Awareness and willingness to apply for halal guarantee certification: a study of MSMEs assisted by baznas yogyakarta

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ABSTRACT

Lifestyle changes in a fast-paced direction require producers and consumers to be smart about it. Manufacturers are required to provide products with good quality, not only material but also a series of processes applied in the production process. Four aspects, namely awareness about halal assurance certification, commitment to halal certification, availability of resources, and the last aspect is governance, which is the key to these changes. Halal Assurance Certification is one of the indicators that a product meets the quality criteria as halal food that producers must meet. This study aims to determine the awareness and desire of MSMEs to meet the criteria to apply for Halal Assurance Certification. The variables in the questionnaire to be developed following 11 HC criteria, namely halal policy, halal management team, training and education, materials, products, production facilities, written procedures for critical activities, traceability, procedures for handling products that do not meet the criteria, internal audits, management reviews. Data analysis with descriptive statistical tests, using the Pearson Product Moment correlation coefficient to determine the relationship of the data obtained. Administrative requirements are something that needs to be considered. The limitations of human resources with odd job roles are also obstacles in implementing the administrative system. Those criteria are written procedure criteria for critical activities (WPCA), traceability (T), product handling procedures that do not meet the criteria (PH), internal audit (IA), and review management. The desire of MSMEs to apply for halal certificates is also at a high level. The relationship between consciousness and desire also enters into a strong and moderate relationship in administrative applications. With these conditions, MSMEs assisted by BAZNAS need assistance in applying for halal certificates.

Keywords: Halal Awareness, Halal Certification, MSMEs, Willingness

INTRODUCTION

The shift in consumer preferences towards products that intersect with halal-haram products is increasingly visible. A halal lifestyle with the consumption of halal products not only meets basic needs or physical needs but is more likely to meet consumers' emotional needs with Islamic values (Yoga, 2019). However, the significant increase in demand for halal products today is a lifestyle shift and not due to a change in awareness of faith and devotion (Borzooei & Asgari, 2013). However, this halal lifestyle can also be developed through the role of da'wah through education and literacy channels for the community (Saputri, 2020) The application of a halal lifestyle, one of which can refer to QS. Al-Maidah: 88 overviews Muslims consume halal and tayyib food to carry out Allah's commandments. Consuming halal food for a Muslim becomes part of worship. According to the research of (Golnaz et al., 2010) is also influenced by the positive attitude of the community, in this case, a positive perception of halal awareness. This means that all relevant parties must take positive action on halal products.

Quality products are not only materially material but also include various processes applied in the production process. Quality needs include products that will apply for halal certificates, especially those with a very high critical point. Awareness about halal assurance certification of both producers and
consumers is needed to respond to the development of regulations in Indonesia that state that all halal products must be halal certified. Along with the rule that all products must have halal certification, according to Law No. 33 of 2014 concerning Halal Product Guarantee, you must immediately prepare yourself as a manufacturer. As explained by Dr. Akhmad Akbar Susamto in sharianews.com, producers, in this case, MSMEs, especially food with meat raw materials, need to be prepared by paying attention to four aspects, namely awareness about halal assurance certification, commitment to halal certification, availability of resources, and the last aspect is governance. The existence of halal assurance certification becomes a guaranteed standard, whether a product is safe or not for consumption. For Indonesians, mostly Muslims, consuming food by the requirements set forth by religion is necessary. The Government protects the needs of these consumers with the Halal Product Guarantee Law. The guarantee of halal products is shown by the issuance of certification for circulating consumer products, food, cosmetics, and so on (Salamah et al., 2018).

