

MSME Product Quality Assistance through Halal Product Assurance Certification in Gondang Kulon Nganjuk Village

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Abstract: The purpose of this KKN activity is to provide training on the promotion and management of halal certification for MSMEs in GondangKulon village, Nganjuk Regency. The purpose of this analysis is to provide an understanding of the importance of registering a business and the benefits of halal certificates for its business products. This KKN activity consists of 2 types of implementation of halal certification assistance for business actors as well as submission of halal certification documents to SIHALAL UINSA and socialization of product promotion through marketing with E-Commerce in Gondangkulon Village, Nganjuk Regency. This type of research is qualitative and the method of this study uses ABCD, using 3 stages of data collection, namely interviews, observation and documentation. The result of this activity is the awareness of partner business units to implement a halal assurance system in their business and the registration of business units in the halal certification process to Si Halal.

Keywords: Assistance, Halal Assurance System, Halal Certification

1. Introduction

Food is an important basic need that must be met for living things. There are several considerations that must be met in the selection of food to be consumed, one of which and the most supportive to choose the food is the issue of the taste of the food, to sometimes neglect the halal aspect of the food. Muslim consumers should prioritize food with guaranteed halal aspects according to Islamic sharia guidelines, because the halal aspects of food consumed also contain spiritual values in themselves, and Islam has also regulated signs or provisions related to halal and haram food to be consumed. The high natural wealth of Indonesia which is abundant but not accompanied by adequate utilization of potential causes hampering product processing so that it also hampers its distribution. Therefore, the government established the Creative Economy Agency (BEK) as a form of preparation to face the ASEAN Economic Community (AEC). Now it is entering the era of Creative Economy and has begun to be socialized to remote villages to increase the value of a product and expand distribution networks. This of course must be supported by the role of the community and also institutions that oversee or have a role in improving the Creative Economy.

To be able to sell products abroad, of course, all business licenses must be fulfilled first so that there are no obstacles in the distribution of a product for example such as NIB (business master number), halal certificate and BPOM RI. MSME actors are required to have an NIB (business identification number) as initial capital in launching their business/business. The next thing to ensure the quality of a product is that a halal certificate is needed. The government

requires halal certificates for MSMEs which were originally voluntary, it is stated in Law No. 33 of 2014 concerning Halal Product Assurance where the possession of halal certification referred to as a halal certificate is part of the activity process the aim is to ensure the halal nature of the product which involves the purchase of raw materials, delivery of materials, processing processes, storage, packaging, sales for product presentation. With the existence of a halal certificate will convince consumers of the quality of a product.

Based on a report by the Ministry of Finance (2023), it is known that Indonesia has 65 million MSMEs, but only 5.8% or around 650,000 have halal certification. The lack of awareness of MSMEs on the management of halal certification is based on the lack of socialization and understanding of the mechanism in applying for halal certification. this is justified by the situation in the field, in general the problems faced by MSME actors which will be described in several points, as follows: (1) lack of information about the importance of halal certification for a product and the impact of halal certification, (2) lack of a strong desire to improve MSME product assurance, (3) a lot of MSME actors do not know how to apply for halal certification, (4) some MSME actors do not even have NIB as the main requirement before applying for halal certification. From this description, it is hypothesized that MSME actors do not know about the importance of halal certification.

The purpose of halal certification is essentially to protect the rights of consumers, especially Muslim consumers. This is to determine whether or not a product is eligible to get halal certification. The benefits of halal certificates basically have urgency including the interests of consumers themselves, business actors and also the interests of the government. In addition to eliminating consumer doubts about the halalness of the product, on the other hand, it guarantees the use of product raw materials so as not to misuse raw materials that will harm consumers and of course the product itself. In line with the improvement of the creative economy and the development of village potential through the mandatory implementation of halal certification for MSME players, it aims to ensure product quality and expand distribution to the ASEAN free market. MSMEs (Micro, Small and Medium Enterprises) are a milestone of the national economy that increases economic growth and employment. MSMEs are one of the business units that often intersect with people at various levels. Based on data collected from the Surabaya City Industry and Trade Office, there are at least 1547 MSMEs with food and beverage products spread throughout the country.

