

## **Halal Management: UMKM Actors in Halal Products**

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### **Abstract**

*The purpose of this study is to explain related to understanding Micro small and Medium Enterprises (UMKM) actors about their awareness of halal products and halal certification. This research method uses a library approach sourced from books and journals that are in accordance with the topic and focus of the research. The findings of the literature review in this study conclude Halal certification is a certificate issued by the central or provincial Indonesian Ulema Council (MUI) regarding the halalness of a food product, drink, medicine, and cosmetic produced by a company that has been researched and declared Halal by LPOM-MUI. This certification is carried out voluntarily at the request of business actors who wish to have a halal certificate. The Halal Assurance System (SJH) is a management system that is prepared, implemented, and maintained by companies holding Halal Certificates to maintain the continuity of the halal production process in accordance with the provisions of LPPOM MUI.*

**Keywords:** Halal Products, Management and UMKM

### **A. Introduction**

In recent years, the halal industry has become a trend in several countries, including Indonesia. Indonesia as a country with a dense population and the majority are Muslim, it is necessary to pay attention to food products that circulate freely, namely not only paying attention to the composition that offers medical health, but also to pay attention that the food is halal for consumption.

The halal food sector is currently a new opportunity to increase economic growth and development. It is said to be a new opportunity because not only Muslim-majority countries but Muslim-minority countries are also taking part in the development of the halal industry. Therefore, the Indonesian government is also trying to develop the domestic halal food and beverage industry to encourage the growth of the halal industry. Need an in-depth understanding of the world of the halal industry, this can be enlightened by understanding how to implement halal product certification and guarantees first.

In the world, halal food is growing rapidly because not only Muslims are tempted by halal food but also non-Muslims because halal food is guaranteed in terms of cleanliness and health. The invasion of imported food is quite a challenge especially since Indonesia is a country where the majority of the population is Muslim, other countries will compete to reach consumers in order to gain profits for their companies.

In accelerating the implementation of halal standards where one of the things needed is halal certification, laws were issued to support the implementation of halal standards. Based on Law Number 33 of 2014 concerning Guarantees for Halal Products, Article 4 states that product halal certification is mandatory. The mandatory provisions for halal certification for business actors who produce food or import food into Indonesia for trading should state that the food in question is halal for Muslims.

The elucidation of the Halal Product Guarantee Law states that halal information for a product is very important for Indonesian people, who are predominantly Muslim. The guarantee of the implementation of halal products also aims to provide comfort, security, safety and certainty of the availability of halal products for the public in consuming and using products.

In this literature review, many have researched halal management, whether in the form of journals, theses, books and so on. For example some relevant (Dewi et al., 2022) The result is that some homestays still don't provide promo brochures that guarantee food is halal, besides that some homestays also don't provide places of worship. (Fitri et al., 2022) Public awareness of the importance of consuming halal food and beverages can encourage Halal Value Chain (HVC). (Solichah, 2022) Socialization activities on the halal food and beverage products can provide insight to fostered partners on how the management of producing a halal product is in accordance with Islamic law. (Chairunnisyah, 2018) Halal certification by the Indonesian Ulema Council is actually intended to provide legal protection and legal certainty for Muslims. (Qital et al., 2022) Management of Halal Tourism during the period 1997 to 2022 is quite high. So that the slice that the author wants to study is in the section on strengthening the UMKM sector in the national economic order in the field of halal industry management.

The research method used is library research, where data collection is used through library materials. The approach used is through empirical analysis and is also linked to legislation (statute approach) relating to the field of halal products. The data in this study were obtained through the method of documenting decision data (literature) both primary and secondary data in the form of books, journals, articles and other supporting sources to complete this study. The data that has been obtained is then processed using empirical juridical analysis methods and will be presented or presented with descriptive-analysis. (Rahmawati, 2018)

## **B. Discussion**

### **1. Halal Certification and Halal Product Assurance**

Halal certification is a halal certification issued by the Institute for the Assessment of Food, Drugs and Cosmetics (LPPOM-MUI) which states that a product is in accordance with Islamic law. This halal certificate can be used to make halal labels. (Aang Yusril M, 2020)

Guaranteed Halal Products in Law No. 33 of 2014 tries to resolve people's concerns by providing clear rules regarding the issuance of halal certificates. The Halal certificate itself is a form of recognition of the halalness of a product issued by BPJPH based on a written halal fatwa issued by the MUI. While the halal label is a sign of the halalness of a product. Business actors who have obtained halal

certificates are required to put a halal label on their products in accordance with the form of a nationally valid halal label.