The current market needs related to food products is the guarantee of product halalness. Demand development and the increase in the Muslim population are the largest market share for halal products (Baharuddin et al., 2015) Halal guarantee certification in Indonesia is issued through an MUI fatwa stating the halalness of a product with Islamic law. This certificate must include a halal label on the product packaging they issue (Waharini & Purwantini, 2018). Several conditions must be met to give this certificate, including (1) Before the manufacturer applies for a halal certification, they must first prepare a Halal Assurance System. A detailed explanation of the Halal Assurance System can refer to the Halal Assurance System (HAS) Preparation Handbook issued by LPPOM MUI. (2) Obliged to formally appoint a person or team of Internal Halal Auditors (IHA) responsible for ensuring halal production implementation. (3) Obliged to sign a willingness to be specified suddenly without prior notice by LPPOM MUI. (4) Make periodic reports every six months on implementing the Halal Assurance System. For MSMEs, essential information related to halal products within the business development framework is about producing halal food, preparation, processing, and storage. The need for information is regulated by institutions that hold the halal system (Baharuddin et al., 2015) MUI uses technology to facilitate and improve services in applying for halal guarantee certification, strengthens the law, and harmonizes with the national legal system (Krisharyanto et al., 2019). In addition, the readiness of top management, all elements in the organization, halal integrity, awareness about halal, and business benefits are expected to determine the success of implementing halal in MSMEs (Abu Bakar et al., 2019; Azmi et al., 2018).

Information about how to get it or even consumers can at least access checks about the correctness of the halal guarantee certificate indicated on the product. This is important because the potential for enacting the JPH Law raises the potential for abuse of existing HC, for example, using HC from other products or that has expired. Furthermore, the commitment to halal certificate consumers means they only use halal certified halal products (Liba et al., 2018). This commitment is accompanied by efforts to popularize what benefits consumers get when consuming halal-certified products. And the aspect of resource availability can mean the resources used to produce halal products derived from halal ingredients. The selection of these ingredients must be disseminated information, whether from pig products and derivatives, meat products due to the slaughter process, or other ingredients that use additional ingredients when further processed (Elias et al., 2016). From all these aspects, the sustainability of this movement and socializing halal lifestyle will bear fruit when the governance system supports it. The enactment of the JPH Law is, of course, support from the Government for the development of the halal industry, to be precise, and increases the competitive advantage of our products in the global market. Cooperation from various parties and stakeholders is needed so that this halal lifestyle is not only an obligation to obey the law but also becomes the culture or lifestyle of the Indonesian people.

For MSMEs, implementing a halal guarantee system is a challenge. BPS data revealed that the quantity of 57 million MSMEs in Indonesia that already have halal certificates is still minimal. Therefore, the Government is responsible for increasing the issuance of halal certificates for MSMEs so that income
from the halal food sector also increases. Food MSMEs that are members of the BAZNAS Merchant School (Sujarweni, 2016) also have a program towards halal assurance certification. However, what is their level of awareness and desire for HC submissions with some conditions that must be prepared in advance? Because of the lengthy submission procedure and the need for many documents with not a small amount of funds. Not only for the submission also includes preparations from MSMEs to meet the requirements for recipients of halal certificates, reducing the interest of MSMEs to apply for halal certificates (Waharini & Purwantini, 2018) Research on the awareness and willingness of HC submissions has also been conducted (Liba et al., 2018) in (Liba et al., 2018) (Aslan, 2016), in Turkey on awareness and willingness among non-Halal restaurateurs. The two studies have not discussed the eleven criteria required for halal certification in Indonesia, so this study is directed to meet this information.

RESEARCH METHOD

Materials

The object of the study was the participants of the Saudagar School, BAZNAS Yogyakarta City. They were food MSME beneficiaries of BAZNAS Yogyakarta. This study used questionnaires as tools. The data collection method in research activities aims to reveal facts about the variables studied. The required data will be summarized in a questionnaire developed to meet the halal assurance certification criteria requirements.

Methods

The stages carried out in this study are as follows (1) Questionnaire on the level of awareness and desire of MSMEs for HC, using the Likert scale for awareness and willingness. (2) Validity and reliability testing. The questionnaire was distributed to respondents by online methods through Whatsapp. (3) states the measurement/observation results you want to measure. Reliability is an index that shows the extent to which a measuring device is trustworthy or reliable. Once valid and reliable, the questionnaire was distributed to 57 respondents of MSMEs assisted by BAZNAS Yogyakarta.

