

The Study of Business Actors Readiness for the Obligation to Implement Halal Certification in West Nusa Tenggara

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Abstract

The objective of the study is determining the readiness of business actors, in this case, micro, and small business actors in West Nusa Tenggara (Nusa Tenggara Barat – NTB). The challenge faced by the consumers is the limited products that have been certified halal. There are still many services or products that are a necessity for most consumers which are not yet halal-certified. This is what makes consumers immaterially disadvantaged, namely: consumers do not get their rights to obtain halal services or products. Therefore, the government and stakeholders need to provide guidance to business actors and consumers.

On the other hand, a small number of MSME business actors still consider halal certification to be a hassle, so they are reluctant to be certified as halal. Another factor that hinders the implementation of halal product guarantees is that information about products from business actors is still not disclosed. The research is conducted with descriptive qualitative method. The research informants are micro and macro entrepreneurs in NTB. The data collection techniques use questionnaires or questionnaires, interviews, and documentation to get more in-depth results and avoid bias. The data analysis uses the Miles and Huberman model which consists of four activities of data collection, data reduction, data display, and conclusion/verification. The results obtained from the implementation of halal certification are not optimal. There are still many MSME actors who are not aware of the importance of halal certification in the processed food products they produce.

Keywords : *Readiness to change, Halal Products, Halal Certification*

Abstrak

Penelitian ini bertujuan untuk mengetahui kesiapan pelaku usaha, dalam hal ini pelaku usaha mikro dan kecil di Nusa Tenggara Barat. Tantangan yang terjadi pada konsumen adalah mengenai terbatasnya produk-produk yang telah bersertifikat halal. Masih banyak jumlah jasa atau produk yang merupakan kebutuhan bagi sebagian besar konsumen yang belum bersertifikat halal. Hal ini yang membuat konsumen dirugikan secara imateriil, yaitu: konsumen tidak mendapatkan hak mereka untuk mendapatkan jasa atau produk yang halal. Oleh karena itu pemerintah dan stakeholder perlu melakukan pembinaan kepada pelaku usaha maupun konsumen.

Di sisi lain sebagian kecil pelaku usaha UMKM masih menganggap sertifikasi halal adalah hal yang merepotkan, sehingga mereka enggan untuk disertifikasi halal. Faktor lain yang menghambat pelaksanaan jaminan produk halal adalah masih belum terbukanya informasi mengenai produk dari pelaku usaha. Penelitian akan dilakukan dengan metode kualitatif deskriptif. Informan penelitian adalah pelaku usaha mikro dan makro di NTB. Teknik pengumpulan data menggunakan angket atau kuesioner, wawancara, dan dokumentasi untuk mendapatkan hasil yang lebih mendalam dan menghindari bias. Analisa data menggunakan model Miles dan Huberman yang terdiri dari empat aktifitas pengumpulan data, reduksi data, display data, dan kesimpulan/verifikasi. Hasil yang didapatkan pelaksanaan sertifikasi halal belum optimal, Masih banyak pelaku UMKM yang belum sadar tentang pentingnya sertifikasi halal pada produk olahan pangan yang diproduksinya

Kata Kunci: *Kesiapan untuk berubah, Produk Halal, Sertifikasi Halal*

Saran sitasi: Diwanti, D. P., & Wijayanto, S. A. (2023). The Study of Business Actors Readiness for the Obligation to Implement Halal Certification in West Nusa Tenggara. *Jurnal ilmiah ekonomi islam*, 9(03), 3288-3295. doi: <http://dx.doi.org/10.29040/jiei.v9i3.10771>

