

UNVEILING HALAL CERTIFICATION PROBLEMS IN MSMES: EVIDENCE FROM MALANG CITY

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ABSTRACT

This research aims to find out the reasons why MSMEs are reluctant to register for halal certification in Malang City. This research analysis uses a descriptive qualitative method of determining factors and indicators to improve the quality of research. The research results determined 4 codes i.e belief is halal, less information, not important and waste. The frequency of codes that appeared in this research was 128 codes derived from data collected in the form of interview transcripts. belief is halal is the code with the highest frequency followed by less information, not important and waste is the code that appears the least in the interview transcript.

Keywords: Halal Certification, MSMES, Service Quality, Qualitative

INTRODUCTION

Indonesia is also an archipelagic country that has more than 17,000 islands. In this case, Indonesia is a tourist destination for tourists in Southeast Asia. Under these circumstances, Indonesia has room to seek added value in the tourism industry. Improving the quality of the tourism industry creates challenges for the government, private sector and Indonesian society. This can be seen from Indonesia's ranking in Southeast Asia which is in 4th place after Singapore, Thailand, Malaysia (Dwi W. & Subekti N., 2017).

With the aim of increasing Indonesia's GDP through the tourism sector, the Ministry of Tourism is developing halal tourism in Indonesia to screen Muslim tourists from abroad (Sayekti, 2019). The Ministry of Tourism's Halal Tourism Acceleration and Development Team has identified 10 provinces in Indonesia to develop halal tourism in Indonesia, one of which is East Java province (Destiana & Astuti, 2019). Indonesia's leading tourism destination in East Java is Malang City (Sukma Irdiana et al., 2021). The Malang City Government has been declared ready to implement halal tourism. Supported by several aspects such as the concept of halal tourism being mature and the number of visits by domestic and foreign tourists, the tourism sector in Malang City is growing (Rahmadian & Anam, 2022).

However, of course, in an effort to support halal tourism, the local products of Micro, Small and Medium Enterprises (MSMEs) must have halal criteria which can be proven by the ownership of a halal certificate by MSMES business actors. So that the quality of the products produced is guaranteed to be halal and makes consumers feel comfortable and satisfied (Malabar et al., 2023). However, the actual condition of all MSMEs in Malang City, according to the Malang City Cooperatives and Trade Service, is approximately 21,000 MSMEs (Perdana & Hartik, 2023). And according to the Malang City Halal Task Force, the number of MSMEs that have halal certification is only 2,771 MSMEs.

In this case, the government issued a mandatory law in the form of a law that enforces halal standards. Law of the Republic of Indonesia Number 33 of 2014 concerning Halal Product Guarantees (2014) which reads, products entering, circulating and being traded in Indonesian territory must be halal certified. LPPOM MUI (Institute for the Study of Food, Drugs and Cosmetics of the Indonesian Ulema Council) which was previously tasked with implementing halal product guarantees, is currently being replaced by BPJPH as *stake holder* major under the auspices of the Ministry of Religion (Anwar, 2020).

Putra (2017) stated that the Ministry of Religion issued halal certification guidelines which explain that halal products are products that are able to fulfill halal requirements in accordance with Islamic law. This means that products being bought and sold must not be related to haram goods either directly or indirectly, so that BPJPH is able to provide halal certification easily.

According to BPJPH, by 2024 all food products in the form of food, drinks, and products from slaughtering services must (mandatory) be halal certified (Rahmat et al., 2023). Therefore, the government through BPJPH has issued a Free Halal Certification (SEHATI) program of 1 million every year with a target of 10 million. The aim of this program is to support the community to become producers of halal products and make it easier for MSMEs products to obtain halal certification (Maharani & Suma, 2023).

The government is also creating a halal ecosystem to make it easier for MSMEs, in this case BPJPH which encourages universities and religious-based educational institutions to build and advance *halal center*. *Halal center* namely an institution that consists of halal supervisors and has the advantage of conducting research, mentoring, coaching and monitoring Halal Product Guarantee (JPH) (Arsil et al., 2022). Not only universities, BPJPH also encourages community organizations such as the existence of Village-Owned Enterprises (BUMDes).

