



Development Strategy of Halal Food Industry to Enhance Consumption Activities in the Community of Medan City

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ABSTRACT

This study aims to discover how the primary priority strategies for the development of the Halal Food Industry can enhance consumption activities in the community of Medan City by presenting the internal and external factors that have been undertaken thus far. Additionally, the researcher highlights several urgent measures that need to be implemented to ensure a more focused development of the Halal Food Industry. The method employed is qualitative, using SWOT analysis and QSPM analysis. The questionnaire was completed by a total of five respondents, five of whom were SME practitioners in Medan City and five of whom were expert professionals. Based on the SWOT analysis results, the strategy quadrant derived after processing through the IFE and EFE matrices falls within Quadrant I. This indicates that the strategy employed is a progressive one. This strategy signifies that the Halal Food industry possesses strengths and opportunities. Moving forward to the QSPM analysis, the outcome indicates that the primary priority strategy to be undertaken is to capitalize on the Halal Product Training Program, thereby enabling the Halal Industry to tap into global markets.

INTRODUCTION

The Quran and Hadith serve as clear sources of Islamic law, establishing the distinction between halal (permissible) and haram (forbidden) for the Muslim community. Food, medicine, cosmetics, and various other products can be categorized as either halal or haram for consumption or use. This distinction also extends to bioengineered and genetically modified products, which often raise concerns about their halal status. The Quran and Hadith act as guiding principles for Muslims to consistently consume halal and permissible goods. Today, halal is no longer solely a religious matter (Ministry of Religious Affairs, 2019).

It is crucial for producers to recognize that the halal certification holds significant value in the eyes of consumers. This certification provides various benefits, including a sense of tranquility for consumers when consuming the product. Producers and merchants use halal certification and logos as a means to inform and assure consumers that their products adhere to quality standards and are suitable for consumption according to religious guidelines (Supriyadi, 2019). As Muslims, it is obligatory to consume halal and thoyib (pure and wholesome) foods, as emphasized in the Quran, Surah An-Nahl (16), verse 114:

"So eat of that [meat] upon which the name of Allah has been mentioned, if you are believers in His verses."

The term "halal" in Arabic refers to a condition indicating that something is free from prohibited elements and is permissible for consumption or use by Muslim consumers according to Sharia law (Fadahunsi & Kargwell, 2015). In consuming a product, understanding its content aspects is necessary. This is accomplished through the implementation of halal certification on food products, allowing consumers to determine whether a product is suitable and permissible for consumption – whether it is halal or haram. By consuming halal products, each consumer gains value and benefits from the item, leading to positive outcomes for them.

Essentially, Halal products play a pivotal role in shaping a morally upright and prosperous society. The concept of halal is of paramount importance, as food choices have implications for behavior. Good or bad behavior is determined by the food one consumes (Heasman, 1998). Halal foods promote positive behavior, while haram foods may lead to negative behavior. Hence, a well-directed strategy for developing the domestic halal product industry is essential to contribute tangibly to moral development (Zakaria, 2018).

The halal industry has undergone rapid growth in recent years. The halal lifestyle, associated with the Muslim community, has spread across various countries, including those with minority Muslim populations. Halal has become a universal indicator of product quality and living standards (Khan, 2016). Halal is often linked to material aspects, yet within Islam, it encompasses actions and transactions, known as Muamalah (Qardhawi, 1993). Halal can be defined as a quality standard compliant with Islamic Sharia law, applicable to all activities undertaken by Muslims (Bohari & Fuad, 2020).

Consumption fundamentally involves expending resources to meet needs. In Islam, consumption is categorized into two types: consumption due to necessity and consumption driven by desire (Utomo & Baratullah, 2022). Muslims are required to consume with the intention of obedience to Allah and for the purpose of enhancing health and stamina. Thus, consumption becomes an act of worship that garners spiritual rewards.

Halal products and services are chosen by Muslims as a manifestation of obedience to Islamic Sharia law. Although halal is closely associated with Muslims, it doesn't mean that halal consumers are exclusively Muslims. Consumers from countries with minority Muslim populations have significantly contributed to the demand for halal products in recent years. For instance, Russia ranked 9th globally in halal food consumption, achieving \$37 billion in 2015 (State of The Global Islamic Economy, 2017). The quality of halal products, also known as Halalan Thoyyiban, motivates Muslims to choose these products due to the assurance of cleanliness, safety, and overall quality across the production chain (Samori and Khalid, 2016).