DOI: <http://dx.doi.org/10.29040/jiei.v9i3.10771>

1. INTRODUCTION

Indonesia is a country that has the largest Muslim population in Southeast Asia. Based on data from Kementerian Dalam Negeri (KEMENDAGRI), the number of Muslim residents in Indonesia had 237.53 million people as of December 31 2021. That number is equivalent to 86.9% from the country's population of 273.32 million people (Tahliani, 2023). With a very large population, it is also accompanied by business development, especially in the culinary field, which is growing very fast. Coupled with the rapid development of technology, micro, small, and medium enterprises must improve their service. Andi in (Siti, 2020) says that in increasing customers, apart from providing good service, one must also consider the market share of the Muslim community. Since Indonesia is a Muslim country, the halal label is very sensitive to people's decisions to choose what they consume. The Law on Halal Product Guarantee (Jaminan Produk Halal - JPH) Number 33 of 2014 which has been implemented since October 2019 has had an impact on changing the consequences of fulfilling a product halal certificate which was originally only voluntary to become mandatory for business actors. Companies, or in this case business actors in Indonesia, feel that using the halal label increases the added value of products so that they can encourage the absorption of their products in the market (Kusnadi, 2019), and increase consumer confidence in global market share (Warto & Samsuri, 2020). Meanwhile, consumers obtain confidence, guarantee of a sense of security, and protection in consuming the products they purchase, and it becomes an instrument of business ethics (Warto & Samsuri, 2020). With the enactment of the Halal Product Guarantee Law, halal certification also provides legal protection to business actors, if there are demands and doubts from consumers about the products they produce.

West Nusa Tenggara (NTB) since 2014 has been designated by the Indonesian Ministry of Tourism as the main destination for halal tourism, along with the establishment of the Mandalika area in Central Lombok Regency as one of the Special Economic Zones (Kawasan Ekonomi Eksklusif - KEK) (Dewan Nasional Kawasan Ekonomi Khusus Republik Indonesia, n.d.). The Special Economic Zones areas which is one of the priority tourist destinations that is being continuously promoted through the vision of "one vision, one mission, on family", hence, the

implementation of halal certification for its products has become an obligation that cannot be avoided. Bearing in mind that for the people of Indonesia, who are predominantly Muslim, the affirmation of halal tourism in the NTB region will create peace of mind and confidence when visiting a tourist destination which is famous for its natural beauty and cultural uniqueness.

The challenge faced by consumers is the limited products that have been certified halal. There are still many services or products that are a necessity for most consumers which are not yet halal certified. This is what makes consumers immaterially disadvantaged, namely: consumers do not get their rights to obtain halal services or products. Therefore, the government and stakeholders need to provide guidance to business actors and consumers.

On the other hand, a small number of MSME business actors still consider halal certification to be a hassle, so they are reluctant to be certified as halal. Another factor that hinders the implementation of halal product guarantees is that information about products from business actors is still not disclosed. One case example is the number of restaurants displaying a sign of halal certification to show that the restaurant is halal, or providing information that the menus in restaurants are made from non-halal ingredients, is still smaller in quantities compared to restaurants that are not yet halal-certified. This study aims at determining the readiness of business actors, in this case micro and small business actors (MSMEs) in West Nusa Tenggara.

2. METHODOLOGY

The research was conducted with qualitative methods. The research respondents were micro and macro entrepreneurs in NTB. The sampling technique used was purposive sampling, which is a sampling technique based on a specific purpose (Sugiyono, 2012). This study used a qualitative approach with a purposive sampling method. The data collection techniques were conducted by observation, interviews, and documentation. The data were analyzed using source triangulation. The data collection techniques used questionnaires, interviews, and documentation to get more in-depth results and avoid bias. The data analysis used the Miles and Huberman model consisting of four data collection activities, data reduction, data display, and conclusion/verification (Sugiyono, 2017).

3. RESULTS AND DISCUSSION

3.1. An overview of MSME business activists in the city of Mataram and their discussion of halal certification?

Halal products are among the most significant necessities for Muslims, especially in Indonesia. Additionally, Indonesia is a country with the Muslim population of 87.2% of the total 267 million Indonesian population, suggested by Hartanto in (Makhtum & Farabi, 2021). Raisqi (2022) stated that halal guarantees for food products are very important since it is to make sure that every food product is considered as a halal product, meaning that it is free from the contamination by harmful and unclean substances and can provide inner peace for the consumers (especially for Muslim consumers) (Raisqi, 2022). As in Law Number 8 of 1999 concerning protection, it is mentioned that: Consumers have the right to obtain comfort and safety in making use of a product or service, as well as to get properly informed about the product or service they have purchased (Nukeriana, 2018).

