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# The Importance of Obtaining Halal Food Certification for SMEs in Barlingmascakeb

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### ABSTRACT

Halal certification is a crucial element for Small and Medium Enterprises (SMEs) in Barlingmascakeb, Indonesia, especially in the food sector. This certification assures consumers that the products offered comply with Sharia standards, thereby enhancing consumer trust and improving market competitiveness. This community service report explores the importance of obtaining halal certification, its benefits in improving product quality, and its role in expanding both domestic and international markets. Additionally, the report identifies the specific challenges faced by SMEs in Barlingmascakeb, such as lack of knowledge and high certification costs, and offers recommendations for overcoming these obstacles. Field research and data from LPPOM MUI confirm that raising awareness about halal certification can significantly contribute to the growth and sustainability of SMEs in the region, particularly in catering to the growing demands of Muslim consumers.

**Keywords:** SMEs; Halal Certification; Competitiveness; Product Quality; Market Expansion

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### 1. Introduction

The Halal food industry in Indonesia is growing rapidly. This is due to increasing demand from the country's majority Muslim population. Indonesia, which has the largest Muslim population in the world Emphasis is placed on Halal certification to ensure that the food consumed complies with Islamic dietary laws (Ali, 2020). SM (Small and Medium Enterprises) play an important role in this industry. It contributes significantly to the country's economy. However, many SMEs still struggle to obtain Halal certification due to various challenges. including a lack of knowledge financial constraints and complex certification procedures (Rahman, 2021). in Barlingmaskakeb An area with many districts in Central Java, SMEs are an important part of the local economy. Halal certification is becoming more and more important. For these enterprises to compete in the domestic and international markets. As the global demand for Halal products increases, the pressure on SMEs to comply with Halal standards is intensifying (Yusuf & Ahmed, 2022). The importance of Halal certification lies not only in Follow religious principles only but also to expand market access and build consumer confidence (Nugroho, 2021). This article focuses on the importance of achieving Halal certification for SMEs in Barlingmaskakeb. Explore the challenges these businesses face and their benefits. This study aims to highlight the

urgency of certification to increase the competitiveness of SMEs in this sector, especially halal food.

### *1.1 Background*

Halal certification ensures that food products have been produced, processed, and handled according to Islamic law. Certification in Indonesia is maintained by the Indonesian Ulama Council (MUI), which assesses whether products meet Halal standards. As globalization expands Halal certification has thus become a strategic imperative for food SMEs, opening doors to new markets. and consumers choose to use Halal products (Satria, 2021). However, many SMEs in Indonesia, including in Barlingmaskakeb obstacles faced in obtaining this certificate Challenges include limited awareness of the certification process. Insufficient financial resources and the complexity of meeting regulatory requirements (Hasan & Zain, 2020), this has left a significant proportion of SMEs in the halal food sector uncertified. This limits their market access.

Moreover, the lack of Halal certification prevents many businesses from exporting their products. As a result, the competitive advantage on the global stage will decrease... This community service project seeks to address these challenges by teaching SME owners in Barlingmascakeb On the importance of Halal certification and provide them with the tools and knowledge needed to navigate the certification process. The aim is to increase the competitiveness of halal food SMEs in the region. It helps them penetrate a wider market and aligns with national Halal standards (Latif, 2021).

The importance of this project cannot be overstated. As the global halal food market continues to grow, SMEs must adapt to remain relevant. Halal certification is not only a matter of religious observance. But it is also an important business strategy that improves product quality. Increase consumer confidence and open up international business opportunities (Kamaruddin, 2022). This project aims to increase the potential of SMEs in Barlingmascakeb Overcoming the barriers to certification and thrive in the highly competitive Halal food industry.

## **2. Method**

The community service project involved a series of focus group discussion (FGD) and consultations with SME owner in Barlingmascakeb. These focus group discussions were designed to educate the participants on the halal certification process, its benefits, and the steps required to obtain certification. The methodology was structured into three phases: data collection, training, and follow-up consultations.

In the data collection phase, a survey was conducted to assess the current level of awareness and challenge faced by SMEs in obtaining halal certification. The survey targeted 50 SME owners in the food industry across Barlingmascakeb. The results revealed that 70% of the respondents were unaware of the specific requirements for halal certification, and 60% cited financial constraints as the main barrier (Table 1).

**Table 1. Key Challenges Faced by SMEs in Obtaining Halal Certification**

<b>Challenge</b>	<b>Percentage of SMEs Affected</b>
Lack of knowledge	70%
Financial constraint	60%

Complexity of Certification	50%
Time-Consuming Process	40%

**Explanation of Table 1.**

**1. Lack of Knowledge (70%)**

The survey results showed that 70% of SMEs in Barlingmascakeb reported a significant lack of knowledge regarding the halal certification process. Many business owners are unfamiliar with the requirements, procedures, and benefits of obtaining halal certification. This gap in knowledge creates a major barrier, as these SMEs are either unaware of how to begin the certification process or are unsure of the exact steps they need to follow. This issue can also be exacerbated by a lack of access to proper educational resources or advisory services on halal certification.