The large number of products in circulation and frequent contact with various levels of society encourage supervision and assistance related to the feasibility, cleanliness, and halal of MSME products in the food sector. In addition to mentoring, certification is also carried out with various achievement parameters. The certification is carried out by government agencies, in the halal aspect, for example, MUI with LPPOM is a forum for halal coaching and certification for community business units to get assurance of halal products. Halal assurance of a food product today is an issue that cannot be ignored for most regions in Indonesia. One example is what happened in the West Kalimantan area, where MSME products that have been halal-certified are still low. After further analysis, this can occur due to the lack of socialization and understanding of food business actors related to the mechanism of halal product production and the Halal Product Guarantee Law. These two things are one of the important aspects of halal certification.

So that activities in the form of increasing the understanding of MSMEs in Surabaya about Halal Principles to support the optimization of Halal Certification and realizing food MSME products in the Halal Thayyiban area through a series of synergistic and sustainable activities, are very important and urgent. ¹The strategy for implementing these activities is (1) providing assistance on halal rules for MSMEs in Nganjuk. includes mechanisms for selecting

¹ Mulyaningsih, Y., (2009). Halal Product Business Opportunities in the Global Market. Jakarta: LIPI Economic Research Center.

raw materials, processing processes, and other halal rules through direct presentations, seminars and distribution of literature on halal rules; (2) conduct assistance and material for Halal Certification and Sustainable Control of MSMEs that have been fostered, with synergistic cooperation between the University Halal Study Center, the Cooperative Office and regional MSMEs and the Halal Testing Institute.² Therefore, the purpose of this activity is to increase the understanding of MSMEs in Nganjuk regarding Halal Rules, including the mechanism for selecting raw materials, processing processes, and other halal rules to support the optimization of Halal Certification; and (2) realizing food MSME products in Nganjuk that are Halalan.

Halal products are all goods and services related to food, beverages, drugs, cosmetics, chemical products, biological products, genetically modified products and use goods used, used or utilized by the community that have been declared halal in accordance with Islamic law. Halal Product Process (PPH) is an activity to ensure halal products which includes the provision of ingredients, processing, storage, packaging, distribution, sale and presentation of products (Law No. 33 of 2014). With the enactment of the Law, in 2019 it is expected that every product circulating in Indonesia has been certified Halal, including MSMEs (Micro, Small and Medium Enterprises). Nganjuk has the potential for a variety of MSMEs with the largest number of units in Indonesia. Based on data from the Nganjuk Cooperative and MSME Office (2015), the largest contribution of MSMEs in terms of the number of businesses is 101,588 units (99.9%), labor absorption is 616,184 people (96.78%), added value contribution is 39.9% and the formation of non-oil and gas GDP is 60.85%. In addition, Indonesia is a strategic region located between the centers of world trade, with the largest Muslim population in the world at 216 million people (86.1%). Another supporting parameter is the largest expenditure from the food sector, which is 197 billion USD or about 18% of global expenditure of the food sector. Therefore, Indonesia is a very promising region for the global market and instruments are needed to protect domestic products.

Most MSMEs in East Java Province are culinary businesses, especially Tembalang District which is growing rapidly in the food industry. The problem faced by these MSMEs is the availability of raw materials that are highly dependent on the market. This is because there is no raw material storage unit that can guarantee the stock of materials during the production and marketing process. In addition, other problems related to the implementation of Law no. 3 of 2014 are that the products sold do not have halal certification, there is no halal supervisor from MSMEs, there is no knowledge about Halal Assurance Management and the halal certification process itself. With these problems, a solution step is needed, namely assistance in Halal Assurance Management for MSMEs. Halal products produced must also meet Islamic law, namely hygiene, quality, and safety of the production process must be under the halal quality management system. Cleanliness is important in halal studies including personal hygiene, clothing, equipment, production sites, and production processes. This is to ensure the product is safe for consumption.