Based on the study of the Readiness of Business Actors for the Obligation to Implement Halal Certification in West Nusa Tenggara, field implementation results found that there are still obstacles and ineffective halal certification in the Mataram area.

The research results carried out using the interview method towards the respondents are as follows:

a. Name : Ibu Rochayati (Ibu Yati)



Figure 1. Picture of Ibu Yati

Phone Number : 081703911847
Age : 35 years old
Business : Catering and Dim Sum
Year Established : 2019
Initial Capital : Rp. 300,000
Current Turnover : Rp. 30,000,000
Number of Employees : 4 Active people who are members of the Lombok

Womenpreneur Club or LWC

Position : Registered for halal certification

According to Ibu Rochayati, halal certification is significant for any MSME entrepreneur or any entrepreneur in general because it is the basic principle of halal products sold to consumers. Ibu Rochayati really appreciates the existence of halal certification that she has eventually registered and is waiting for the results. The products registered for this halal certification include dimsum products. Ibu Rochayati is also very active in following updated information about halal products on Instagram or social media at BPH as a halal inspector

b. Name : Pak Farhan



Figure 2. Picture of Pak Farhan and Pak Ridho
Business : Homemade Dimsum Culinary Products

Year Established : 2019
Initial Capital : Rp. 300,000
Current Turnover : Rp. 50,000,000
Number of employees : 3 families, 1 shop stand keeper

c. Name : Pak Ridho

Business : Processed Grill
Year Established : 2019
Initial Capital : IDR 500,000
Current Turnover : Rp. 150,000,000
Number of Employees : 1 person or more if needed.

According to both of them (Pak Farhan and Pak Ridho), the process of halal certification is still an issue in terms of access that administratively they have not registered. However, there is an intention to perform administrative registration of halal certification through a halal certification assistant. The main obstacle is finding a halal slaughterhouse or RPH in Mataram in which in the meantime, the production of the business still uses meat

purchased at large supermarkets but is already halal certified. The process from the beginning of product processing is confirmed to be safe for consumption and has a halal label. The challenge is the purchase of basic ingredients, such as meat in the traditional market since halal slaughterhouse has not established yet.

d. Name : Pak Wawan



Figure 3. A picture of Pak Wawan

Business : Lombok Mushroom Agro Production
Year established : 2019
Initial Capital : Rp. 5,000,000
Current Turnover : Rp. 300,000,000
Number of employees : 3 people

Pak Wawan has not registered for halal certification because he is still constrained by the administrative requirements in making halal certificates. However, he really appreciates the existence of halal certification so he is still trying to process it. He requires a business assistant as well, which are sold in the form of processed mushrooms, such as mushroom chips, mushroom steaks and mushroom satay. Pak Wawan receives orders in the form of to-be-processed mushrooms from consumers who are his customers. Every 5 kg of mushrooms can be made into 5 portions of mushroom satay. Mushroom satay is his bestseller product.

3.2. What are the factors that affect the Readiness of Business actors related to halal certification, Explanation from Sources?



Figure 4. Picture of LPH WM leadership in Mataram city

a. Ibu Hj Raukun: Leader of LPH WM (Halal Inspection Agency - Wildanun Mukhalladun) Mataram City

This is one of the institutions that helps many MSMEs / business activists in the Halal certification process. It has 4 staff and 4 auditors who have been registered with BPJPH (Halal Product Assurance Organizing Agency)

The office, which is actively operational from 8.00-14.00 based on the data base, has processed around 250 halal product certification assistance since 2001

The process goes through several stages, including: processing requirements, verification, and checking the proposed product.

1) The authority task of LPH

Business actors choose and register to apply for halal certification independently and they choose themselves through an assistance. However, if it is an official authority, a cooperation agreement and directions have to be made clear. Furthermore, there is also a data checking process for a selection through the terms and conditions that apply. The registration is online along with the standard operational procedure (SOP).

2) With the implementation of this method, does it make it easier for registrants?