The following are some regulations that regulate halal products in Indonesia, including (MUI, 2021): 1. (UU) No. 33 of 2014 concerning Guarantee of Halal Products. 2. Government (PP) No. 31 of 2019 concerning Regulations for Implementing Law No. 33 of 2014 (Law JPH). 3. Regulation of the Minister of Religion No. 26 of 2019 concerning Implementation of Halal Product Guarantees. 4. Decree of the Minister of Religion (KMA) No. 982 of 2019 concerning Halal Certification Services. 5. Government Regulation (PP) No. 39 of 2021 concerning Implementation of the Halal Product Assurance Field.

**Picture 1.1 Export Development**



Looking at the data above, it is closely related that halal certification has many benefits for consumers, one of which is to provide peace of mind that the products consumed can be guaranteed and safe. This is certainly the goal of all consumers. Moreover, Muslim consumers are commanded by Allah to consume thoyiban halal products. For producers, halal certification has an impact on winning the market in the global market because these products have added value as a way to compete with various existing competitors. Consumer trust will be easier to obtain when products have halal certification, because of course products that are halal certified are safe and guaranteed products. (Alotaibi et al., 2022)

Halal certification involves 3 parties, namely BPJPH, LPPOM MUI as a halal inspection agency (LPH), and MUI. BPJPH carries out the implementation of halal product guarantees. LPPOM MUI checks the adequacy of documents, audits scheduling, conducting audits, holding auditor meetings, issuing audit memorandums, submitting minutes of audit results at MUI Fatwa Commission meetings. MUI through the Fatwa Commission determines product halalness based on audit results and issues MUI Halal Decrees. (Fauzul Hanif Noor Athief, Darlin Rizki, Angga Aprilio Prabowo, 2022)

Halal literacy is the knowledge and understanding of a person or society about a product they will consume. A halal or haram product is not only limited to a halal label, but people must also understand and know whether the goods they consume are made of halal ingredients or not. Halal literacy teaches about distinguishing goods and services that are halal or haram so as to make a better understanding of Islamic or sharia law. (Seto, 2020)

As we know that the level of public literacy is still low regarding halal law. They know that a product is halal or haram only from the packaging that has a halal label on it. Especially in this day and age, products that do not use halal labels are mushrooming. Seeing these conditions, several UMKMs have made changes by managing the halal certification process for their products, thereby increasing public confidence in making purchases, which of course affects product sales turnover. However, on the other hand, there are still many UMKMs who are not aware of the importance of obtaining halal certification. (Lever, 2019)

## **2. Pentingnya Usaha Mikro Kecil Dan Menengah (UMKM) berbasis Halal**

Micro, small and medium enterprises, hereinafter abbreviated as UMKM, are productive business forms owned by individuals or business entities that are usually engaged in the scope of trading activities that have different characteristics or characteristics. UMKMs are one of the largest groups of economic actors in the Indonesian economy. Apart from being the business sector that contributes the most to national economic development, it is also a place to create sizable job opportunities for the domestic workforce, so that the reduction of unemployment is assisted.. (Maulida, 2013)

According to PP No. 7 of 2021 UMKMs can be classified according to business capital criteria and annual sales results. Business capital is own capital while loan capital is used to carry out business activities. The following is the classification of UMKMs according to the criteria for wealth or business capital based on Article 35 paragraph (3) PP No. 7 of 2021, among others are as follows: 1. Micro Businesses In micro businesses the business capital owned is no more or a maximum of 1 billion rupiahs, not including land and buildings where the business is located. 2. Small Business In a small business, the existing business capital is more than 1 – 5 billion rupiah, not including the land and building where the business is located. 3. Medium-sized Enterprises for medium-sized businesses, namely having a business capital of 5-10 billion rupiahs, also not including land and buildings for business premises. (Salam, 2021)

