

MSMEs Rises to the Next Level with Halal Certification by Muhammadiyah Business Actors in Candi Sidoarjo Branch

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ABSTRACT

Objective: This study aims to emphasize the crucial role of halal certification programs in advancing micro, small, and medium enterprises (MSMEs) to the next level. MSME development is an indicator of increased productivity, ensuring sustainable marketing. Halal certification serves as an effective communication tool for consumers to identify halal products, aligning with the mandates of Indonesian Law Number 33 of 2014 on Halal Product Assurance. **Method:** The community service initiative was conducted in the Candi District, Sidoarjo Regency, targeting MSMEs in collaboration with Muhammadiyah Candi branch members. The program included two main stages: socialization and assistance. Socialization sessions were held at Kedung Peluk Village's BUMDes and covered the Islamic perspective on halal, relevant regulations, the halal certification application process via the information system <http://ptsp.halal.go.id>, Halal Product Assurance System (SJPH) documentation, and practices to maintain product halal status. **Results:** As a result of the initiative, MSME participants gained comprehensive knowledge about the halal certification application process, familiarity with the information system used for application, and the ability to prepare and manage SJPH documentation to ensure their products' halal status. **Novelty:** This program uniquely combines practical assistance and educational outreach tailored for MSMEs in a specific local context. By addressing gaps in awareness and procedural knowledge about halal certification, the initiative not only bridges informational divides but also empowers MSMEs to align with national halal product assurance regulations effectively.

INTRODUCTION

The Muhammadiyah Candi Branch Leadership is located in the Sidoarjo Regency, East Java. The geographical location of the Candi branch is divided into two parts; the southern part of Sidoarjo, which includes the village of Durung Beduk, is an agricultural area where the majority of the population are farmers or work in factories as employees. The eastern part includes the villages of Kedung Peluk, Picis, and Balongdowo, which are coastal areas where most of the population earn their livelihoods as fishermen or process marine products such as making fish crackers, seafood dishes, and even cakes made from marine ingredients.

Starting from the background of the community's livelihoods, the leadership of the Muhammadiyah Candi Branch, through its Economic Council, has mapped and accommodated its members who are traders, seafood processors, and other entrepreneurs to form business groups, in order to subsequently receive assistance, guidance, and business development through various activities, either by government

agencies or through partnerships with Muhammadiyah universities. It is hoped that with this program, the welfare of Muhammadiyah members who are part of the Candi Branch Business Association will have a better standard of living.

A prosperous life is the dream of everyone. One of the activities to achieve this is economic activities such as traders, craftsmen, or other jobs that generate income as an effort to meet all needs, including clothing, food, and shelter, to fulfill daily living requirements [1]. These needs are necessary to ensure that a person can survive and live their life. One of the activities of Micro, Small, and Medium Enterprises (MSMEs) plays a very important role in efforts to improve the welfare of the community in a region [2]. Similarly, Muhammadiyah business members with mentoring support are expected to have advantages over other entrepreneurs.

Muhammadiyah entrepreneurs in the Candi Branch area, who are on a small and medium enterprise (SME) scale, still require special attention to further develop. This is because the development process of MSMEs in the food and beverage production sector still faces several obstacles. One of the obstacles to the development of MSMEs is that many still do not have halal certification for their products, even though the government has mandated that all products must be halal certified based on Law Number 33 of 2014 concerning Halal Product Assurance. This becomes a problem because the preparation of halal certification application documents is very detailed and there are many points that need to be written, a skill that business operators do not possess. With the assistance in the preparation of SJPH by the community service team, it is hoped that the issues faced by business operators can be resolved.

The implementation of halal certification for food and beverage entrepreneurs will take effect in October 2024. A Halal Certificate is a written certificate that indicates the level of halal compliance of a product [3], [4], [5], [6], [7], [8], [9]. Halal certification is necessary for business operators due to the risk of the halal status changing to non-halal, which can occur due to changes in raw materials until the product reaches the consumer [10]. Furthermore, in food products, halal certification is very necessary because the halal status will affect food safety [11]. Halal certification can also serve as an effective communication tool to consumers, making it easier for them to choose halal products.

