's population is predominantly Muslim, namely around 237.53 million people. As one of the countries with a majority Muslim community, the state must have concern in increasing the potential of the halal industry. Therefore, the halal industry should be a driving force in driving global economic growth. The development of the halal industry in Indonesia, especially in the province of Papua, there are still problems and challenges that must be faced, one of the problems in the halal industry sector in Papua, especially in the city of Jayapura, is the development of Halal food which is still minimal due to a lack of knowledge about halal certification in products marketed. This type of research is using a qualitative method with a case study approach which has stages of observation, interviews and documentation of MSME actors with the aim of getting maximum results. The results of this study are product halal certification which is carried out to provide a sense of security to consumers and increase product value. The results of further research are that halal certification provides added value, namely cleanliness, halalness and product safety for consumption..

Keywords: Halal Food, MSME, Halal Certification, Product, Local, Value

A. Introduction

Indonesia is the fourth most populous country in the world. With a total of approximately 273.53 million residents. (Databoks, 2023). The ethnic divisions in Indonesia are very varied and have their own uniqueness. Because Indonesia has hundreds more ethnic and cultural diversity. Thus, this section discusses the structure and characteristics of the Indonesian population. Indonesia's population in 2020 will experience a significant increase compared to the previous 10 years. Indonesia is a country with the largest Muslim majority population, with more than 237 million people (RISSC, 2023). So that the presence of Halal Food is very large in developing productivity in each halal industry.

The Al Quran and Hadith are guidelines for Muslims to always consume halal products. Today, halal is no longer purely a religious issue. However, in social life, halal is a common symbol that reflects quality assurance. Because in the business world, products labeled halal can provide more benefits for producers. In addition, the mission of halal

products is to build a society of noble character. Thus good or bad behavior is determined by the food consumed. Halal potential affects consumers as a change in society towards a good quality of life. (Muzakki, Faujan, 2020). This is adjusted in the Al-Quran surah Al-Baqarah verse 172 which means: "O you who believe, eat of the good sustenance that We have given you and be grateful to Allah, if it is truly to Him. you worship." (QS. Al Baqarah: 172).

The concept of halal food is food that is halal and thoyib which means it is permissible by Islamic religious law and good for the body. (Leshinta, 2020). Aside from being a religious obligation, a Muslim also consumes halal food because he understands that halal food and thoyib are good for the health of the body. Halal food is liked not only by Muslims, but also by non-Muslims, because the presence of a halal mark guarantees quality, purity and safety. (Mathew, 2014) states that the non-Muslim population in Malaysia shows a positive attitude towards halal food in giving an assessment of the halal concept, namely 4/5. Although this may not happen in Indonesia, at least it can indicate that many non-Muslims choose halal food because it guarantees quality and purity.

Right in 2019 and 2020 Indonesia experienced a state economic injury as well as decreased state revenue. Where this was caused by the Covid-19 pandemic which is spreading widely in all countries, one of which is in Indonesia. The impact that was given from the spread of Covid-19 was that many conventional and Islamic financial industries were closed, one of which had an impact on MSMEs in Indonesia. So that at that time the economy in Indonesia was not stable. The Salaam Gateway Global Islamic Economy Report (2020) states that the Covid-19 pandemic is expected to cause an 8% reduction in global Islamic spending in the Islamic economic sector, including the halal industry, in 2020. As the recovery time progresses, the Indonesian economy has recovered and is getting better from before.

The World Bank estimates that Indonesia's economic growth in 2021 will reach a maximum rate of 3-4.4 percent, 6.3% in Malaysia and 5.3% in the Philippines. (World Bank, November 2020). (Lesmana, A, 2023) The development of the Islamic economy should be developed and improved, and there are main priorities for the development of the Islamic economy, namely Strengthening the real sector of the Islamic economy with

the help of the halal industry, Increasing the efficiency of Islamic finance, strengthening Islamic economic research by improving the quality of Islamic human resources and Establishment of the Halal Product Assurance Organizing Agency (BPJPH). Therefore the development related to the halal industry has a very big influence in supporting the Indonesian economic sector, one of which is through halal food which is traded to Muslim and non-Muslim communities.

