

Analysis of Halal Certification Readiness Level and Strategy to Increase Competitiveness of MSMEs in Bangkalan Regency: Porter Diamond Model

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Article Info	ABSTRACT
Keywords: Competitiveness, Halal Criteria, Porter's Diamond Model, Halal Certification, MSMEs	<p>Bangkalan Regency is one of the districts in Indonesia where 98.86 of its population are Muslims. In addition, Bangkalan is also known as the City of Dhikr and Solawat. This shows that the production and availability of halal products are very urgent to be the main concern due to the strong identity of Islam. This study is expected to be able to measure the level of readiness of MSMEs in Bangkalan Regency to carry out halal certification and prepare strategies to increase competitiveness through a questionnaire that has been prepared, considering the potential of Bangkalan Regency as a Muslim region and has many superior MSMEs that are also export-oriented. The purpose of this study specifically is to analyze the level of readiness of MSMEs in Bangkalan Regency to carry out halal certification and prepare strategies to increase their competitiveness. This study is descriptive quantitative. The research technique is a survey using questionnaires and interviews as data collection tools in addition to literature studies. There are four MSMEs that are the samples of this study, namely Lamora MSMEs, sempeng cracker producers, Terung MSMEs, Budi Jaya MSMEs and Satru MSMEs. Employing a rigorous assessment methodology, this study utilized the Macroergonomic Organizational Questionnaire Survey (MOQS) and instruments derived from the LPPOM MUI Halal Assurance System's eleven criteria and Porter's Diamond Model to evaluate the preparedness of Micro, Small, and Medium Enterprises (MSMEs) for halal certification. The analysis reveals a spectrum of readiness, with Budi Jaya MSMEs, a processed salak producer, demonstrating the highest level of preparedness, while Lamora, Terung, and Satru MSMEs require strategic enhancements in various operational aspects to meet halal certification standards. Crucially, in anticipation of the JPH Law's enforcement, all assessed MSMEs are urged to proactively strengthen their halal branding, necessitating a concerted focus on facility upgrades, the sourcing of certified halal materials, and the refinement of overall product identity.</p>
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INTRODUCTION

The word 'halal' is currently a very popular word, not only known in Muslim countries but also known in countries with a majority non-Muslim population. Several non-Muslim countries that

have also long popularized the word halal include England, Germany and various other new countries . The popularity of the word halal is due to the rapid growth of sharia-based businesses. According to Bank Indonesia, world Muslim spending in 2019 increased by around 3.2 percent from the previous year to 2.02 trillion US dollars, estimated to be 2.4 trillion US dollars in 2024 . The word 'halal' comes from the Arabic word al-hal, which means al-ibahah, which is something that is permitted by sharia . Based on this meaning, the word 'halal' can be understood as (1) anything that causes someone not to be punished if they use it; (2) something that is permissible according to sharia. Based on the above understanding, it can be understood that the word 'halal' is associated with the permissibility of consuming or using various objects for physical purposes, whether in the form of food, medicine, plants and others.

A devout Muslim certainly maintains the halalness of the products he consumes. This proves his obedience to the teachings of religion which have clearly regulated this matter. Given the prevalence of widely available consumer goods, it is imperative for adherents of Islam to rigorously ascertain the permissibility of products according to religious dietary laws. The contemporary marketplace presents a challenge, as not all commodities conform to halal standards. This non-conformity may stem from production methodologies or the incorporation of components deemed impermissible under Islamic precepts. Therefore the responsibility of the consumer. The government is expected to be present in providing halal guarantees for products consumed by its people.

The Indonesian government's commitment to ensuring the consistent availability of halal products for public consumption and use is demonstrably evidenced by the formation of the Halal Product Guarantee Agency (BPJH) under the Ministry of Religion. This initiative serves to bolster consumer confidence, provide security, and enhance product safety. The measure gives added values, also to increase the business actors' capacity. The enactment of Law Number 33 of 2014 (UU-JPH) further solidifies this commitment, providing a robust legal framework, through the mandate of BPJH that underscore the significance of Halal certification. According to Prabowo (2016), the availability of halal standardized products in the market can increase the competitiveness and added value of the product itself.