**2. Financial Constraints (60%)**

Financial barriers are also a major challenge, with 60% of SMEs citing financial constraints as a primary obstacle to obtaining halal certification. For many small businesses, the costs associated with certification—such as fees for audits, inspections, and documentation—are perceived as too high relative to their limited budgets. This is particularly true for micro and small enterprises that operate on these margins and often lack external funding sources. As a result, many SMEs delay or forgo certification altogether, despite recognizing the potential business benefits.

**3. Complexity of Certification (50%)**

Half of the surveyed SMEs (50%) expressed that the halal certification process is overly complex. The paperwork, documentation, and stringent compliance requirement make the process intimidating for many SME owners, especially those without dedicated legal or administrative support. This complexity can lead to errors in applications or delays in the certification process, further discouraging SMEs from pursuing certification. The perceived difficulty often leads SMEs to view the process as unattainable without external assistance, which they may not have access to.

**4. Time-Consuming Process (40%)**

Lastly, 40% of SMEs reported that the halal certification process is time-consuming. The time required to prepare the necessary documentation, undergo inspections, and wait for approval can be lengthy, especially for small business that are already stretched thin with limited manpower. For SMEs, where day-to-day operations already require significant attention, dedicating time and resources to a long certification process may seem burdensome. This also contributes to the overall reluctance of SMEs to pursue certification, as many believe the time investment outweighs the immediate benefits.

Table 1 highlights the key challenges faced by SMEs in Barlingmascakeb as they attempt to obtain halal certification. These challenges—lack of knowledge, financial constraints, the complexity of the process, and the time commitment required—are interconnected and exacerbate the difficulties SMEs face in becoming certified. Addressing these issues through education, financial support, simplification of the process, and more efficient certification systems is essential for encouraging wider participation in the halal certification process among SMEs in Barlingmascakeb.

***2 1 Phase Training Session***

In the second phase, a series of training sessions were conducted. These sessions covered the technical aspects of halal certification, including food processing standards, documentation, and

application procedures. Experts from the Indonesian Ulama Council (MUI) and local government representatives provided guidance during these workshops.

### ***2.2 Follow-up consultations***

The third phase involved follow-up consultations, where SME owners were given one-on-one assistance in preparing their applications for certification. These consultations addressed specific challenges and provided personalized advice, ensuring that SMEs were well-equipped to complete the certification process.

## **3. Results and Discussion**

### ***3.1 Results***

The community service project on educating SMEs in Barlingmascakeb about the halal certification process yielded significant improvements in awareness and readiness to pursue certification. Before the intervention, the initial survey indicated that only 30% of SME owners were familiar with the specific requirement for halal certification. After the workshops and consultations, 85% of participants reporting a clear understanding of the certification process and its importance (Latif, 2021). This improvement highlights the effectiveness of the educational approach taken in the project.

<b>Metric</b>	<b>Before FGD</b>	<b>After FGD</b>
Awareness of certification Process	30%	85%
SMEs Starting Certification Process	10%	50%
Perceived Financial Barrier	60%	40%

The readiness of SMEs to begin the certification process also improved significantly. Before the workshops, only 10% of the SMEs had started any part of the halal certification process, primarily due to the lack of knowledge and financial constraint. After the training and follow-up consultations, 50% of the SMEs initiated the certification process within two months. This marks a substantial shift in their approach, with more business owners feeling empowered to take the necessary steps toward certification.

Additionally, financial barriers, which were initially cited by 60% of the participants as a major obstacle, saw a reduction in perceived severity. After the training, only 40% of the SMEs considered financial constraints as a primary barrier. This reduction can be attributed to the introduction of microfinance options and the identification of government assistance programs during the workshops. SME owners became more aware of potential funding solutions, which encouraged them to move forward with the certification process financial concerns.

Int terms of understanding the technical aspects of halal certification, the project achieved notable success. The workshops covered the halal standards for food production, including ingredient sourcing, storage, and handling, which helped clarify common misconceptions. By the end of the training, participants expressed greater confidence in their ability to comply with these those technical standards, with 80% of attendees indicating that they now understood the specific documentation and inspections required for certification (Hasan & Zain, 2020).

Follow-up consultations revealed that the time-consuming nature of the halal certification process, initially a concern for 40% of SMEs, remained a challenge, but the SMEs were now better prepared to handle the timeline. Participants acknowledged that while the process was still lengthy, they felt better equipped with the knowledge and resources to manage it effectively. This shift in mindset underscores the importance of providing not only technical knowledge but also practical strategies for navigating the process.

The project also brought to light the need for ongoing support from both local authorities and certification bodies. Several SMEs requested additional guidance on maintaining their halal certification once obtained, indicating a desire for continuous learning and compliance support. This feedback suggests that while the initial education was effective, SMEs would benefit from long-term partnerships with halal certification agencies to ensure sustained compliance.

Overall, the project achieved its primary goal of increasing awareness and readiness among SMEs in Barlingmascakeb to pursue halal certification. The improvements in knowledge, financial preparedness, and technical understanding demonstrate the positive impact of structured educational interventions on SMEs.