One of the provinces in Indonesia that has implemented a halal industry is Papua Province. Various forms of the halal industry in Papua have had a positive impact on the development of the Indonesian economy, the city of Jayapura is one of the cities in Papua Province where the city of Jayapura has various forms of MSME businesses in the culinary field which give a new feel to the city of Jayapura. According to (Dewi Wuryandani, 2013) states that there are various common problems for MSMEs in the city of Jayapura in developing their businesses. Starting from product marketing, raw materials used, opportunity plans, uncertain target consumers and knowledge of the use of information technology which is still minimal.

Not only that, there are also other problems such as a lack of knowledge regarding halal certification in providing security, halal and purity values to a product that is marketed, Head of the Halal Center of IAIN Fattahul Muluk Papua, Ika Putra Viratama, M.Pd stated that many MSME actors in the city Jayapura still does not understand the understanding of halal certification because many MSME actors in the city of Jayapura think that when carrying out halal certification it costs a very large amount of money, so that this makes it difficult for MSMEs in Jayapura city to develop. Meanwhile, according to Law Number 33 of 2014 concerning halal product guarantees, products that enter, circulate and trade in the territory of the Republic of Indonesia must be halal certified. The obligation of halal certification is a government agreement to provide convenience, security, safety and certainty of the availability of halal products for the public. Based on this, halal certification is one of the programs that must be carried out at the Ministry of Religion," explained Klemens Taran. Clement Taran also emphasized to business actors that their products must be halal-certified before October 17, 2024. If not, they will be subject to sanctions in accordance with applicable laws.

The purpose of this research is to find out the purpose of MSME carrying out halal certification for products that are marketed and to find out the impact it has on MSME before and after carrying out halal certification. Based on the above phenomena and problems that have been linked to previous research, an argument emerged regarding the purpose of UMKM Dapoer Boenda doing halal certification and what impact it had on UMKM Dapoer Boenda before and after carrying out halal certification.

B. Literature Review

1. Halal Food

Halal food is food that can be eaten according to the provisions of Islamic law. For a Muslim, the food eaten must meet two conditions, namely halal means permissible according to the provisions of Islamic law. And Tayyib means good, nutritious and healthy. (Danti, A.D, 2023). Halal food is any food that can be consumed in accordance with the provisions of Islamic law.

The form can vary depending on animals, fruits, vegetables and other plants, unless this prohibition is explained in the Hadith or Al-Quran. In general, when we consume unclean food, it will affect the health of the body and it is dangerous to eat. Criteria for halal food if it meets the following criteria. The form and content of all food must be strictly halal, then it is mentioned in the Al-Qur'an and the Sunnah of the Prophet, then the way to get halal must be strictly according to Islamic law, then food is considered halal if the way to get it is also halal, then the process of serving food must be strictly halal, and the food must be clean and safe and must be truly healthy and nutritious.

2. MSME (Micro Small Medium Enterprises)

The term MSME is a productive business owned by an individual or entity that has met the criteria for a micro business. As in Law NO.20/2008, according to the definition of MSMEs, the criteria for MSMEs are distinguished individually, including micro, small and medium enterprises. (MSME, 2023). The criteria for MSMEs are as follows:

1. Micro Business

What is meant by a micro business is a productive economic business owned by an individual or a company according to the criteria of a micro business. The business criteria include micro businesses with a net worth of up to IDR 50,000,000 and does not include buildings and land where the business is located. The annual sales revenue of a micro business does not exceed IDR 300,000,000.

2. Small Business

Small business is a productive economic enterprise that stands alone or independently owned either by individuals or groups, and not as a subsidiary of the parent company. The criteria for small businesses include companies with a net worth of IDR 50,000,000 and a maximum request of IDR 500,000,000. The proceeds from business sales vary from IDR 300,000,000 to a maximum of IDR 2.5,000,000,000 per year.

3. Medium business

The definition of a medium-sized business is a business engaged in a productive economy, which is not a branch or subsidiary of the central government and belongs directly or indirectly to small or large businesses, whose net worth is in accordance with laws and regulations. Medium-sized companies are often classified as large companies with a net worth of more than IDR 500,000,000 to IDR 10,000,000,000, excluding the buildings and land on which the company is located. Its annual sales results are IDR 2.5,000,000,000 to IDR 50,000,000,000.