There are various factors that influence the lack of awareness of MSMEs in processing halal certification due to a lack of socialization and understanding of the mechanism for processing halal certification (Sekarwati & Hidayah, 2022). Fatmawati et al (2023) stated that religiosity also influences MSMEs decisions because a person's self-confidence regarding religious beliefs can be measured through halal awareness and a Muslim's level of understanding of the halal concept for food and drinks that are good for consumption, especially for Muslim communities. The next factor is the lack of halal literacy, where halal literacy is an ability that Muslim communities must have to be able to differentiate between halal and haram goods or services in accordance with Islamic law. The aim of this research is to explore more in-depth information and understand the reasons why MSMEs are reluctant to carry out halal certification.

LITERATURE REVIEW

Table 1. Previous Research

No	Writer's name	Research Title	Research purposes	Research methods	Research result
1.	Poppy Arsil, Rumpoko Wicaksono Hety Handayani Hidayat, Dian Novitasari (2022).	Halal Institution Development Collaboration Strategy: Implementation at the Halal Center	The goal of this study is to investigate the Halal Center's collaboration strategy with other agencies supporting halal mandatory programs using the Analytical Hierarchy Process approach.	This research interviewed 40 food and beverage business owners and experts in 2021.	The results show that capital (0.617) and institutional policy (0.30) affect the growth of Halal Center cooperation. While BPJPH (0.33), the government (0.31), and private institutions (0.12) all contribute to the

						development of the halal center collaboration.
2.	Putri Fatmawati, Firman Setiawan, Khoirun Nasik (2023).	Analysis Of Religiosity, Halal Awareness, Halal Literacy, and Behavioral Intentions in Predicting MSME Actors to Carry Out Halal Certification in Bangkalan	Of Halal and intentions for halal certification can predict MSME actors carrying out halal certification (study of MSME actors in the halal food sector in Bangkalan district).	to analyze whether religiosity, halal awareness, halal literacy, and behavioral intentions for halal certification can predict MSME actors carrying out halal certification (study of MSME actors in the halal food sector in Bangkalan district).	quantitative descriptive with purposive sampling technique with a sample size of 100.	Regarding the relationship between the religiosity variable and the decision to certify halal by producers, it is interpreted that there is no influence of producer religiosity on the producer's decision to certify halal products.
3.	Dwi Nur Fadlilatul Laili, Dawn (2022).	Analysis Of Problematics Implementing Halal Certification For Smes In Bangkalan	Of In identify the challenges faced by MSMEs in Bangkalan Regency in their efforts to obtain halal certification. Through documentation, interviews and observations, data was collected.	to investigate and identify the challenges faced by MSMEs in Bangkalan Regency in their efforts to obtain halal certification. Through documentation, interviews and observations, data was collected.	descriptive qualitative research	Almost all MSMEs in the district do not yet have halal certification. This is proven by data obtained from the Department of Cooperatives and Micro Enterprises and the Department of Industry and Trade of Bangkalan Regency. Expected

Source: Processed Data (2024)

METHODS

In this research, a type of field research was used where this research was conducted in the location of Malang City. Researchers collect data from the field through interviews, observations and documentation related to several things that will be researched, namely regarding the reluctance of MSMEs, especially culinary, to receive halal certification in Malang City and what the perspective regarding halal certification is for culinary MSMEs in Malang City. The research method used is descriptive qualitative as a support for qualitative research. Hardani et al (2020) stated that qualitative is expressing symptoms in a systematic way *holistic-contextual* by collecting data from natural settings and using researchers as key instruments. The subjects of the research carried out were culinary MSMEs owners in Malang City with the number of respondents in this research being 5 MSMEs owners in each sub-district, so the total was 25 MSMEs in Malang City.

In qualitative research, data or findings can be said *valid* if the reporting is no different from what actually happened to the research object. In this study, the validity of the data

used triangulation techniques. In this way, data credibility is carried out by confirming the data obtained regarding the reluctance to register for halal certification for MSMEs in Malang City through observation, interviews and documentation.

RESULTS

Based on the results of mapping the interview data above, obtained from MSMEs Belimbing, MSMEs Kedung Kandang, MSMEs Klojen, MSMEs Lowokwaru, MSMEs Sukun, the researcher decided to use the code waste, not important, less information and belief is halal as a code used in this research with the aim of grouping documents obtained from interviews into an organized form and able to explain events that actually occurred.