There are no difficulties in this, because after registering and paying, the process will start afterwards. A team will do field checking and perform audit. Once the data are all completed, it will be submitted to the MUI of each province, then the halal decree will be issued. After that, it is then submitted to the central institution to issue the certificate which has been proclaimed a joint fatwa. The certification itself might include either individual, larger, food, or beverages business. However, MSME activists are diverse that many of them have not been educationally aware of the importance of the halal certification program. Currently, the implementation of halal certification applications by MSMEs have been considered to be still ineffective.

3) Timeframe from registration to decision

Complete data that has been received will be processed immediately and the process is very quick, it is the process of field inspection that

relatively takes a long time. Recently, MSME owners have been aware of the things that must be prepared, thus the process to be granted with the halal certificate is quite fast. The longest is 3 months, the fastest is a week.

4) Administrative Difficulties

There are complaints from the community regarding administration, such as: there is still a lack of knowledge to access the registration. In fact, there should not be such obstacle to the process because there are actually adequate services already.

5) What needs to be encouraged for the awareness process that halal certification is actually very important?

There must be counseling from the institution which provides detailed explanation. Regarding the raw material requirements, there has to be assistance which explains the raw prerequisite materials as well as the process that will be carried out. There have been concerns in the community who have never applied for halal certification. In fact, the institution has always provided a forum to provide understanding regarding the PIRT (Home Industry Products) terms and regulations.

6) For residents who are in remote villages and set up MSMEs, what do they actually need? Is it assistance or counseling?

As an example, on the coast there are community organizations to accommodate the certificate application either to the government agency or directly to the institution since there is no funding. There are fishermen groups community who provide counseling related to the processing. They would gather at least 20 people in the community and provide good counseling understanding for the product they would like to propose.

7) Proposal Filing Fee

If the LPHWM institution managed to provide original signature from the MUI directly, the regional assistance for APBD (Regional Budget Expenditure) through governor's finance can be directly applied. The Governor finance will cooperate with bank, and then, the institution will proceed with the further administration with the bank. The amount of

fee provided by the government through the agency is free of charge. The government agency generally provides accommodation for SMSE of as much as IDR 3.000.000,- per individual, and IDR 2.500.000,- collectively. As a matter of fact, APBN (State Budget Expenditure) and APBD would definitely provide funds, in which the administrations are going to be taken care by the institutions.

8) What differentiates the process between 2 and 4-year duration?

For the 4-year duration, there is a specific law regulation. Every 2 years, MSME actors must report products or changes in the products used, Halal certificates are distinguished from the raw materials, RPH (Halal Slaughter House) and food and beverage materials. Therefore, the halal certificates are submitted per type but the submission is the same. Hypermart is one of the companies which is halal certified already, so all the food there is halal.

9) Could non-Muslims apply for the certificate?

Non-Muslims could apply for the halal certificate under specific terms and conditions: the management location is separated from the non-Muslim owner; and the employees must be Muslims. There have been many non-Muslims who apply so far already. The certificate extension is similar, which is 2-year period although the product persists but the ingredients are different. The application fees for both Muslims and non-Muslims are similar as well.

10) Halal certification through online registration: initial data processing

There will be a recapitulation of initial data application. The application submission can be conducted at a different location even though there is prior submission recorded, all data will be synchronized later.

b. Bapak. apt M Fariez Kurniawan, M.Farm and Dr. Iman Permana from the UMY Halal Center.

The realization of halal certificate socialization for SMSE has been one of the sustained efforts performed by all supporting parties. This is intended so that culinary business owners can promote food with a halal certification label. Indonesia as a country with a majority

Muslim population considers the halal certification label as an important matter.

Socialization is still needed on the importance of halal certification for MSME activists both within the organization, educational environment and the general public.

3.3. Information obtained from the Halal Product Assurance Organizing Agency or BPJPH through website data and social media (halal.indonesia / BPJPH Ministry of Religion of the Republic of Indonesia) regarding the processing of halal certification?