Empirically, Bakhri (2020) proved that business income from MSME actors in Cirebon increased after their products were halal certified . Products that are legally certified halal by the government can be one strategy to increase product competitiveness and also in the main goal of increasing turnover or business profits. In addition, products that have been certified halal will tend to control consumer decisions to buy and choose the product . In order for a product to be certified halal, a company needs a management team tasked with planning and actualizing the production system so that its products meet halal standards.

In an effort to increase the scale of the business, The possession of halal certification holds significant, and arguably indispensable, importance within the realm of commerce, particularly in geographical regions or market sectors characterized by a predominantly Muslim demographic. In such contexts, the absence of recognized halal accreditation may represent a substantial impediment to market access and consumer trust, thereby demonstrating its crucial value, such as in most parts of Indonesia. Bangkalan Regency is one

of the districts in Indonesia with 98.86 of its population being Muslim. In addition, Bangkalan is also known as the City of Dhikr and Solawat . This shows that the production and availability of halal products are very urgent to be a primary concern due to the strong identity of Islam.

Based on BPS Bangkalan Regency census data (2016), there were 107 thousand UMKMB (Micro, Small, Medium and Large Enterprises) companies that were listed (registration results) by BPS. As much as 99.57 percent are classified as UMK (Micro and Small Enterprises) or around 106 thousand companies, the rest are included in the UMB (Medium and Large Enterprises) category. With the number of UMK and UMB, improving quality through various economic indicators is important to improve the economics of scope and economics of scale. Therefore, this study will measure the extent to which the level of readiness of UMKM in Bangkalan Regency to carry out halal certification and prepare strategies to increase competitiveness considering the potential of Bangkalan Regency as a Muslim region and has many superior UMKM that are also export-oriented.

METHODS

Research Location and Time

This research was conducted in 4 leading MSMEs in Bangkalan Regency. The reason for choosing the research location was because the workers in the 4 MSMEs were quite large and also facilitated research access so that the number of samples could be increased. The research time was from September 2022 to November 2022.

Type of Research

This study, examining the preparedness of Micro, Small, and Medium Enterprises (MSMEs) in the Bangkalan region for halal certification and the implementation of a halal product assurance system, employs a descriptive methodological approach. Fundamentally, descriptive research endeavors to provide a comprehensive and precise account of the existing attributes and features associated with a specific phenomenon or defined group, offering a systematic, factual, and detailed portrayal of the subject under investigation. (Sinulingga, 2016).

Research Object

The research employs a non-random selection approach known as Purposive Sampling. This technique deliberately selects participants, not arbitrarily, but due to their predetermined criteria. The criteria for the participant is that the possession of specialized insights, practical involvement, or a distinct status renders specific individuals or collectives uniquely qualified to provide the necessary data. Essentially, the authority or in-depth understanding held by these chosen participants is deemed crucial for the integrity and relevance of the information gathered (Sinulingga, 2016). Based on the explanation of the Sampling Technique above, the subjects in the study of the Analysis of the Readiness of MSMEs in the Bangkalan Region in implementing halal certification and halal product assurance systems are the 4 MSME business actors. Crucially, individuals holding pivotal roles within Micro, Small, and Medium Enterprises (MSMEs) warrant particular attention. This encompasses not only the proprietor but also key personnel embedded within core operational units. These

units, including but not limited to procurement, manufacturing, inventory management, sales and promotion, and any additional departments designated as essential based on prior organizational structuring, are fundamentally reliant on the expertise and decisions of these specific staff members.