Here, the context of halal food products is products that are free from unclean or contamination, and are fulfilled as halal thoyiban products. Therefore, circulating products must have halal certificates to guarantee the halalness of their products. The objectives of this activity are (1) increasing the understanding of MSMEs in Surabaya regarding halal rules, and (2) realizing MSME food products in accordance with halal thoyiban rules through mentoring, socialization, and halal certification activities. Therefore, it is necessary to carry out activities to increase the understanding of MSMEs in Nganjuk regarding halal rules to guarantee the ownership of halal certificates and realize food production results in Nganjuk thoyiban halal standard rules. A series of halal quality assurance activities carried out. First, providing assistance on halal principles, such as raw material selection mechanisms, processing

² Chairunnisyah, S., (2017). The Role of the Indonesian Ulema Council in Issuing Halal Certificates on Food and Cosmetic Products. *Journal of Education and Social Sciences*,

processes, financial management, and halal regulations carried out through presentations and workshops. Second, providing assistance in filling out halal certification and sustainable control of assisted MSMEs through collaboration between the Center for Halal Studies UIN Sunan Ampel Surabaya, the Halal Testing Institute, and related MSMEs.

2. Result

Halal in the encyclopedia of Islamic law is anything that causes a person not to be punished if he uses it. Halal food is food that meets Islamic religious law both in terms of raw materials, additives used and how to produce so that the food can be consumed by Muslims without causing sin. The determination of halal and haram is only by Allah SWT (Dahlan, 1996). Islam underlines that all Muslims living on this earth should seek sustenance which is *halal* and *ṭayyib*. They should eat halal food and avoid eating dirty food and food forbidden in Islam so that it will not damage their body. Therefore, the concept of *halalan tayyiban* means usability, which consists of quality, cleanliness and safety for all. Forbidden foods include carrion, blood, pigs, and animals that when slaughtered mention anything other than the name of Allah. Carcasses are animals that die without slaughter, including animals that die suffocated, beaten, fall, horned and pounced on by wild animals, except those that have been slaughtered. Only fish carcasses and grasshoppers are allowed to eat. Blood, often also termed flowing blood, means blood that comes out at the time of slaughter, Whatever comes from a pig is haram both blood, flesh, and bones. Animals that when slaughtered mention anything other than the name of Allah are also unclean food. In terms of food, there are actually two definitions that we can categorize as halal, namely halal in getting it and halal *dzat* or substance of goods. Halal in obtaining it means being right in seeking and obtaining it. Not in an illegal way nor in a vanity way (Mulyaningsih, 2009).

Halal Certification

Halal certification is a certification issued by the Institute for the Assessment of Food, Drugs and Cosmetics of the Indonesian Ulema Council (LPPOM-MUI) which states that a product is in accordance with Islamic law. According to Sugijanto, there are two reasons for the importance of halal certification. First, on the moral aspect, halal certificates as a form of producer accountability to consumers. Second, in the business aspect, halal certificate as a means of marketing, increasing consumer trust and satisfaction. Labeling packaged food aims to make the public obtain true and clear information on each packaged food product, both regarding origin, safety, quality, nutritional content, and other necessary information. Especially the inclusion of halal labels is intended to protect people who are Muslim to avoid consuming food products that are not halal. With halal labeling, it can be used as a sign that makes it easier for consumers to choose food products to be consumed (Chairunnisya, 2017). As an institution formed by MUI, LPPOM MUI does not run alone. The two have a close relationship in issuing decisions. Halal Certificate is a step that has been successfully carried out to date. In it is written MUI fatwa which states the halalness of a product in accordance with Islamic law and is a requirement for the inclusion of halal labels (MUI, 2003).

