

## **IMPROVING THE SELLING VALUE OF MSME PRODUCTS THROUGH HALAL PRODUCT CERTIFICATION**

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### **ABSTRACT**

Halal certificates are one of the requirements for Micro, Small and Medium Enterprises or MSMEs to market and distribute their products according to the rules regarding halal certificates in Law Number 33 of 2014 concerning Guaranteed Halal Products. The existence of a halal certificate is one of the factors that can improve MSME products for having value added in order to be able to penetrate the global market. The increasingly global marketing area demands that products have better quality, safe and healthy in accordance with the wishes and criteria of consumers. One of the important criteria for consumers is the guarantee of the halalness of the products they will buy with proof of the halal label listed on the product. The benefits of halal certificates can increase consumer confidence, gain market share and can develop business competitiveness. By having a halal certificate, MSME products will be more accepted in the market, especially among Muslim consumers, both in the domestic market and in the international market.

Keywords; Sale value, MSME Products, Halal Certification.

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### **Introduction**

Today Micro, Small and Medium Enterprises or MSMEs are an important element in supporting the economy in Indonesia. In the midst of globalization and increasingly high competition, MSMEs must be able to face global challenges such as product innovation, human and technological resources as well as expansion of the marketing area (Kristina, 2018). This needs to be done for increasing the selling value of MSME products themselves. Furthermore, they can compete with domestic and foreign products which are increasingly flooding domestic industrial centers considering that MSMEs are the economic sector capable of absorbing the largest workforce in Indonesia. In order to be able to compete, expanding the marketing area, increasing the selling value and MSME products must have their own advantages. Guaranteed safety, cleanliness and health of the products owned are advantages for MSMEs that can be felt by consumers. It can be achieved by having a product halal certificate. This provision for halal-certified products is in accordance with government regulations regarding halal products based on

the Regulation of the Minister of Religion No. 26 of 2019 concerning Implementation of Halal Product Guarantees article 27 that products that enter, circulate and trade in Indonesian territory must be halal-certified (Peraturan Menteri Agama, Jaminan Produk Halal, 2019) and the Decree of the Head of the guarantee administering agency Halal Products No. 33 of 2022 that products produced by micro and small businesses must be halal certified (Keputusan Kepala Badan Penyelenggara Jaminan Produk Halal, 2022)

Sumber Village, Sanankulon Subdistrict, is one of the villages where the majority of the people trade by making various processed foods such as making cakes, chips, and the coconut sugar industry. In terms of quality and packaging it is good, even though many of the products do not have halal guarantees for their products or halal certificates. This is due to a lack of understanding of MSME in the source village about the benefits and process of submitting halal products. By having a halal certificate, the product will have value added and increase consumer confidence. Based on the description above, this research takes the title increasing the Selling Value of MSME Products through Product Halal Certification.

## **Literature Review**

### **MSMEs Product**

Based on the Law of the Republic of Indonesia No. 20 of 2008 (UU Usaha Miko Kecil Dan Menengah, 2008) concerning small and medium micro enterprises called SMEs ;

1. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of Medium or Large Businesses that fulfill the criteria for Small Enterprises as referred to in this Law.
3. Medium Enterprises are productive economic enterprises that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total assets net or annual sales proceeds as stipulated in this Law.

The principles and objectives of MSMEs based on subsection 2 of Micro, Small and Medium Enterprises are based on: a. kinship; b. economic democracy; c. togetherness; d. fair efficiency; e. sustainable; f. environmentally sound; g. independence; h. progress balance; and i. national economic unit.

Based on subsection 3, Micro, Small and Medium Enterprises aims to grow and develop their businesses in the framework of building a national economy based on a just economic democracy.

### **Halal Certification**

A halal certificate is an acknowledgment of the halalness of a product issued by the Halal Product Guarantee Agency of the Ministry of Religion.

Based on Law Number 33 of 2014 (Azizah, 2014) concerning Guarantees for Halal Products.

1. Products are goods and/or services related to food, drink, medicine, cosmetics, chemical products, biological products, genetically engineered products, as well as use goods that are used, used, or utilized by the public.
2. Halal Products are Products that have been declared halal in accordance with Islamic law.
3. Process of Halal Products, hereinafter abbreviated as PHP, is a series of activities to guarantee the halalness of Products including the provision of materials, processing, storage, packaging, distribution, sales and presentation of Products.
4. Materials are elements used to make or produce Products.
5. Halal Product Guarantee, hereinafter abbreviated as HPG, is legal certainty regarding the halalness of a product as evidenced by a Halal Certificate.
6. Halal Product Assurance Organizing Agency, hereinafter abbreviated as HPAOA, is an agency established by the Government to administer HPG.
7. The Indonesian Ulama Council, hereinafter abbreviated as IOC, is a forum for deliberation of Muslim scholars, zuama and intellectuals.
8. Halal Inspection Agency, hereinafter abbreviated as LPH, is an institution that carries out inspection and/or testing activities on product halalness.
9. Halal Auditor is a person who has the ability to carry out Product Halal inspection.
10. Halal Certificate is an acknowledgment of the halalness of a product issued by BPJPH based on a written halal fatwa issued by the MUI.
11. Halal Label is a sign of the halalness of a Product