Data Analysis

The data analysis stage with descriptive statistical tests, using the Pearson Product Moment correlation coefficient to determine the relationship between the data obtained. If the correlation is > 0, then the variable is positively correlated. And if < 0, then it correlates negatively.

RESULT AND DISCUSSION

The participants of the merchant school program as respondents as many as 57 people, have filled out a questionnaire of awareness and willingness to apply for a halal certificate. MSMEs that are incorporated include snack products, fried foods, culinary businesses, and food and beverage stalls. MSME Owners The validity and reliability test results show that the data obtained are all qualified to proceed for the next analysis. Variable awareness is developed from the awareness of MSME actors about halal requirements, which includes awareness of the need for halal policies, the need for a halal management team, the existence of a training and education process for all actors in MSMEs, the selection of appropriate materials, as well as products that meet the requirements for halal, production facilities, written procedures for critical activities, traceability, and the existence of product handling procedures that do not meet the criteria. Meanwhile, another variable of awareness is the need for internal audit and management review (Prabowo & Rahman, 2016). The background of MSMEs from the Education level is dominated by high school graduates, as much as 68.4%, followed by elementary/junior high school graduates, 21.1%. The most minimal are college graduates, 10.5%, as shown in Figure 1. Meanwhile, Figure 2 shows the age level of MSME owners, with a range of 41 to 50 years occupying the most position of 52.6%, followed by the age range of 31-40 years at 26.3%, with turnover below Rp 5,000,000/month for all respondents. (Lestari,
Nurainun, et al., (2021) found that the level of education is an inhibiting factor because, from this factor, the keywords are obtained about the qualifications and self-management of business owners or MSME actors. Meanwhile, age is not included in the obstacles to applying for a halal certificate.

Figure 1. Level of Education

Figure 2. Owner's age

The results of processing data on the awareness of MSMEs in applying for halal guarantee certificates are shown in Table I, showing that from the eleven criteria proposed, the administrative side, a level of awareness is one level lower than from the knowledge and insight. The assessment is divided into four parts: very unconscious, unconscious, aware, and highly aware. The results of the questionnaire showed that paying attention to critical activities and handling critical points for producing halal and tayyib products was at a conscious level. Eleven criteria of knowledge and insights include halal policy, halal management team, training and education, materials, products, and production facilities. Awareness of these requirements is very high for MSMEs assisted by BAZNAS Yogyakarta City. Literacy about halal has been widely carried out through religious study forums, so that information has been widely owned by MSME actors (Saputri, 2020). However, when entering into criteria such as written procedures for critical activities (WPCA), traceability (T), product handling procedures that do not meet the criteria (PH), Internal Audit (IA), and Review management, the level of awareness possessed is aware. This is to the results of the research of (Lestari, Nurainun, et al., 2021) about obstacles in the application of halal supply chains, namely consistency. The administrative stage is the most important in implementing the quality management system. The principle of the quality management system is to write down what is done and do what is written and be in a position to prove it (Dale, 1991). So in the quality management system, fulfilling this administration stage must be done consistently, eventually becoming a habit. For MSMEs, the potential to increase awareness can be done by carrying out training and socialization on the requirements of the halal and tayyib production process (Mahfudh et al., 2021). And the weakness of MSMEs is when dealing with administrative procedures, so they need habituation. In addition to this factor that is still at a conscious level is the ability to trace, although the raw material searcher is already highly aware. Because many MSME actors have not done recording, this level of traceability is still not optimal. Likewise, for the internal audit and management review departments, although the section believes in reviewing management as a business need, it is already at the Highly aware level.