The urgency of providing guidance to business actors regarding halal certification to ensure that MSME products can compete with larger industrial products, technical assistance is another important component of this service program. Supported by a team of experts, business operators will be assisted in preparing the necessary documents, conducting internal audits, and submitting certification applications. This process not only ensures compliance with halal standards but also minimizes the risk of errors and delays in the certification process. Halal certification in the marketing process of a product can also eliminate the negative image associated with a product by Muslim consumers [12].

Halal certification of MSME products can make consumers confident in the halal status of the products being sold. However, due to the entrepreneurs' lack of knowledge about the halal certification process, they are unable to expand their product marketing areas. The majority of the population is Muslim, prioritizing halal products. However, because the entrepreneurs in the Muhammadiyah branch of Candi, Sidoarjo Regency, do not yet have halal certification for their products, their marketing area remains at the Regional level. In the era of globalization and the increasing consumer awareness of the products they consume, halal certification has become an important element that entrepreneurs must pay attention to in order to expand their product marketing from Regional to National and even International levels [13]. Where halal certification can open up new market opportunities, meaning that by having a halal certificate, business operators can tap into new markets in other countries where the majority of the population is Muslim and prioritizes halal products. However, since the entrepreneurs in the Muhammadiyah branch of Candi, Sidoarjo Regency, do not yet have halal certification for their products, their marketing area is still limited to the regional level.

To address this challenge, an educational and mentoring program for halal certification by a team of Muhammadiyah university lecturers and students has been introduced as a solution to help entrepreneurs understand and meet halal standards more easily and efficiently. This program aims to provide comprehensive knowledge about the importance of halal certification, as well as to support business actors at every step towards achieving that certification. This activity is intended to educate about the crucial role of halal certification on their products in the development and enhancement of MSMEs, and to assist in applying for halal certification according to the applicable procedures. This is so that the products of entrepreneurs can develop widely and be safe for consumption.

RESEARCH METHOD

This Community Service activity at the Muhammadiyah Candi Branch, Sidoarjo Regency, was carried out in March 2024. This activity began with field observations to identify the problems faced by the partners, followed by the development of proposed solutions. From the results of the observation, two problems faced by the partners were identified: first, the lack of knowledge about halal products among business actors in the Muhammadiyah Branch Candi community. Second, due to the lack of halal knowledge, there is also a minimal desire among business actors to obtain halal certification.

Therefore, the volunteers conducted community service through the stages of socialization and assistance to entrepreneurs in the Muhammadiyah branch Candi business community in Sidoarjo Regency. Here are the stages of the Community Service implementation: (1) Socialization, socialization is conducted through direct meetings between the Community Service implementation team and business actors. In this socialization, the team provides explanations about halal from the perspective of Islam,

halal regulations, and the procedures for applying for halal certification through the self-declare program and regular certification. (2) Assistance, the Community Service implementation team provides assistance to business actors who are ready to apply for halal certification. The scope of assistance includes the preparation of Halal Product Assurance System (SJPH) documents and inputting application data into the information system: <http://ptsp.halal.go.id> it can be illustrated in the following diagram:

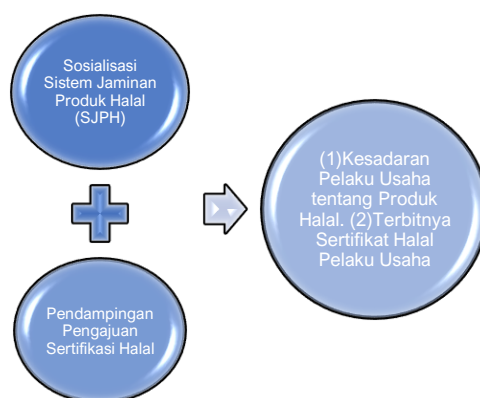


Figure 1. Diagram of the implementation of Abdimas.