Research Variables

The variables in this study are divided into several variables, namely:

1. Condition of MSMEs

The condition of the MSMEs studied is all situations or conditions that exist and occur in MSMEs when observations are being made. The condition of MSMEs can affect readiness to obtain halal certification. The conditions of MSMEs reviewed are:

- a. 11 SJH Criteria

The LPPOM MUI's eleven Standards of Halal Assurance Readiness encompass a comprehensive framework for evaluating halal certification preparedness in Micro, Small, and Medium Enterprises. This framework mandates the establishment of formalized halal policies, the designation of dedicated halal oversight personnel, and the implementation of structured competency development programs. Furthermore, it necessitates rigorous scrutiny of all inputs, outputs, and manufacturing infrastructure, alongside documented protocols for pivotal operational processes. The capacity for comprehensive product provenance verification, coupled with protocols for managing non-compliant items, is crucial. The system is completed by mandatory internal compliance assessments and overarching leadership evaluations, serving as the core elements, those will be used for the research questionnaire.

- b. Competitiveness

The competitiveness of an MSME can be reviewed from several aspects, A nation's competitive advantage is profoundly shaped by a confluence of tangible and intangible elements. The tangible realm encompasses the prerequisites for production, including existing infrastructural frameworks and resource availability, alongside the prevailing market forces of supply and customer requirements. Crucially, the presence of robust, interconnected ancillary sectors is vital, as is a strategic environment that fosters both competition and collaboration. Concurrently, the intangible realm centers on the caliber of the human capital, encompassing the skill and dedication of the workforce, the integrity and vision of the political and administrative class, the dynamism of those that built, and the expertise of the knowledge-based specialists are all paramount

2. Halal Certification Readiness

Halal certification readiness in MSMEs is seen by reviewing the actual conditions of the MSMEs studied and reviewed using the 11 SJH criteria according to LPPOM MUI. These criteria will be included in the research questionnaire.

RESULTS AND DISCUSSION

The Macroergonomic Organizational Questionnaire Survey (MOQS) represents a prevalent assessment instrument within industrial contexts, employed to gather data pertaining to organizational structures, operational conditions, task specifics, environmental factors,

equipment utilization, and workforce attributes. This particular research endeavor utilized a MOQS-based questionnaire to evaluate the preparedness for Halal Certification. Dissemination of this survey instrument was specifically aimed at quantifying the degree to which Micro, Small, and Medium Enterprises (MSMEs) were positioned to secure Halal certification, benchmarked against a framework of eleven distinct criteria established by LPPOM MUI. These evaluative elements include Halal Assurance System, covering Halal policy adherence, efficacy of the Halal Management Team, implementation of training and education initiatives, sourcing of materials, characteristics of the end products, adequacy of production facilities, formalization of critical operational procedures, capability for product tracing, protocols for handling non-compliant products, internal audit mechanisms, and the undertaking of regular management reviews.

Variabel	Atribut	UMKM Lamora	UMKM Terung	UMKM Budi Jaya Olahan Salak	UMKM Satru
Kebijakan Halal	KHa	1	1	2	1
	KHb	2	1	2	1
Tim Manajemen Halal	TMHa	1	1	1	1
	TMHb	1	1	1	1
	TMHc	1	1	1	1
	TMHd	1	1	1	1
Pelatihan dan Edukasi	PEa	1	1	1	1
	PEb	1	1	1	1
	PEc	2	1	2	1
	PEd	2	1	2	1
	PEe	2	1	2	1
	PEf	1	1	2	1
	PEg	1	1	2	1
	PEh	1	1	1	1
Bahan	Ba	3	2	3	2
	Bb	2	1	2	1
Produk	Pa	3	3	3	3
	Pb	3	3	2	3
Fasilitas Produksi	FPb	3	3	3	3
	FPc	3	1	3	3
	FPd	3	3	3	3
	FPf	3	3	3	3
Prosedur Tertulis untuk Aktivitas Kritis	PT1a	3	1	1	1
	PT2a	1	1	1	1
	PT3a	2	1	1	1
	PT4a	1	1	3	1
	PT5a	1	1	3	1
	PT6a	1	1	3	1
	PT6b	3	2	3	3
	PT7a	1	1	3	1
Kemampuan Telusur	PT7b	3	3	3	3
	KTa	1	1	2	1
Penanganan Produk yang Tidak Memenuhi Kriteria	KTb	2	2	3	2
	PTMKa	3	3	3	3
Audit Internal	PTMKb	1	1	1	1
	Ala	1	1	1	1
	Alb	1	1	1	1
	Alc	0	0	0	0
	Ald	0	0	0	0
	Alf	1	1	1	1
Kaji Ulang Manajemen	KUMa	1	1	3	1
	KUMb	1	1	3	1
Total		69	57	82	60
Rangking		2	4	1	3