## **Sale Value**

Value added is an added value of a commodity because it undergoes processing, transportation or storage in a production (Kajian Nilai Tambah Produk Pertanian Kementerian Keuangan Republik Indonesia, 2012). How to add product value is useful for encouraging customers to want to spend money to pay for the products offered. Product value is very important in business because it can provide an advantage for consumers to choose and buy your product over competitors' products. Products that have high value will be more attractive to consumers and enable businesses to differentiate themselves from competitors in the market. One of the additions to product value is the existence of a halal certificate on the product listed on the product packaging. The label on the product packaging will provide information and information about the halalness of the product being consumed. The existence of this halal label proves that the product in terms of raw material selection, production, storage and distribution processes is carried out safe, healthy and clean. This safety and cleanliness provides added value in sales so that it is able to differentiate from other products so that it hopes to be able to compete in the market.

## **Data and Methodology**

This research was conducted in Sumber Village on the grounds that the majority of the population there work as traders. The village, which is located approximately 7 km from the city, can be reached in about 17 minutes. Sumber Village is famous for its productive environment, community activities, especially housewives, lead to trading activities such as the production of coconut sugar, cassava chips, vegetable chips, pastries and the majority do not have halal product certificates. It is the characteristics of this village that attract researchers to conduct research on processed halal food products.

Research methodology as a method or method used to produce data that will be presented as a result of research conducted on UKM Sumber village. This study uses a type of qualitative research or qualitative research methods (Imam Gunawan, 2013). This qualitative data collection was carried out in Sumber Village, Sanankulon sub-district, Blitar Regency.

Qualitative data mining carried out in Sumber Village is a research method by collecting data in the form of explanatory descriptions from the place of research which will be described by

the researcher in depth through speech, writing, and observed behavior of an individual, group, community, or organization. In a particular place or place where research is carried out.

This type of phenomenological research tries to explain or reveal the meaning of concepts or phenomena based on the awareness that occurs in several individuals. In this study, researchers examine MSME products in Sumber, Sanankulon District, Blitar Regency based on the experience of informants obtained through interview techniques.

Research subjects are places or people where there are problems that will be researched (Arikunto, 2010). In this study, the research subjects were SMEs in Sumber. While the object of research is UMKM that do not yet have a product halal certificate in Sumber Village, Sanankulon District, Blitar Regency.

## **Results and Discussion**

This research proves in the opinion that every product production activity must meet the requirements in accordance with government policy. In marketing their products, business owners are advised to apply for a production certificate, which is also known as a Home Industry Food Production Certificate (HIFPC)/ (SPP-IRT in Indonesia). As for product halal certificates, it is a form of government protection for Muslim consumers. With halal certification, consumers will be calmer in consuming or using a product and avoid products that contain haram elements. To obtain a halal certificate, business actors go through a halal certification process, namely and have a halal supervisor as a person who is responsible for the halal product process (PPH) in a company. Documents that need to be prepared by business actors or MSMEs in the process of certifying halal products;

1. Having Commitment and Responsibility for Producing Halal Products
2. Have a halal supervisor
3. Using halal ingredients
4. Halal product process
5. Prepare Halal Certification Requirements Documents

While the criteria for a halal product guarantee system are;

1. Commitment and responsibility
2. Material
3. Halal product process

4. Products
5. Monitoring and evaluation

Halal certificates are one of the conditions for Micro, Small and Medium Enterprises or MSMEs to market and distribute their products according to the rules regarding halal certificates in Law Number 33 of 2014 (Azizah, 2014) concerning Halal Product Guarantee (JPH). This means that business actors who produce and trade food products must be halal-certified and have a halal logo printed on the product packaging and are absolutely necessary as a strong legal umbrella. The existence of a halal certificate is one of the factors so that MSME products have value added in order to be able to penetrate the global market. The increasingly global marketing area demands that products have better quality, safe and healthy in accordance with the wishes and criteria of consumers. The very important criterion for consumers is the guarantee of the halalness of the products they will buy with proof of the halal label listed on the product. The benefits of halal certificates can increase consumer confidence, increase market share and can increase business competitiveness. By having a halal certificate, MSME products will be more accepted in the market, especially among Muslim consumers, both in the domestic market and in international markets.

## **Conclusion**

By having a product halal certificate, business actors or MSMEs have the confidence to develop their business. Halal-certified products have several advantages including;

1. Have Power  
Halal certificates have the power to guarantee product halalness and premium quality product identity
2. Presents Multiple Opportunities  
Halal certified products have a great opportunity to reach target consumers in national and global markets
3. Has a Product Identity  
With halal label packaging, it has its own characteristics that are different from other products
4. Have a broad consumer  
Halal products can be consumed by all groups, all groups and all religions

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