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THE URGENCY OF HALAL INDUSTRY LITERATURE FOR FOOD MSMES

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ABSTRACT
Bank Indonesia's 2020 report on the Islamic economic literacy index in Indonesia, which is also related to the halal industry, reached 16%. This figure is still far from the ideal literacy index of 75%. The data shows that literacy regarding the halal industry in Indonesia is still low. This study aims to reveal the urgency of halal industry literacy for Food MSMEs in East Java to increase the competitiveness of MSMEs in the global market. This article is included in the category of library research, whose research focus will be directed at various kinds of literature that discuss the urgency of halal industrial literacy for MSMEs. Furthermore, the data is analyzed using Content Analysis to identify the specific characteristics of the message or data that has been collected. The results of this study indicate that the urgency of halal industry literacy for food MSMEs includes the realization of halal awareness in the community, providing satisfaction to customers, as capital to face competition, and as a form of MSME efforts to follow applicable legal rules.

Keywords : Food Products; Halal Industry; Halal Literacy; MSMEs

INTRODUCTION

The development of MSME actors in Indonesia has increased; this is supported by data on the number of MSMEs providing accommodation and food and beverage in Indonesia by 17% in 2018 and contributing 8.5 billion rupiahs or the equivalent of 61.07% of Gross Domestic Product (Ministry of Cooperatives and SMEs, 2018), this shows that MSMEs have an important role in the economy in Indonesia. Likewise, MSMEs in East Java have an average development of 54.34% per year. They have contributed to accommodating 98% of the workforce with a total number of MSMEs of 9,782,262 in various business categories (BPS East Java, 2016). The high potential of MSMEs is the basis for the East Java government to be committed to increasing the competitiveness of MSMEs globally in producing quality and competitive products, namely by encouraging interest in filing for halal certification for MSME products in East Java. This is in line with the material in Law number 33 of 2014, where one of the critical points is the obligation for MSMEs to have halal certificates on marketed products. In fact, in the 2019-2024 Indonesian Sharia Economic Masterplan (MEKSI), it is explained that one of the strategies to make Indonesia a centre for the Islamic economy is to strengthen the micro, small and medium enterprise (MSME) sector.

One of the reasons MSMEs in East Java do not yet have halal certificates for their business products is a halal certification. Food business actors have not fully understood that this regulation guarantees product halalness (Huda, 2012). Despite having a majority Muslim population, understanding of the importance of halal certificates in food products is still very low. This fact is supported by the report of Bank Indonesia in 2020 regarding the Islamic economic literacy index in Indonesia reaching 16%, which is still far from the ideal literacy index of 75%. The data shows that literacy regarding the halal industry in Indonesia is still low. Halal industrial literacy is an understanding of the production process following Islamic law, which includes all operational activities such as packaging, marketing, logistics, maintenance, manufacturing, and supply, as well as various production activities ranging from raw materials to ready-to-sell products (Nasution, 2020). Many MSME actors still view halal certificates as only permits without understanding the actual substance of halal certificates, the most important of which is as a guarantor of product halalness (Anwar, 2018).

LITERATURE REVIEW

Literasi Halal

Halal literacy is the level of understanding of Muslims in knowing issues related to the halal concept (Wicaksono & Astutik, 2020). A person's ability to distinguish between halal and haram goods depends on how well he understands the knowledge of Islamic law itself (Salehudin, 2010). Various kinds of literature show that halal literacy significantly influences the consumption of halal products (Pratama & Hartati, 2020). Halal literacy will make consumers protected and guarantee health and finances. Islam teaches us to always pay attention to halal and haram in food consumption, as in Surah al-Baqarah verse 168, which means:

"O mankind, eat what is lawful and good from what is on earth, and do not follow the devil's steps, for indeed, the devil is a real enemy to you."

The concept of halal relates to the ability of consumers to read and understand a product. Consumers' understanding of halal products will increase motivation in seeking information on purchasing a product, thereby changing consumer behaviour in consuming products. The higher the level of consumer literacy on halal law, the more thorough determining the product to purchase. Consumers will pay attention to the benefits of the product, the halal label on the product, the durability of the product and the appearance, which will increase consumers' buying of the product (Mulyati, 2019).

Halal Industry Development in Various Countries

The halal industry continues to show positive growth every year. This growth certainly positively contributes to the Indonesian economy (Fathoni & Syahputri 2020). The progress of the halal industry is not only a complement to the world market but has become an essential part of it, not least for countries worldwide. Among the countries currently developing the halal industry besides Indonesia, namely Malaysia and the United Arab Emirates, which are currently the world's halal industry leaders, as stated in the State of The Global Islamic Economy Report 2019/2020 report. Even Malaysia was ranked first out of 15 countries to measure the total achievement of Islamic economic development globally in all indicators and sectors of the halal industry. Malaysia's achievement in the halal industry does not escape the efforts of stakeholders and the government to jointly prioritize the development and development of the halal industry in developing the country's economy.