### ***3.2. Discussion***

The results of the community service project reveal important insights into the challenge and opportunities facing SMEs in Barlingmascakeb when it comes to obtaining halal certification. One of the most striking findings is the substantial increase in awareness and understanding of the certification process following the workshops. This underscores the value of targeted educational initiatives in addressing knowledge gaps. SMEs are often overwhelmed by the complexity of certification, and by breaking down the process into manageable steps, this project successfully demystified halal certification for participants (Latif, 2021).

Despite the improvement in knowledge, the project also highlighted the persistent financial challenges faced by SMEs. While the workshops introduced financial options, such as microloans and potential subsidies, 40% of participants still identified financial constraints as a barrier. This suggests that, while awareness of funding opportunities increased, access to affordable financing remains limited. Policymakers should therefore consider introducing dedicated funding programs for halal certification, perhaps in the form of grants or low-interest loans specifically for SMEs in the halal food sector (Kamaruddin, 2022). Such policies would help alleviate the financial burden and encourage broader participation in the certification process. The complexity of the halal certification process was another major issue identified by the SMEs. While many participants felt more confident after the workshops, the fact that 50% initially found the process too complex indicates a need for broader institutional reforms. Streamlining the certification process, particularly for small enterprises, would help reduce the perceived difficulty. Digital platforms could play a crucial role here, enabling SMEs to submit applications, track progress, and receive real-time support (Rahman, 2021). A simplified digital application system could significantly reduce the administrative burden on SMEs and ensure that more businesses can navigate the certification process successfully.

Time constraints also remained a concern for many SME owners. While the training improved their preparedness, the lengthy certification process still poses a challenge, particularly for smaller businesses that lack the manpower to manage both day-to-day operations and the certification requirements. Policymakers could address this issue by introducing “fast-track”

certification options for SMEs that meet certain criteria, such as having smaller-scale operations or fewer employees (Hasan & Zain, 2020). This would allow smaller businesses to obtain certification more quickly, thereby reducing the time commitment and encouraging wider participation.

The benefits of halal certification, as seen through the results of this project, extend beyond religious compliance. Halal certification offers SMEs in Barlingmascakeb the opportunity to expand their market reach, both domestically and internationally. The project's success in getting 50% of participants to begin the certification process within two months indicates a growing recognition of the economic advantages that certification can bring. However, this also highlights the need for better support structures to help SMEs leverage their certification for market expansion, particularly in terms of export opportunities (Satria, 2021).

The need for ongoing support after certification was another key insight from the project. Many SME owners expressed concerns about maintaining halal certification in the long term, particularly with regard to compliance with evolving halal standards. Continuous government involvement, perhaps in the form of regular training sessions or post-certification audits, could help SMEs stay up to date with changing regulations and maintain their competitive edge (Yusuf & Ahmad, 2022). Providing incentives for consistent compliance, such as tax breaks or reduced audit fees, could further encourage SMEs to adhere to halal standards.

In summary, while the project made significant strides in increasing awareness and readiness among SMEs, it also highlighted several areas where further support is needed. Financial constraints, administrative complexity, and time consumption remain substantial barriers that require targeted policy interventions. By addressing these challenges through subsidy programs, streamlined processes, and ongoing compliance support, local authorities can ensure that more SMEs in Barlingmascakeb are able to obtain and maintain halal certification. This, in turn, would enhance their competitiveness in both local and international markets.

### ***3.3 Recommendation***

- 1. Subsidy Programs:** Governments should consider offering financial subsidies to SMEs for halal certification costs.
- 2. Microfinance Support:** Tailored financial products such as low-interest loans or grants for halal certification.
- 3. Simplification of Processes:** Create a digital platform to streamline the halal certification process for SMEs.
- 4. Mentorship Programs:** Encourage partnerships between large halal-certified businesses and SMEs to provide guidance and support.
- 5. Export Assistance Programs:** Provide marketing and logistical support to help certified SMEs access global halal markets.
- 6. Ongoing Compliance Support:** Balance regulatory audits with continuous educational programs to help SMEs maintain halal certification.

### **4. Conclusion**

The community service project focusing on halal food certification for SMEs in Barlingmascakeb successfully increased awareness, readiness, and understanding of the certification process among participants. The workshops and consultations revealed that a

significant knowledge gap existed, but with targeted education, 85% of the SMEs gained a clear understanding of the certification process. However, challenges such as financial constraints, the complexity of the process, and time consumption remain prominent obstacles for SMEs.

The project highlighted the need for broader institutional reforms, including the introduction of subsidy programs to alleviate financial burdens, simplifying the certification process through digital platforms, and offering ongoing support to ensure long-term compliance. While the workshops empowered many SMEs to initiate the certification process, further policy interventions are necessary to ensure wider participation and to maintain compliance over time.

Halal certification offers significant opportunities for SMEs in Barlingmascakeb, allowing them to tap into larger domestic and international markets. However, sustained efforts by both the government and halal certification bodies are required to address the barriers faced by SMEs and to support them in leveraging halal certification as a business growth strategy. By implementing the recommended policies and providing continuous support, SMEs in the region can become more competitive and benefit from the growing demand for halal products globally.

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