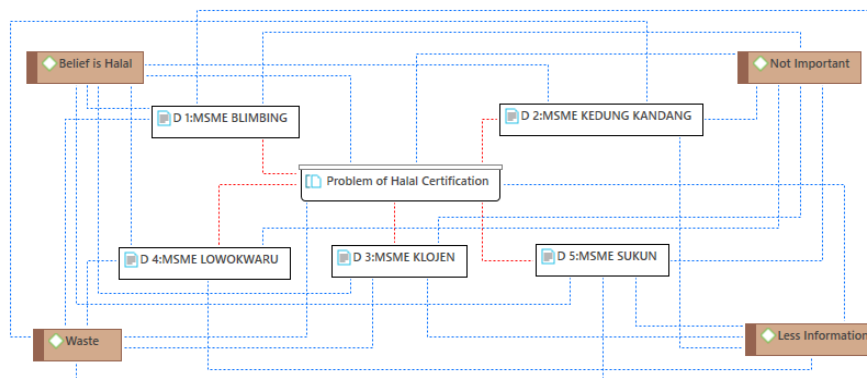


Figure 1. Code Model of Halal Certification Problems
Source: Process data by ATLAS.ti (2024)

Table 2. Intercooder Agreement

Code	Applied	Units	Total Units	Total Coverage	Precent Agreement
Belief is Halal	46	3771	15025	25,10%	0.6
Less Information	38	2489	15025	16,57%	
Waste	13	654	15025	4,35%	
Not Important	31	2067	15025	13,76%	

Source: Process data by ATLAS.ti (2024)

This research uses measurements Precent agreement carried out by researchers on the data they have with consideration of the coded units, so that they can guarantee the capability of the data and reveal issues that exist in the data they have based on total coverage. Result of intercoder agreement shows that overall belief is halal is the code that has been applied the most 46 times with total coverage of 25.10%, less information is in second place with 38 applications and *total coverage* amounting to 16.57%, then code not important is in third place with 31 applications with *total coverage* 13.76%, and last position with code waste with a total of 13 applications with a total coverage of only 4.34%. Next, the results of the reliability measurements on *Precent Agreement* shows a value of 0.6, which means that the data obtained can be confirmed as correct with a reliability value of more than 0.6 (Janti, 2014). Result of *present agreement* the result obtained was 0.6, where this result was obtained from 4 coders who processed 10

segments and 6 of them agreed that this data was appropriate. So, we agree that the data obtained is correct and appropriate.