Indonesia, with its majority Muslim population, is home to the world's largest Muslim community (Dahlan et al., 2021). According to the Royal Islamic Strategic Studies Center (RISSC) report, Indonesia's Muslim population is estimated at 237.56 million people, making it the world's largest Muslim-majority nation in 2022. This population accounts for 86.7% of Indonesia's total population. Compared globally, it constitutes 12.30% of the world's Muslim population of 1.93% (Monavia, 2022). This data significantly influences the culture of halal consumption, even though different levels of adherence to Sharia law exist among Indonesian Muslims. Despite this diversity, many Indonesian Muslims are still unaware of halal products.

BPS data reveals a growing trend in the population of Indonesia. From 2015 to 2020, the population increased to 258.195 million, projected to reach 262.733 million by 2025-2030 and 267.038 million by 2040-2045. These figures indicate a wide-open opportunity for Indonesia's Islamic economy. With a Muslim population exceeding 256.82 million (86.39% of the total population), the potential for the halal market is vast. This doesn't account for non-Muslims who also consume halal products.

Certain criteria categorize a food as halal: halal in substance, where the food is inherently permissible for consumption, such as beef, chicken, and other meats; halal in acquisition, meaning it's obtained through lawful means like purchase or labor; halal in preparation, ensuring it's not prepared using utensils that have come into contact with haram substances (pork, dogs, etc.); and halal in process, obtained through lawful means without theft or other forbidden actions (Muharman et al., 2015).

Despite the increasing demand for halal products domestically and internationally, the Indonesian government's support has been inadequate (Abidin et al., 2019). The government should increase efforts to provide opportunities for local businesses to improve the quality and competitiveness of their halal products. Moreover, it should collaborate with various stakeholders to support the halal industry's growth, ensuring that consumers have access to

reliable and accurate information about the products they consume. These efforts should include educational campaigns, regulations, and certification processes that promote the production and consumption of halal products.

In conclusion, halal products hold great significance in the lives of Muslims, shaping their consumption patterns and ethical choices. The demand for halal products is increasing not only among Muslim-majority countries but also in countries with minority Muslim populations. As the global Muslim population grows, the halal industry's potential for growth and economic contribution is substantial. It is essential for governments, businesses, and stakeholders to collaborate in promoting the halal industry and ensuring that consumers have access to accurate information about the products they consume. This can lead to economic development, ethical consumer behavior, and a more inclusive marketplace.

LITERATURE REVIEW

Conceptual Framework

The conceptual framework is a model that explains the relationship between a theory and the important factors known in a specific problem. Based on the diagram below, it can be explained that the flow that will be followed in this research is to determine internal and external factors. From the internal factors, the researcher will identify the strengths and weaknesses that will be reflected in the IFE matrix. Meanwhile, from the external factors, threats and opportunities that will be reflected in the EFE matrix will be identified. This will then be followed by SWOT analysis and QSPM. The following is the section of the conceptual framework in this research.