3. Halal Certification

There is approval from the MUI for halal certification according to law NO. 33/2014 concerning Halal Assurance Products. This regulation requires that by 2019, all products circulating in Indonesia, such as food, cosmetics, medicines, and other products must be Halal certified. This is of course a big task for the people of

Indonesia, the government, as well as all MSME producers and the public as consumers to learn more about the issue of halal certification. (LPPOM-MUI, 2017)

MUI fatwa Halal Certificate is a written fatwa issued by the Indonesian Ulema Council (MUI) stating that a product is halal according to Islamic Sharia. This MUI halal certificate requires permission from the authorized government agency to put a halal label on product packaging. The purpose of the MUI Halal Certificate for food, medicines, cosmetics and other products is to ensure their halal status, so that consumers can be confident in consuming them. (Maghfirotin, et al, 2022). As well as the continuity of the production process guaranteed to be halal by the producer because it has implemented the Halal Assurance System. Of course the MUI's role in the Halal certification mechanism has a positive impact in protecting the rights of Indonesian Muslims in Halal conditions.

4. Product

Products are all that can be provided by the factory, noticed, requested, sought, purchased, used or consumed by the market to meet the needs or wants of the market. Conceptually, a product is a producer's subjective perception of something that can be proposed so that organizational goals are achieved. The needs and desires of consumers are in accordance with the competencies and organizational capabilities and purchasing power of the market (Tjiptono, 2002). The definition of a product according to Stanton (1997) is as follows, A series of tangible characteristics including color, price, packaging, factory value, dealer prestige and factory service also Buyers can accept as many merchants as possible to satisfy their desires.

The definition of product according to Kotler and Armstrong (2000), states that a product is anything that can be offered to get market attention, purchased, used or consumed and that can satisfy needs and wants. Based on the two product definitions above, it can be concluded that products are everything that is offered to producers to consumers and is able to provide satisfaction to users.

5. Local

Local usually focuses on something that is nearby, or in the local area. Talking about local (local) is certainly related to local wisdom. (M. Hardi, 2021). Local wisdom is an area that has its own characteristics, just like the province of Papua. Papua province is one of the provinces that is so unique, one of the uniqueness of this province is that it is famous for the largest gold mine in Indonesia, apart from that the province of Papua is known as a region that makes a product using local materials.

Examples of products that are sold are Noken, crowns made of bird of paradise feathers, culinary papeda made of sago. So that it is characteristic in the Province of Papua which utilizes local materials in creating a product to be marketed.

6. Value

Value etymologically is the word value. in everyday life, value is something that is valuable, valid, denotes quality and is useful to people. Overall value means everything that refers to human behavior in relation to good and bad measured by religion, tradition, ethics, morality and the dominant culture of society. Value is something that is considered valuable and is a goal to be achieved. Value is the standard or quantity by which we measure everything.

Value according to the Big Indonesian Dictionary (KBBI) is quality (things) that are important and useful for mankind and everything that complements humans according to their nature. For example values related to religion, morals, ethics, social culture, politics and so on. However, this value is not only intended for humans, but everything that is physical or non-physical can be valued. Just as when we buy an item, we will assess the advantages and disadvantages of the item

C. Research Methods

This study uses a qualitative research method with a case study approach. This research focuses on identifying the problems that occur in MSMEs in the city of Jayapura through the halal certification program for products that are marketed. The stage is through observation (off field) with the aim of observing the research location, then the

next stage is interviewing Dapoer Boenda MSME actors, and the last is the documentation stage.

The data analysis technique in this study refers to the steps that summarize the overall classification of qualitative data analysis methods. There are four techniques for data analysis in this study, starting from data reduction, data display (Display Data) then data processing, data analysis process and drawing conclusions.

D. Result and Discussion

Dapoer Boenda's MSME Goals Conduct Halal Certification

The results of this study are in the form of information obtained through interviews with UMKM Dapoer Boenda owners.

Information regarding halal certification was obtained from the family, in which one of the family members worked at the Research Institute for Food, Drugs and Cosmetics - Indonesian Ulema Council (LPPOM MUI), so that was the reason for UMKM Dapoer Boenda to carry out halal certification. The purpose of halal certification is to be able to reflect religious values and then to be able to develop Dapoer Boenda UMKM so that the future is better. Because, over time, the products marketed are increasingly in demand by the wider community. In addition, the existence of halal certification is a form of responsibility to consumers to feel safe when consuming our products.

The results of the interview above show that the purpose of UMKM Dapoer Boenda to carry out halal certification is to be able to reflect religious values and improve product quality so that consumers feel safe when consuming products from UMKM Dapoer Boenda.