Based on the results of the recapitulation of the distribution of questionnaires to 4 MSMEs studied by the researcher, it can be obtained that the Budi Jaya Olahan Salak MSME is an MSME that has not been halal certified, but is the most ready to apply for certification. Budi Jaya MSME obtained a total score of 82 and was the first informant in this study.

In the 4 MSMEs above, when viewed from the 11 criteria of the Halal Assurance System from LPPOM MUI, the following are: In the Halal Policy criteria, 4 MSMEs are good, this is reflected in the production process carried out by the MSME. All MSMEs are always consistent and ensure that the products produced are always halal. The MSME owner also instructed all workers, both in production and distribution, to always maintain the cleanliness and halalness of the products produced. However, the halal commitment has not been written down as a standard procedure. In the Halal Management Team criteria, MSMEs still do not have a team that has the authority, duties, and responsibilities related to the running of all activities and also the production process so that they run in accordance with the rules and can maintain the company's halal commitment.

In the Training and Education criteria, MSME owners and workers have never attended training and there are no procedures related to training or education. In the Material criteria, MSMEs use raw materials that are known to be halal. In the Product criteria, MSMEs do not use names, shapes, aromas, smells, and also tastes that lead to something/products that are unclean or haram. In the Production Facility criteria, MSMEs always maintain the cleanliness of the tools used. The production facilities used are always monitored and maintained to avoid dirt or filth. The equipment used is also not made of something that is suspected, for example brushes made of questionable animal hair.

All facilities in MSMEs are dedicated to producing only halal products. After the production process is completed in each shift, all equipment is cleaned in a specially provided place and also using clean running water and washing soap. In the Written Procedures for Critical Activities criteria, MSMEs do not have procedures or rules for selecting new materials. However, the materials to be used by MSMEs are always guaranteed and maintained in terms of quality and halalness. For storage, all products that have been packaged are immediately taken to the sales area to be sold. Regarding traceability standards, Micro, Small, and Medium Enterprises (MSMEs) currently lack formalized protocols for comprehensive product tracking. Nevertheless, a critical mitigating factor is that the raw materials incorporated into the MSMEs' production processes are sourced from demonstrably halal origins, offering an existing degree of upstream traceability. Consequently, although end-to-end product traceability procedures are deficient, MSMEs do not provide procedures for selecting new materials and procedures for handling products that do not meet halal criteria. In the Internal Data Audit criteria, MSMEs do not yet have procedures related to internal audits that discuss and cover internal halal audits. In the Management Review criteria, MSMEs have not conducted management reviews either monthly or annually.

CONCLUSION

After an assessment of 4 MSMEs, it was found that UD. Among the assessed Micro, Small, and Medium Enterprises (MSMEs), Budi Jaya MSME demonstrates the highest degree of

compliance readiness for halal certification. In contrast, Lamora MSME, Terung MSME, and Satru MSME exhibit deficiencies requiring remediation. To effectively address the mandates of Law No. 33 of 2014 (JPH Law), all the mentioned MSMEs should prioritize the enhancement of product branding through Halal certification. Crucially, a strategic approach is needed from these MSMEs, encompassing infrastructural upgrades, the adoption of certified halal materials, and the reinforcement of a distinct and compliant product identity.

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