Malaysia also formed the Halal Industry Development Corporation (HIDC), which is an institution under the Ministry of International Trade and Industry (MITI) and has the task of developing Malaysian industrial capacity and direct investment (FDI) into the country. In addition, many universities in Malaysia have specific fields that discuss Islamic economics. The specialization follows the needs of the halal industry so that it can produce college graduates who are directly connected to the halal industry. These efforts have resulted in outstanding achievements in the halal industry in Malaysia, including entering the top 10 as a significant halal player country in the world in the Gulf region (Gulf Cooperation Council-GCC) in 2019, being ranked first as a world halal tourist destination in research. According to the DOTS report, the Global Muslim Travel Index (GMTI) in 2019 showed that Malaysia's market share of halal products was in first place at 13.8%, followed by the United Arab Emirates at 13% and Saudi Arabia at 12%.

In addition to Malaysia, another country with the very rapid development of the halal industry is the United Arab Emirates which has the Dubai Islamic Economy Development Center (DIEDC); the institution was established to implement the vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, and Prime Minister of the United Arab Emirates. The Arab Emirates and other officials aim to make

Dubai the global capital of Islamic economic jurisprudence. The functions of DIEDC include the development of legal and institutional infrastructure to accelerate economic development in Dubai which is empowered to support Islamic economic initiatives, the government and private sectors which include seven main pillars, including financial services, halal industry, tourism, digital infrastructure, art, knowledge and standards. In addition, DIEDC has the task of being an incubator of ideas and a knowledge centre on Islamic economics and is also committed to establishing a business environment that can enable the maintenance and direct support of the

Islamic economy in the United Arab Emirates. The DIEDC institution, which has the main task of developing the halal industry, has produced several great achievements, namely occupying the second position as an exporter of halal products to the Organization of Islamic Cooperation in the Direction of Trade Statistics (DOTS) data with a market share of 13%, ranking fifth as a country with the best halal tourist destinations in the OIC country, and with the halal industry being able to identify around 8.3% of GDP in the United Arab Emirates with a record that the halal industry contributed 94.5% of domestic trade in 2017.

METHODS

This paper is included in the category of library research (Library Research), whose research focus will be directed at various kinds of literature that discuss the literacy of the halal industry and MSMEs in food products. To obtain data relevant to the problems in this study, the data taken include primary and secondary data. The primary data source in this study is a book or article on halal industry literacy. At the same time, the secondary data sources in this study are writings on Islamic economic studies from Islamic economists, both research and conceptual results.

After the data needed in this study is collected, the next step is to analyze the data. Because this research is qualitative, according to Nasution's opinion (1996: 29), the data analysis is open-ended and inductive. With an inductive mindset, the data obtained in this study will be analyzed descriptively and qualitatively. For the first time in this data analysis, the author applies content analysis, namely a scientific analysis of the data content (message) of a communication or phenomenon (Muhadjir, 2000:76). Content analysis is a technique for making inferences objectively and systematically by identifying the specific characteristics of the message or data to be studied.

RESULTS

The results of the author's research and analysis, halal industrial literacy for MSMEs in East Java is significant; this is based on several things as follows:

Increasing Halal Awareness in the Community

The development of the halal industry should be accompanied by public awareness of halal because it is essential to increasing the Muslim community's knowledge about halal product problems. Shaari and Arifin (2010) state that for a Muslim, it is an obligation to have halal awareness on the products to be consumed where; the most critical requirement is that it must follow Islamic religious law, so that with technological developments, especially in the food sector, halal awareness is an urgency that needs to be considered. Zahra and Fawaid (2019) explain that consciously, remembering, knowing, feeling, and understanding are the meanings of awareness, while halal awareness is knowing about ingredients, slaughtering, and places used for production following Islamic law (Azizi Y., 2013).

Obligation to Consume Halal Products

Halal is a principal issue in Islamic teachings because the verses of the Koran very firmly instruct humans to consume halal food. In simple terms, halal is something that is allowed in Islamic law, where this is inversely proportional to haram, which is all things that are prohibited in Islamic law. If these two laws are related to products, it can be understood that halal products are products that are allowed to be consumed because they are following Islamic law (Hasan, 2014), while haram products are products that are prohibited for consumption so that when they are consumed by a Muslim it will cause sin. and can bring harm to the perpetrators.