The halal certificate is valid for two years and can be renewed for the same period of time. Every business actor who has obtained a halal certificate for their products includes halal information or writing and certificate numbers on the label of each product packaging. During the validity period of the halal certificate, the company must be able to guarantee that all changes in terms of the use of materials, suppliers, and process technology can only be done with the knowledge of LPPOM MUI which issued the halal certificate. The guarantee is outlined in a system called the Halal Assurance System (SJH). SJH is made by the company based on a guidebook issued by LPPOM MUI (Sofyan, 2014).

Small, Micro, and Secondary Businesses

In Chapter I article 1 of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), what is meant by Micro, Small and Medium Enterprises is a productive business owned by individuals and / or individual business entities that meet the criteria for Micro Enterprises as stipulated in this Law. Small Business is a productive economic business that stands alone, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part either directly or indirectly of Medium Enterprises or Large Enterprises that meet the criteria for Small Businesses as referred to in this Law. While medium enterprises are productive economic businesses that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part either directly or indirectly with Small Businesses or Large Enterprises with total net worth or annual sales proceeds as stipulated in this Law (Utomo, 2017). Based on the definition above, in essence, Micro, Small and Medium Enterprises are a form of productive economic business carried out by individuals or individual business entities that meet the criteria for Micro, Small and Medium Enterprises (Anggraeni, et al., 2009)

Research Results

The implementation of UINSA group 38 KKN activities will be carried out from July 17, 2023 to August 25, 2022. KKN group 141 uses the ABCD (Asset Based Communities Development community) method. This approach emphasizes the inventory of assets contained in the community that are seen as supporting community empowerment activities that take place in Gondang Kulon Village, Gondang District, Nganjuk Regency. The following are the stages of service with the ABCD method contained in 5 (five) steps of assistance, namely discovery, dream, design, define, and destiny.

1. Discovery (find)

At this stage, the extent to which MSME assets owned by Gondang Kulon Village in meeting the competence of MSMEs that have not been certified Halal in accordance with government regulations on Products circulating and traded in Indonesia must be halal certified. Law Number 33 of 2014 concerning Halal Product Assurance as amended by Law Number 11 of 2020 concerning Job Creation requires processed products of micro, small and medium enterprises (MSMEs) to be halal-certified. In this stage, data are obtained including. Data was obtained that there are 5 MSMEs that have not been certified halal in Gondang Kulon Village, including marning (snacks made from peanuts). Soy Milk (Drink milk from soy juice). Dumbleg (Food that has a sweet and legit taste is made from rice flour, Javanese sugar and coconut milk). Sinom (Sinom drink is a tamarind leaf that is still young and usually mixed with various other ingredients. Such as ginger, turmeric, cinnamon, cardamom, and white sugar or brown sugar as sweeteners). The marketing of the five MSMEs varies, from selling around to receiving orders from local residents.

1. Dream (Impian)

At this stage, the formulation of targets to be achieved is related to the fulfillment of the competence of Halal-certified MSMEs. KKN students under the guidance of DPL held discussions with four business actors to determine the targeted achievements. The achievement indicator refers to . Law Number 33 of 2014 concerning Halal Product Assurance as amended by Law Number 11 of 2020 concerning Job Creation requires processed products of micro, small and medium enterprises (MSMEs) to be halal-certified. From the results of the discussion, several strategic plans were obtained, which were based, including holding socialization with the residents of Gondang Kulon Village regarding the importance of halal certificates today because there are government regulations related to this. Providing assistance to MSMEs that have not been certified halal, in this case there are 4 MSMEs that need to be assisted by students

and DPL. Helping to develop more modern marketing strategies to expand sales and increase income for local MSMEs.