Apart from religious values, consumer attitudes can also be influenced by psychological factors, such as belief in these halal products. Because trust is an important attribute of attitudes that can affect human behavior, especially related to the buying and selling process. This consumer trust can then provide satisfaction to consumers. Brands that provide satisfaction to consumers can have an impact on consumer connectedness and dependence on a brand. If a consumer has chosen the product he wants and the product meets his expectations, then slowly but surely an attitude of trust will arise both in the goods he buys and in the seller where he buys the item. This is closely related to the quality of one's

religion or religiosity, because a person who has good religion will carry out or always follow the rules set forth in his religious teachings, whether in ritual worship that is mahdah or ghair mahdah.

In Islamic teachings it is regulated about muamalah which must be avoided from elements of usury, maisir, gharar and fraud. One of the goals is that no one is harmed in the muamalah transaction. Consumers or customers have three specific concerns, namely: 1) they are concerned about the reliability and frequency of failures; 2) they worry about downtime; and 3) they are worried about the costs going out. Consumers will consider all of this and estimate life cycle costs, which are the costs incurred to purchase a product plus maintenance and repair costs. So producers must be able to appreciate consumers by providing the best service.

Consumer expectations can be derived from past buying experiences; the advice of friends and associates; and marketer and competitor information and promises. If marketers raise expectations too high, consumers may be disappointed. However, if the company sets expectations too low, it will not attract enough customers, although it will be able to satisfy those who buy. This description shows how customer satisfaction will influence the consumer's decision to buy a product.(Agustina et al., 2019)

The implementation of the MEA (Asian Economic Community) starting in 2015 has become an important point for SMEs (Small and Medium Enterprises) to be more active in improving the quality of their products and services. This is a consequence of increasingly tight competition among business actors due to global interactions between producers, between consumers, as well as between producers and consumers, especially in the Southeast Asia region. As a consequence, SMEs who are not creative and careful in improving the quality of their products will be abandoned by consumers which can have an impact on the sustainability of these SMEs.

The purpose of MUI halal certification is basically to protect consumer rights, in this case Muslim consumers. MUI halal certification aims to determine whether or not a product is eligible to receive a halal certificate, where the determination of halal certification is carried out at an MUI meeting after an audit by related parties, in this case LPPOM MUI, BPPOM, the Health Service and several related agencies. The benefits of MUI Halal Certification basically have several urgencies, apart from the interests of consumers, business actors, as well as the interests of the government itself, in this case the local government and the MUI itself.(Nurrachmi & Setiawan, 2020)

Halal certification is useful to eliminate consumer doubts about the halalness of these food products. The issue of consumer doubts about the halalness of food products has occurred in Jatinangor. For example, the issue of using tiren chickens (dies yesterday), this issue quickly spreads among consumers and the impact is very detrimental to producers because it will reduce or even kill sales. On the other hand, it is difficult for producers to dismiss this issue considering that producers do not have proof of halal certification issued by the MUI. (Yuwana & Hasanah, 2021)

Every producer or SMEs wishing to apply for halal certification for their products must fill out a form provided by LPPOM-MUI. After being filled in completely, the form is returned to the LPPOM-MUI office accompanied by the Halal Assurance System (SJH) document described in the halal guidebook along with standard production procedures. These documents must be complete and correct as they are a requirement for making a certificate. If the document is complete and correct, LPPOM-MUI will send an auditor team to the location to match and examine the halal assurance system at the company. Conversely, if the document is not complete and correct, then all application files will be returned so that they can be completed again. The auditor team's report will be discussed at the LPPOM-MUI internal meeting. If it meets the halal requirements, then the halal certificate will be processed at the MUI fatwa commission meeting. The outcome of the MUI fatwa commission meeting was the issuance of a halal certificate for products that met the requirements. (Ariani et al., 2022)

### **Conclusion**

The purpose of MUI halal certification is basically to protect consumer rights, in this case Muslim consumers. Also, in line with Islamic teachings where muamalah has been regulated which must be avoided from elements of usury, maisir, gharar and fraud. One of the goals is that no one is harmed in muamalah transactions.

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