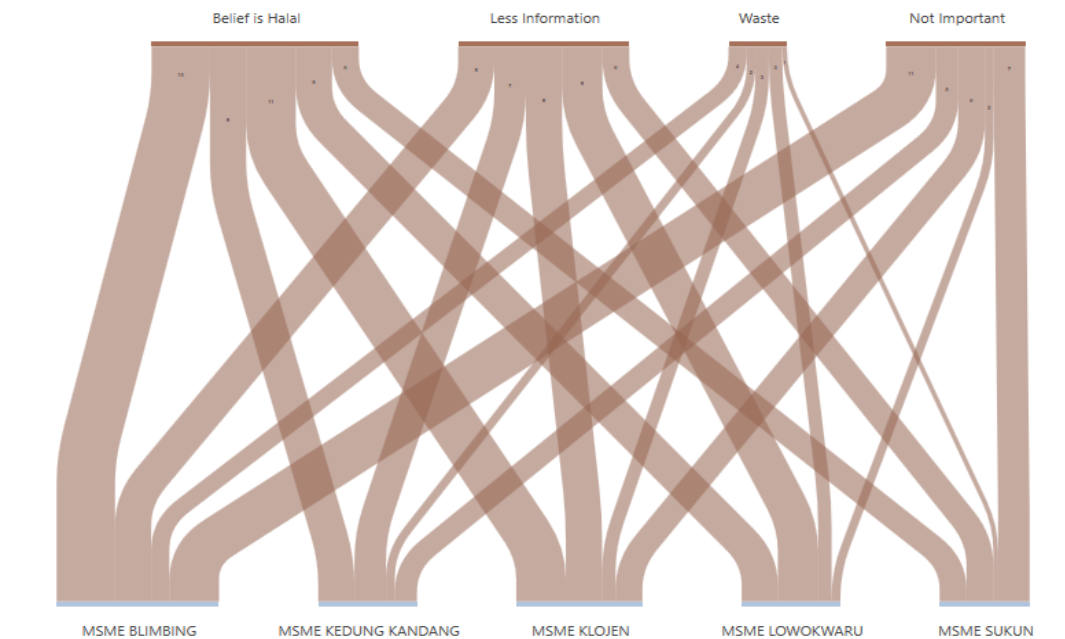
Table 3. Code Document

Documents	Indicators	Belief Is Halal Gr=46	Less Information Gr=38	Waste Gr=13	Not Important Gr=31
MSMEs Belimbing Gr=36	Absolute	13	8	4	11
	Column- relative	36,11%	22,22%	11,11%	30,56%
	Table- relative	10,16%	6,25%	3,13%	8,59%
MSMEs Kedung Kandang Gr=22	Absolute	8	7	2	5
	Column- relative	36,36%	31,82%	9,09%	22,73%
	Table- relative	6,25%	5,47%	1,56%	3,91%
MSMEs Klojen Gr=28	Absolute	11	8	3	6
	Column- relative	39,29%	28,57%	10,71%	21,43%
	Table- relative	8,59%	6,25%	2,34%	4,69%
MSMEs Lowokwaru Gr=22	Absolute	8	9	3	2
	Column- relative	36,36%	40,91%	13,64%	9,09%
	Table- relative	6,25%	7,03%	2,34%	1,56%
MSMEs Sukun Gr=20	Absolute	6	6	1	7
	Column- relative	30,00%	30,00%	5,00%	35,00%
	Table- relative	4,69%	4,69%	0,78%	5,47%
Totals	Absolute	46	38	13	31
	Column- relative	100,00%	100,00%	100,00%	100,00%
	Table- relative	35,94%	29,69%	10,16%	24,22%

Source: Process data by ATLAS.ti (2024)

The overall assessment results show that the Confidence is Halal code is the code that plays the most role with an absolute value with an absolute value that has been implemented at 46 codes in the entire document with a value *table- relative* of 35.94% which means, code belief is halal has the largest portion of the total number of codes implemented in this research. Next, code less information with value *absolute* as many as 38 with value *table-relative* of 29.69%, then, code not important with value *absolute* as many as 31 codes and values *table-relative* 24.22%, the last one is code waste with value *absolute* a total of 13 codes and *table-relative* amounting to 10.16%. The results of this analysis show that the codes in this study have a good distribution with not too big a difference between belief is halal, less information, not important, and waste.

Figure 2. Sankey Diagram Code Document



Source: Process data by ATLAS.ti (2024)

Analysis on *Sankey Diagram* can show that code belief is halal really dominates the use of code as a whole, but each code certainly has a dominant side in every document in this research. In code not important has a dominant side in the Blimbing MSMEs document with 11 codes, in code waste has a dominant side in the Blimbing MSMEs document with 4 codes, on codeless information has a dominant side in the Lowokwaru MSMEs document with 9 codes, and in code belief is halal has a dominant side in Blimbing MSMEs with 12 codes.

Table 4. Code Co-Occurrence

Code	Belief Is Halal Gr=46		Less Information Gr=36		Waste Gr=13		Not Important Gr=31	
	Count	Coef.	Count	Coef.	Count	Coef.	Count	Coef.
Belief Is Halal Gr=46	0	0.00	0	0.00	0	0.00	0	0.00
Less Information Gr=36	0	0.00	0	0.00	1	0.02	0	0.00
Waste Gr=13	0	0.00	1	0.02	0	0.00	1	0.02
Not Important Gr=31	0	0.00	0	0.00	1	0.02	0	0.00

Source: Process data by ATLAS.ti (2024)

The test results show that code not important and less information has the most dominant relationship compared to other codes with the number of occurrences being 1 time with the value *coefficient* of 0.02. Which means that both codes appear simultaneously, when used, a value will appear *coefficient* 1 which means the relationship between the two reaches 100%.