2. Design (Merancang)

After the identification of assets and the formulation of a strategic plan, the next stage is to design the program to be carried out. In this stage, discussions were again held between the implementers, in this case, students participating in KKN together with MSME business actors. From the results of the discussion, a formulation was obtained in the form of stages of activities to be carried out in fulfilling the planning that had been prepared previously. In relation to the first formulation, namely socialization about "The importance of halal certification today", the initial stage that will be carried out is to ensure that all people of Gondang Kulon Village are present and participate in the socialization. Furthermore, we record MSMEs that have not been certified halal, at this stage discussions are held with MSME business actors in Gondang Kulon Village who need assistance so that their products can be certified halal as well. In the next stage, halal certification assistance is carried out until business actors get a halal certificate from the Government. In relation to the second plan, provide assistance to business actors who have not received halal certification. This is done to help business actors get Halal certificates. The third plan is to re-hold a Discussion Group Forum with business actors to discuss marketing MSME products using social media or E-Commerce such as (Shopee, Tokopedia, Tiktok).

3. Define (Menentukan)

After designing the stages to be implemented to achieve the goals, the next stage is to determine the details of the implementation related to the time and job description of each party. These stages are carried out within the time span of the implementation of KKN UIN Sunan Ampel Surabaya.

4. Destiny (Lakukan)

The following are the technical stages carried out in the process of assisting the quality of MSME products through halal product assurance certification in Gondang Kulon Nganjuk Village. The socialization of Halal Assurance Certification according to the target formulated in the dream stage, socialization is carried out to provide education about the importance of halal certification today. To carry out this socialization, students collaborate with local village officials to gather people who have MSME businesses. KKN students in the guidance of DPL conduct socialization to the community, especially to business actors who do not have a halal certificate. Previously, students had made an approach with the community to inform them of the socialization. Students facilitate the implementation of socialization and facilitate the submission of halal certificates. To ensure that socialization is carried out in discussion with business actors, students provide assistance by providing explanations about the importance of halal certificates today. Students also accompany and facilitate the submission of the certificate. Data collection of business actors is carried out to ensure that there are business actors who have not received a halal certificate so that they can be assisted and focus on submitting the certificate. Halal Product Competence At this stage, students discuss with MSME business actors, who do not yet have a Halal certificate. The discussion themes were directed at fulfilling halal product competencies, marketing with e-commerce, and the stages of halal certification assistance. The discussion was held at the pavilion of the Gondang kulon village office. The discussion process went well, business actors have the openness to receive input from students. Marketing Strategy. In this stage, discussions were held on the preparation of marketing strategic plans using e-commerce. Students act as facilitators in the discussion activities. From the results of the discussion has been compiled and the results of the discussion are given to business actors to be used as references.

Of all the stages of service that have been carried out, students provide assistance until MSMEs actually get halal certificates as a form of student assistance to business actors. And the results of the marketing strategy are also felt to be very helpful for selling MSME products in Gondang Kulon Village, Nganjuk.

3. Conclusion

Halal food is food that meets Islamic religious law both in terms of raw materials, additives used and how to produce so that the food can be consumed by Muslims without causing sin. According to Sugijanto, there are two reasons for the importance of halal certification. First, on the moral aspect, halal certificates as a form of producer accountability to consumers. Second, in the business aspect, halal certificate as a means of marketing, increasing consumer trust and satisfaction. Furthermore, the third stage is Design, in this stage discussions are again held between the implementers and in this case students participating in KKN together with MSME business actors. From the results of the discussion, a formulation was obtained in the form of stages of activities to be carried out in fulfilling the planning that had been prepared previously. In the fourth stage, namely Define, after designing the stages to be implemented to achieve the goals, the next stage is to determine the details of the implementation related to the time and job description of each party. These stages are carried out within the time frame of the implementation of KKN UIN Sunan Ampel Surabaya. The last stage in this research is Destiny (do) at this stage there are several results, namely as follows; Implementation of socialization of Halal Assurance Certification, Socialization Mechanism, Halal Product Competence and Marketing Strategy. Mentoring activities are in accordance with the technical certification of the halal product assurance system in MSMEs Gondang Kulon so that it can help business actors obtain halal certificates through the implementation of the halal product assurance system in MSMEs. Consistency and commitment from business actors are needed to produce halal products consistently.

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