The awareness that MSMEs already have regarding product requirements, appropriate materials, and the needs of the management team and accompanying policies, with training that supports the capabilities of MSME components, has been widely obtained through training. Merchant schools have provided a lot of training and knowledge to their participants about the requirements for applying for halal certification. The training, carried out regularly every month, is also attended by participants of merchant
schools in the active year (Sujarweni, 2016). In the application of halal certification, the awareness of business actors to find out the status of critical activities of the production process is very important. The production process uses ingredients that have a critical point, such as ingredients that must have a halal certificate logo, namely raw materials for meat, oil, fat, and alcohol (Baharuddin et al., 2015). The origin of the material supplier and the material production process do not yet have a clear halal logo to fulfill the concept of traceability (Ridwan, 2020). Traceability assures consumers that the process is based on each stage’s criteria. The passed process meets the requirements of good food quality and provides safety for its consumers (Omar & Jaafar, 2011). For MSMEs, this concept is still not optimal because the recording frequency is still lacking, assuming the capital carried out is still small, so there is no need for bookkeeping and other administrative activities. This is also influenced by educational background (Lestari, Nurainun, et al., 2021) and experience before becoming a business actor (Baharuddin et al., 2015).

Table I. Level of Awareness

| VARIABLE                              | MEAN | STD. DEV | Verbal interpretation |
|---------------------------------------|------|----------|-----------------------|
| **Halal policy (HP)**                 |      |          |                       |
| I understand about the halal policy   | 3.60 | .495     | Highly aware          |
| It is very important to make a halal policy | 3.70 | .462     | Highly aware          |
| **Halal management team (HMT)**      |      |          |                       |
| I understand the role of the halal management team | 3.54 | .503     | Highly aware          |
| Paying attention to personal placement in the halal management team | 3.39 | .491     | Highly aware          |
| **Training and education: (TE)**     |      |          |                       |
| I believe in the functions and benefits of training and education | 3.56 | .501     | Highly aware          |
| I pay attention to training and education needs. | 3.49 | .504     | Highly aware          |
| **Material (M)**                     |      |          |                       |
| I understand the need for halal and tayyib ingredients. | 3.63 | .487     | Highly aware          |
| I believe the choice of material is critical. | 3.75 | .434     | Highly aware          |
| I pay attention to the halal information of the materials I will produce | 3.61 | .491     | Highly aware          |
| I choose halal ingredients, and tayyib is part of halal awareness | 3.70 | .499     | Highly aware          |
| **Product (P)**                      |      |          |                       |
| I understand the halal and tayyib production process | 3.60 | .495     | Highly aware          |
| I believe the products I produce meet the requirements of halal and tayyib products. | 3.61 | .491     | Highly aware          |
| **Production Facilities (PF)**       |      |          |                       |
| I understand the requirements of qualified production facilities producing halal and tayyib products. | 3.47 | .504     | Highly aware          |
| I believe the production facilities I use are the requirements for producing halal and tayyib products | 3.47 | .504     | Highly aware          |
| **Written procedures for critical activities (WPCA)** |      |          |                       |
| I pay attention to activities with a critical point. | 3.14 | .398     | Aware                 |
| I believe the activity of the critical point is controlled to produce halal and tayyib products | 3.25 | .474     | Aware                 |
| **Traceability(T)**                  |      |          |                       |
| I understand the procedures for tracing in the production process. | 3.21 | .559     | Aware                 |
| I pay attention to every piece of information at the stage of the | 3.25 | .474     | Aware                 |
Because the awareness of MSMEs about knowledge of the halal application is already high, the desire to apply the concept is also high. Table II shows that MSMEs assisted by BAZNAS Yogyakarta City have strong desires. But of course, their limitations are an obstacle to applying for halal certificates for their products—for example, limited funding to meet the criteria for a good production facility. A separate production area with a household kitchen and a clean and tidy environment meets hygiene and sanitation requirements. It does not have the potential for cross-contamination with non-halal products (Ridwan, 2020). Even MSMEs also have a high desire to meet the requirements for halal certification from the administration department. Therefore, to reach this stage, MSMEs need assistance from halal assistance institutions. (Salamah et al., 2018) The assistance goes through several stages, from training and mentoring to preparing the required documents so that MSMEs are ready to apply (Ikawati et al., 2021)