RESULTS AND DISCUSSION

Micro, Small, and Medium Enterprises (UMKM) that are the target of this Community Service activity are business actors within the Muhammadiyah entrepreneurs' environment in the Candi branch, Sidoarjo Regency. Technically, this activity is carried out through 3 stages, namely:

1. Socialization Stage

Socialization activities are the process of learning about something within society [14]. Therefore, this stage can provide an understanding of the important role of halal certification for a product and the requirements and system that will be used in the halal certification application. The socialization took place at BUMDes Kedung Peluk, Candi District, Sidoarjo Regency. The socialization was attended by 11 business actors from the Muhammadiyah branch in Candi, Sidoarjo Regency.

The socialization was conducted by the service team by providing materials on why halal is necessary, the criteria for halal food and beverages, and why certain food or beverage products cannot be certified as halal. The next material is about the regulations for halal certification management, which are still minimally known by business actors, followed by how business actors fill out the SJPH. On this occasion, business actors are also assisted in applying for a business identification number. (NIB).

Through this stage, business actors are expected to be aware of the importance of processing healthy, clean, and nutritious food, which is part of the halal commitment [15], can prepare themselves better to manage halal certification, so it is hoped that more entrepreneurs will pursue halal certification. Halal certification not only increases consumer trust but also enhances the competitiveness of MSME products.



Figure 2. Socialization of the halal product assurance system for MSMEs.

2. Assistance Stage

Accompaniment activities are a strategy that can encourage the success of a program [16]. Assistance was provided to several business actors in the Candi branch entrepreneurs' community in Sidoarjo Regency. In this activity, the team provided assistance through direct visits to the business locations. This helps entrepreneurs find solutions to the problems they face in the halal certification process.

The MSMEs visited by the team were involved in the production of snakehead fish crackers, sambel inces, and traditional cakes. The activities carried out during this assistance include guiding business operators in preparing the necessary documents and data for halal certification, compiling the Halal Product Assurance System (SJPH) documents, and entering data into the system. From this mentoring, the receipt of the Document Receipt Acknowledgment Letter (STTD) issued by the Halal Product Assurance Organizing Agency (BPJPH) was achieved. The STTD serves as proof that the halal certificate has been submitted by the business operator to the BPJPH. Subsequently, the business operator will monitor the progress of the application process through the information system: <http://ptsp.halal.go.id>.

The final outcome of this community service is that business operators in the Muhammadiyah branch of Candi, Sidoarjo Regency, understand the halal certification application procedure, are familiar with the information system used for halal certification applications, and possess the Halal Product Assurance System document. (SJPH).



Figure 3. Assistance in preparing SJPH



Figure 4. Handing over the halal certificate for gabus fish crackers.



Figure 5. Halal certificate for business operators.

3. Monitoring

In an effort to ensure the commitment of business actors in producing halal-certified products, the service team conducts monitoring activities. The activity includes field observations of the production process by the business operators. Does it already meet

the halal criteria for materials, processes, and distribution?. This is important to meet halal standards and protect consumer rights, thereby increasing public trust in the products of entrepreneurs in the Muhammadiyah branch community of Candi.

CONCLUSION

Fundamental Finding : Education and assistance for SMEs in obtaining halal certification have proven to significantly impact improving product quality, expanding market access, enhancing competitiveness, and building consumer trust. This success highlights the strategic role of education in supporting the growth of SMEs in Sidoarjo Regency, which holds great potential for SME development. **Implication :** This assistance program has positive implications, not only for SMEs that directly benefit but also for the community and local economy as a whole. By obtaining halal certification, SMEs can penetrate national and international markets, thereby supporting economic growth, improving community welfare, and strengthening the global image of Indonesian halal products. **Limitation :** However, the implementation of this program faces limitations, including insufficient resources, time, and funding to reach all SMEs in need of assistance. Additionally, the understanding and awareness of some SMEs regarding the importance of halal certification remain low, posing a challenge to ensuring the program's sustainability. **Future Research :** Future research should focus on more effective strategies to increase SMEs' awareness and participation in halal certification, including developing digital-based training models. Furthermore, studies evaluating the long-term impact of halal certification on SME business growth could provide deeper insights to enhance the program's effectiveness.

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