Halal in a product is a guarantee that the product is of good quality, safe to use, beneficial for the body, and does not cause side effects that can harm the body. So that the current halal concept has undergone a shift from what was originally just an obligation to become a necessity not only for Muslims but also for non-Muslims which has led to the development of the halal food market

that dominates the global market. Based on data from the State of Global Islamic Economy Report shows that Indonesia is ranked first as a consumer of halal and halal food, ranked 2 as a consumer of halal cosmetics, and ranked 4 as a country with the largest consumer of halal medicines in the world. The increasing awareness of halal in the community is marked by the increasing demand for certification of halal goods in the world market because halal is a standard that already has world recognition.

The Development of Food Technology Makes Halal A Consideration

Technology that continues to develop rapidly has changed all fields in a modern direction, not least in the food sector, where until now, there have been many technologies used during the production process of food, beverages and medicines. Currently, we have entered the industrial revolution 4.0, which has facilitated and provided convenience in economic activities for consumers and producers in terms of the use of elastic production machines (Zahra and Fawaid, 2019).

Technological developments at this time, apart from having a major influence on increasing quantity and production operations, also influence in terms of product halalness. For example, food developments are currently being carried out to change and increase the use value of products with certain processes that often use raw materials, additives, or auxiliary materials whose halalness is still in doubt. In addition, the phenomenon of technology also affects the slaughter of consumption animals carried out by modern slaughterhouses/poultry using stunning or other processes, even though in Islam, there are separate rules in the slaughtering process (Anwar, 2017). The requirements for slaughtering halal animals following the Shari'a are that a person who slaughters must be a Muslim, baligh, sensible, male, and obedient to the obligation to pray 5 times a day to obtain the perfection of halal animals (Al-Zuhaili, 2009). Based on this phenomenon, halal certification is an important component that needs to be considered by all business actors and consumers because products that already have halal certification have a guarantee that they produce are safe for consumption, have good quality, and guarantee halal ingredients and production processes.

Halal certification is ethics in business that should be carried out by business actors to provide guarantees for consumers regarding the halalness of their products. The tendency of people to choose products by considering product halalness is one of the important factors that encourage business actors to carry out halal certification for the products they produce. In addition, halal labels on products can provide economic functions, among others.

DISCUSSION

The Urgency of Halal Industry Literacy for Food MSMEs in East Java

Data in the Islamic Economics Masterplan 2019-2024 shows that in 2017 the consumption of the halal industry in Indonesia reached more than USD 200 billion, equivalent to 36% more of the total consumption of households and non-profit institutions serving households. Based on the data from Google Trends above, it can be seen that the enthusiasm of the Indonesian people towards halal products continues to increase from 2017-2020; in August 2017, it was recorded that the interest in halal products in Indonesia only reached 7, but this data increased to 84 in June 2020. This is also directly proportional to the public awareness index data on halal products from 2009 to 2010, which increased from 70% to 92.2% (Jelani, 2018).

Based on data in the Global Islamic Economy Report in 2018-2019, Indonesia was recorded as a country with a Muslim population of 87.18% or equivalent to 232.5 million people, and this shows that the share of products and services with a sharia economic basis is substantial. This encourages the consumption of halal products in Indonesia continues to experience a significant increase from year to year. The development of the Muslim population was caused by the mastery of modern technology, where the quantity of the Muslim population increased by almost 73 per cent from 1.6 billion in 2010 and is predicted to be 2.8 billion in 2050, with details of one-third of Muslims under 15 years old and almost two-thirds of them are less than 30 years old which is often referred to as Generation Y or Millennial Generation, namely people born between 1980 and 2000. More details are recorded in the State of the Global Islamic Economy

Report 2019/2020 data showing the contribution of Muslims to the lifestyle of Halal in the world amounted to USD 2.2 trillion in 2018, while the Islamic finance sector reached USD 2.5 trillion, for food and beverage products, Muslims spent USD 1,369 trillion, followed by clothing (fashion) products amounting to USD 283 billion, media and entertainment reaching USD 220 billion, the travel and tourism business of USD 189 billion, and spending on pharmaceutical and cosmetic products of USD 92 billion and USD 64 billion.

The sizeable Muslim population contributes as a driver of current economic growth, especially as a driver of the development of the halal industry both in the national market and in the international market. This makes the increase in the Muslim population the primary key to Islamic economic growth; in 2018, the Muslim population reached 1.8 billion and will continue to grow and is predicted to increase in 2030 to reach 2.2 billion Muslims. The increase in population will automatically increase the demand for halal goods and services. These conditions show that most consumers who consume halal products are from Muslim communities with a significant dominance.