### Table II. Level of Willingness to apply for halal certification

| VARIABLE                                                                 | MEAN  | STD. DEV | Verbal interpretation |
|--------------------------------------------------------------------------|-------|----------|-----------------------|
| Management will meet the requirements for submitting halal assurance certification | 3.42  | .533     | Very willing           |
| Management will make a halal policy                                       | 3.35  | .517     | Very willing           |
| Management will appoint a halal management team that knows the principles and application of halal. | 3.37  | .522     | Very willing           |
| Management will plan training and education programs                       | 3.44  | .501     | Very willing           |
| All employees will be trained and given knowledge about the application of halal | 3.53  | .504     | Very willing           |
| The materials used have been certified halal by manufacturers and suppliers. | 3.51  | .504     | Very willing           |
| There is a separation of halal and non-halal products                       | 3.54  | .569     | Very willing           |
| There is a separation of equipment and machinery used to process halal and non-halal food | 3.54  | .569     | Very willing           |
| There is a separation of halal and non-halal material areas                | 3.56  | .535     | Very willing           |
Materials, equipment, machinery, and production facilities must be free from dirt and unclean. The production site is built in an area of the site that is easy to reach, clean and safe. There is equipment to deal with pests or nuisance animals. There are built sewage treatment facilities. There is equipment to deal with pests or nuisance animals. There are prepared facilities and infrastructure as well as information for security, such as firefighters, hand sanitizers, and other occupational safety equipment. In the process of preparing the production area, it facilitates the process of sanitizing toilets, production rooms, and storage areas.

Table III. Correlation between the Level of Awareness and Level of Willingness MSMEs

| VARIABLE | MEAN | STD. DEV | Verbal interpretation |
|----------|------|----------|-----------------------|
| HP       | 3.70 | .462     | Very willing          |
| HMT      | 3.65 | .481     | Very willing          |
| TE       | 3.46 | .537     | Very willing          |
| M        | 3.51 | .539     | Very willing          |
| P        | 3.53 | .538     | Very willing          |
| PF       | 3.49 | .539     | Very willing          |
| WPCA     |      |          |                       |
| T        |      |          |                       |
| PH       |      |          |                       |
| IA       |      |          |                       |
| RM       |      |          |                       |

*Legend: 4.00-3.26: Very willing, 3.25-2.51: Willing, 2.50-1.76: Unwilling, 1.75-1.00: Very unwilling

As well as at the level of awareness, the relationship that is owned on awareness and desire to apply for a halal certificate is also influenced by the level of knowledge of MSMEs, shown in Table III. Relationships related to the realm of administration, training, and education, have a moderate relationship.
While knowledge of halal produces a strong relationship with the desire to apply for a halal certificate. So this is the concept of lifestyle that can be developed through religious forums (Lestari, Kurniawan, et al., 2021) for consumers and producers. Because producers can also act as consumers, this condition indicates that MSMEs participating in merchant schools are strongly motivated to apply for halal certification. The interview results also revealed that the biggest obstacles to MSMEs’ plans to apply for halal certificates were dominated by technical problems such as administrative completeness and completeness of production facilities that had met the requirements. Because most of them are dominated by MSMEs with food production, which in quantity is still relatively small with little workforce/operators, and the tasks carried out are more assembled, odd jobs, there is no significant job specialization. However, understanding and awareness are already possessed to wait for technical applications. The most needed for MSMEs to apply for halal assurance certification is the preparation of physical facilities that meet the criteria, separately from household and production kitchens.

CONCLUSION

MSMEs assisted by BAZNAS Yogyakarta City are mostly micro-entrepreneurs with a high school education background with an age range of 41-50 years. Business actors have a high awareness in the application of the requirements for applying for a halal certificate. Of the eleven criteria, administrative requirements are things that require attention. Limited human resources with odd jobs roles are also obstacles in the implementation of the administrative system, from the criteria of written procedures for critical activities (WPCA), traceability (T), product handling procedures that do not meet the criteria (PH), Internal Audit (IA), and Review management. The desire of MSMEs to apply for halal certificates is also at a high level. The relationship between consciousness and desire also enters into a very strong relationship and is moderate in administrative applications. With these conditions, BAZNAS-assisted MSMEs need assistance from a halal process assistance agency for submitting halal certificates.

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