SEHATI Program or Free Halal certification is a program held by several regions in Indonesia. The benefits include: increasing customer trust, expanding product distribution networks, providing guarantees and certainty, adding value to products, promoting the product's unique selling point, increasing marketing capabilities, and having the opportunity to reach the global halal market. The requirements include: all ingredients must be halal, the production process must be halal and simple, the product must have a business identification number (NIB), and the product must be categorized as SMSE category. The process can be done through online procedure; while the registration will be followed up during verification.

The registration flow is as follows:

- a. Create an account on ptsp.halal.go.id, then select the type of user facilitator
- b. Login, then click on the menu to fill in the profile and facility entry
- c. Detailed information in the facility entry:
 - 1) The name of the facilitation is the official name of the private sector/individual
 - 2) Fill in the year according to the current year
 - 3) Fill in the start date and end date according to the current facilitation time
 - 4) Select the type of application (regular or self-declare)
 - 5) Select the source of financing based on the funding sources
 - 6) Fill in the quota according to the number of business actors to be facilitated
- d. BPJPH verifies the application for facilitation. if verified, an invoice will be issued
- e. The facilitator uploads proof of payment according to the invoice
- f. BPJPH verifies payment. if verified, a facilitation code will be issued

- g. Business actors who are facilitated must input the facility code when submitting an application for halal certification

In accordance with Article 26 paragraph 1 of Law Number 33 of 2014 concerning guarantees for halal products, it is conveyed that business actors who produce products from materials originating from materials that are prohibited (not halal) will be exempt from applying for a halal certificate.

Entrepreneurs as mentioned in paragraph 1 are required to include non-halal information on products. Stating that the product is 'non-halal' is an integral part of the product. The information can be in the form of pictures, signs and or writing. If all food and beverage products are not certified on October 17, 2024, there will be 3 consequences for business actors: written warnings, fines, and products withdrawal from the market.

4. CONCLUSION

Based on the results of the research and discussion that have been described, the conclusions from this research:

- a. The readiness of business actors regarding the existence of halal certification needs to be taken into account. Some business actors will actively apply for halal certification by immediately seeking information, but there are still a number of conditions where access to information is still limited, making it difficult for business actors to access information. There has still been a lack of knowledge to access information despite the fact that adequate services have been generally provided.
- b. Business actors can be generally assisted by some institutions when applying for halal certification, such as the Halal Inspection Agency or Halal Center etc. in the community or educational environment. In fact, business actors may choose and register to apply for halal certification independently and perform individual selection through an assistance. Alternatively, if the process is carried out through the government agency services, business actors must create cooperation agreements, whereas the direction, data checking selection and the conditions that apply, and the registration, can be conducted online, the SOP has been listed online as well.
- c. There is an appeal from the government through the BPJPH institution regarding the provision that

for business actors, if all food and beverage products on October 17, 2024 not certified, there will be 3 consequences: written warning, imposed fines, and product withdrawal from the market. This will drive business actors in terms of readiness to be more encouraged in managing the halal certification. The encouragement that can be given includes: the availability of counseling opportunity from the institutions/assistances, providing explanations related to application from the beginning (raw materials preparation) until the end that must be worked out together, explaining the raw materials and also the process that will be conducted as a follow up. Due to concerns among the public who have never applied for halal certification, the government agency will always provide a platform to provide understanding of the home industry provisions.

- d. Judging from the description of costs, the duration of time of the application until the issuance of a halal certificate in general, If the LPHWM institution managed to provide original signature from the MUI directly, the regional assistance for APBD through governor's finance can be directly applied. The Governor finance will cooperate both with bank, and then, the institution will proceed with the further administration with the bank. The amount of fee provided by the government through the agency is free of charge. The government agency generally provides accommodation for SMSE of as much as IDR 3.000.000,- per individual, and IDR 2.500.000,- collectively. As a matter of fact, APBN and APBD would definitely provide funds, in which the administrations are going to be taken care by the institutions. For the processing time, the complete data that has been received will be processed immediately and the process is relatively quick; the one which is some consuming is the field implementation. However, the SMSE owners have been generally aware of the requirements preparation, making the process of the halal certification relatively quick that it will only take minimum a week or maximum 3 months to complete.

5. ACKNOWLEDGMENT

We would like to express our deepest gratitude to the informants who have contributed to the completion of this research

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