Halal as a lifestyle

Halal products guarantee safety, and halal in adults has become a new trend and lifestyle. These developments show that the potential of the halal industry market is getting bigger and wide open for business actors. So that the magnitude of this potential makes manufacturers of well-known and global brands launch halal products. As a country with the largest Muslim population, they are making halal criteria for a product or service something essential for the people of Indonesia, so that carrying out a halal lifestyle is a priority with security guarantees in addition to the obligations for a Muslim who have been required in the Qur'an.

The halal lifestyle includes all activities that reflect daily life, such as the consumption of food, drinks, medicines, travelling, and so on. The development of a halal lifestyle that has become a priority for society today shows that the principles are not only about the substances and processing processes of the food and beverages consumed but also regarding the packaging used and the halal supply chain. Halal has a hygienic concept, is clean, has good quality, and most importantly, is beneficial for the health of the body. Guaranteed quality is the main attraction for consumers with the perception that halal products are excellent and safe for all humans. Products that are safe for consumption and provide benefits not only for the benefit of Muslim consumers but also for all human beings. This can build a halal lifestyle attitude which is not only in the interests of Muslims but can also be in the interests of other religious communities. This means that halal is a common interest and a universal lifestyle.

Increased Product Competitiveness

Global competition is already considering halal. The global trade system, which continues to run rapidly, has resulted in changes in both global competition and changes in behaviour, paradigms, and performance by producers and consumers. The paradigm of society that has changed to the halal lifestyle has affected the demand for products that have guaranteed safety and quality, and halal tends to increase. In addition, the increasing Muslim population worldwide is one of the influential factors in the dynamics of the global economy and business. At this time, consumers not only need safe, helpful, and harmless products but also consider the halal guarantee of products following Islamic religious law. This is an absolute prerequisite that producers must meet, where these requirements are both a necessity and an obligation for Muslim consumers. Thus making the halal certification a must for producers at home and abroad to increase the value of products and essential in the products sold. Thus, intense competition in the world market has ultimately been influenced by the halal industry specifically.

Complying with Legislation

Halal assurance in Indonesia is officially recognized and supported by the government with the issuance of Law no. 33 of 2014 concerning Halal Product Guarantee (JPH). The positive value of the issuance of this law is that the government officially recognizes and guarantees the halalness of products by Islamic law. The regulation is expected to provide information certainty and transparency for consumers of halal products and encourage the development of the halal market in Indonesia. The JPH Law has also been used as an impetus for universities in Indonesia to establish halal industry-based study programs in which there are several courses tailored to

the needs of the halal industry market. In addition, the JPH Law requires all business actors to have a halal certificate on their products to guarantee the halalness of the product for consumers, and halal certification can increase the selling value of the product.

In general, the halal certification process goes through three institutions, including BPJPH (Halal Product Assurance Organizing Agency), LPH (Halal Inspection Agency), and MUI (Indonesian Ulema Council). In the initial flow, business actors are asked to prepare several requirements and supporting documents for the halal certification process. Then all the halal certification documents are sent by the halal supervisor to BPJPH. Furthermore, the file will be verified by the verifier team at BPJPH. Then the files verified by BPJPH and declared complete are sent to business actors to choose the closest LPH. If the file is incomplete, then the business actor must complete which is then returned to BPJPH. The LPH chosen by the business actor is sent to BPJPH, and then BPJPH sends a letter to LPH to conduct a field audit. Field audits can only be carried out while carrying out the production process. When the field audit is carried out, the supervisor is obliged to accompany the business actor. Audit data is sent to LPH, and LPH sends official data to BPJPH for further sending of files to MUI for fatwa hearing. The results of the fatwa trial are sent to BPJPH to be used as the basis for issuing halal certificates to business actors.

The existence of the JPH Law and its derivatives, as well as the halal certification process, is sometimes not well understood by business actors, especially those who are elderly or do not master technology. However, with halal industry literacy, business actors will understand and master the laws and regulations regarding halal product guarantees.

CONCLUSION

From the discussion above, it can be concluded that the urgency of halal industry literacy for food MSMEs includes increasing awareness of halal in the community, especially in Muslim communities who are required to consume halal products, providing satisfaction to customers because the majority of customers in East Java are Muslims who not only need products that are safe, useful, and harmless, but also consider the guarantee of product halalness, and as capital to face business competition, because currently, the halal industry has become a global trend in increasing production capacity, as well as a form of MSME efforts to comply with applicable laws and regulations. Apply and understand the halal certification process.

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