The Impact of Halal Certification on MSME Products

UMKM Dapoer Boenda felt the impact after the implementation of halal certification. As stated by Mrs. Suharni, the following are the results of the interview.

The impact that was felt before and after halal certification on UMKM Dapoer Boenda before carrying out halal certification was that there was still a minimum evaluation of the production materials used. At that time there was no thought of changing production methods so that the products produced were better than before. Meanwhile, after the halal certification, the impact given was that there was an increase in sales every day because Dapoer Boenda's UMKM products had been widely accepted in the market, as many

consumers had repeat orders, provided good testimonials and had more impact on consumers regarding product halalness. Starting from product cleanliness, product safety and product purity. Therefore, this halal certification program has had a very positive impact on Dapoer Boenda UMKM.

The results of the interview above show the impact Mrs. Suharni felt before and after halal certification. Where before carrying out halal certification there was still a lack of awareness to evaluate production strategies. Meanwhile, after the implementation of the halal certification, it turned out to have a big impact on increasing Dapoer Boenda UMKM sales.



Image: Halal Certificate and MSME Products Dapoer Boenda

DISCUSION

The Purpose of UMKM Dapoer Boenda Performs Halal Certification

The discussion of this research is in the form of information obtained through the interview stage of the owner of Dapoer Boenda MSME to find out the purpose of Dapoer Boenda UMKM in carrying out halal certification.

MUI fatwa Halal Certificate is a written fatwa issued by the Indonesian Ulema Council (MUI) stating that a product is halal according to Islamic Sharia. Halal certification is also a program given by the government to MSMEs to be able to provide safe value for products for consumption.

Therefore, MSME Dapoer Boenda carries out halal certification with the aim of instilling religious principles, besides that it aims to increase sales and develop UMKM Dapoer Boenda. As well as having halal certification is a form of responsibility to consumers so that consumers feel safe when consuming our products. The benefits of halal certificates aim to protect Muslim consumers against non-halal food and beverage products, provide a sense of security and comfort for consumers to consume food and beverage products, because there is no doubt that the products marketed have indications of things that are forbidden and can be increase product sales. (Syafri, 2017).

From the discussion above, it shows that the purpose of MSME Dapoer Boenda to carry out halal certification is to instill religious principles. In addition, the existence of a halal certification program will protect consumers from unclean food and can help improve product quality and sales.

The Impact of Halal Certification on MSME Products

Product is the producer's subjective perception of something that can be proposed so that organizational goals are achieved starting from the needs and desires of consumers according to competence and organizational capabilities and market purchasing power (Tjiptono, 2002). Halal product is a systematic activity to guarantee product halalness which includes the provision of materials, processing, storage, packaging, distribution, sales and product presentation. (Law NO 13 of 2014). The impact felt before UMKM Dapoer Boenda carried out halal certification was that there were several materials and tools that had to be evaluated in order to maintain cleanliness and maintain purchasing power stability.

Then after UMKM Dapoer Boenda carried out halal certification, it turned out that the impact was very large. The impact that is felt is that there is an increase in purchasing power by consumers, then providing safe value to consumers, especially Muslim consumers and Dapoer Boenda MSMEs can be a motivation for MSMEs that have not carried out halal certification. So that the existence of the halal certification program has a significant positive impact on MSME growth as well as sales. (Wulandari et al, 2018).

From the discussion above, it can be concluded that the impact provided through the halal certification program is very large in order to provide safe value to consumers, as well as to increase consumer confidence in the products being marketed.

E. Conclusion

Based on the results and discussion above, that the purpose of MSME Dapoer Boenda is to carry out halal certification to carry out religious orders and to develop sales of UMKM Dapoer Boenda products. Then not only that, the impact that is given from this halal certification program has a big impact in the form of safety, cleanliness and product purity. The government continues to provide support to MSME actors to be able to carry out halal certification by carrying out a halal certification program through the Indonesian Ministry of Religion's BPJPH for MSME products.

F. Limitations

The limitations in this study are that researchers only focus on the halal certification program for products from UMKM Dapoer Boenda and the impact it has before and after halal certification. Therefore, in the future it is hoped that further researchers will be able to do more in-depth research on marketing segmentation, MSME development programs and promotion mechanisms for Dapoer Boenda UMKM

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