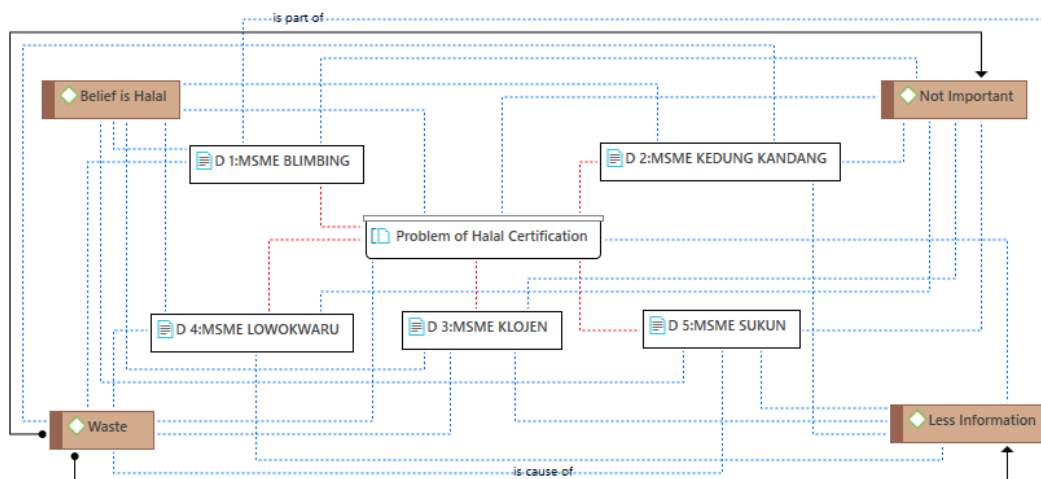


Figure 3. Network Problems with Halal Certification
Source: Process data by ATLAS.ti (2024)

The results of the analysis show that the halal certification problem consists of 4 instruments, namely waste, not important, less information, belief is halal in its implementation from various perspectives obtained by researchers from Blimbing MSMEs, Kedung Kandang MSMEs, Klojen MSMEs, Lowokwaru MSMEs and Sukun MSMEs. All instruments are related to one another, so that this model becomes an inseparable unit to trigger a better system.

This research describes the form of instrument development from the model proposed in the problematic halal certification. Instrument belief is halal is the first instrument in this research. Factors that influence people's ignorance regarding halal product certification are lack of knowledge, social factors and educational background (Wulandari & Hasan, 2023). The impact that Malang City MSMEs get when they have a halal label is that it will add value to their products when they are marketed (Salam & Makhtum, 2022).

Instrument less information is the second instrument in this research, where the factors that cause less information This means that Malang City MSMEs do not know about halal certification, terms and conditions, registration process, application place and the benefits of having halal certification (Lubis et al., 2022). The solution model in this case can be to utilize BUMDes where institutions formed by the village have the potential to supervise groups, offering types of assistance in the form of services in the form of assistance in registering for halal certification for MSMEs products (Laili & Fajar, 2022).

Instrument not important is the third instrument in this research, where the factors that become challenges are internal to MSMEs themselves, such as feeling lazy, not enthusiastic, believing that all fortune is arranged by God, waiting for encouragement from the government, low human resources, especially capital (Muhamad, 2020). Low legal awareness is also one of the factors in obtaining halal certificates for producers. Most business actors assume that halal certification is only for factory products or large businesses (Laili & Fajar, 2022). The solution model to obtain satisfactory results is to improve capabilities and quality by observing the challenges that will be faced, by looking at the regulations issued by the government. One of the advantages that business actors get when they have a halal certificate is that they are able to make products that can be traded both on a small and large scale, because halal certification is a condition for

products to enter modern markets, mini markets, supermarkets and large malls (Salam & Makhtum, 2022).

Instrument waste is the fourth instrument in this indicator. There are various basic reasons for this, namely the cost of halal certification because of course it can increase cost in production so that it can increase product prices, the process is long-winded and the applicant is not ready for the conditions given (Ahmad & Anwar, 2020; Anwar, 2020). The solution model to obtain satisfactory results is by providing outreach to business actors regarding halal certification *mandatory* because most business people know that certification is only for nature *voluntary*. Of course, this is due to the lack of socialization received by business actors regarding the Halal Product Guarantee Law (Karim et al., 2022).

CONCLUSION

This study shows that the most frequently mentioned codes are: belief is halal, namely that MSME players feel that the products they are buying and selling are halal and do not require halal certification. In second place there is a code less information where many MSME actors do not know about halal certification, how to register for halal certification, the function of halal certification. In third place there is a code waste where MSME players feel that carrying out halal certification is a waste of time, energy and money which can have an impact on increasing product prices. And in fourth place there is a code not important where MSMEs feel that halal certification is not important for small businesses or only for large businesses.

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