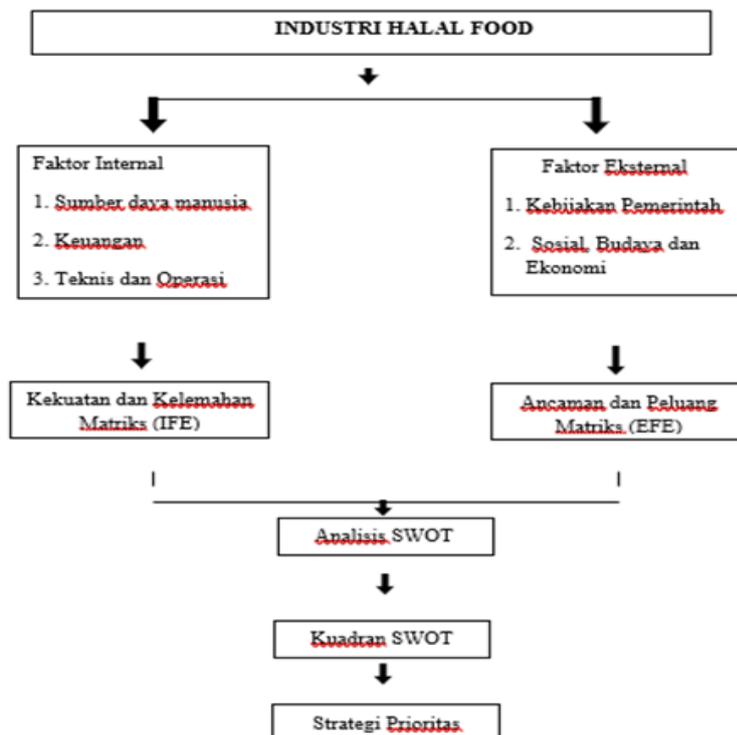


Figure 1. Conceptual Framework

METHODOLOGY

The research methodology employed in this study is Qualitative Methodology. Qualitative research aims to obtain a comprehensive understanding of a subject from the perspective of the individuals being studied. It involves exploring ideas, perceptions, opinions, or beliefs of the individuals under investigation. In this type of research, the focus is not on comparing variables but on solving problems through descriptions or explanations using sentences about the conducted research (Nawawi, 2002). The analyses utilized in this research are SWOT Analysis and QSPM (Quantitative Strategic Planning Matrix).

The researcher's choice of using SWOT Analysis is rooted in its potential impact on a company's continuity. This analysis generates recommendations to highlight strengths, mitigate weaknesses, leverage existing opportunities, and anticipate potential future threats. As for the QSPM analysis, it was chosen because it is a method for prioritizing Strategic Alternatives derived from the SWOT Analysis. Thus, the two analyses are interconnected, with SWOT Analysis being a single phase within business planning. To proceed to more in-depth decision-making analysis, the QSPM method is necessary to prioritize the varied strategies resulting from the SWOT Analysis, sorting them from the highest Total Attractiveness Score (TAS) to determine the most suitable strategy for implementation under specific conditions.

The research for this thesis was conducted in stages, starting from planning, preparation, pre-research, and progressing to distributing questionnaires and conducting interviews as the core activities of this study. The research was conducted offline with informants such as SME actors and Halal Center administrators in Medan's Higher Education Institutions. The research commenced in December 2022 and concluded as of the specified date.

Data sources in this study include both Primary and Secondary data. Primary data for this thesis were collected through questionnaire responses and interviews with respondents. Additionally, secondary data were incorporated to complement and strengthen arguments. Secondary data were derived from various sources, such as previous research journals, both national and international, books, official news portal websites, statistical data, and others.

The technique used to select informants for this research is purposive sampling, where sample data sources (respondents) are selected based on specific considerations. These considerations could involve individuals who are deemed most knowledgeable about the subject matter or hold influential positions that facilitate researcher exploration of the researched social object/situation (Sugiyono, 2013).

Respondents in this study encompass both SME actors in Medan and individuals knowledgeable about the Development of the Halal Food Industry, such as administrators of Halal Centers in Higher Education Institutions. The research involves two types of informants:

- a. Respondents from SME Actors in Medan

b. Respondents from Halal Center Administrators in Higher Education Institutions

The research process involves creating a questionnaire, wherein the initial step is to draft a SWOT analysis questionnaire before distributing it to respondents who are SME actors in Medan. Subsequently, a QSPM analysis will be conducted on the interview and questionnaire results that support the research on strategies for developing the Halal Food Industry to enhance consumption activities in the city of Medan.

Data analysis is the effort of working with data, organizing it, breaking it down into manageable units, synthesizing it, identifying patterns, determining what is important and what has been learned, and deciding what can be conveyed to others. The analysis method used in this research involves SWOT-QSPM analysis. According to David, QSPM analysis involves objective evaluation based on previously identified internal and external company factors. In this regard, business owners need to determine suitable strategies aligned with the company's internal and external conditions.

RESULTS AND DISCUSSION

Research Location

Geographically, Kota Medan is situated between 30°30' - 30°43' North Latitude and 98°35' - 98°44' East Longitude. Kabupaten Deli Serdang is one of the regions rich in Natural Resources (SDA), particularly in the fields of agriculture and forestry. Thus, geographically, Kota Medan is supported by areas abundant in natural resources, such as Deli Serdang, Labuhan Batu, Simalungun, Tapanuli Utara, Tapanuli Selatan, Mandailing Natal, Karo, Binjai, and others. This condition enables Kota Medan to foster economic development through cooperative and mutually beneficial partnerships with its surrounding regions.

Furthermore, being located on the outskirts of the Malacca Strait shipping route, Kota Medan holds a strategic position as a gateway for trade in goods and services, both domestically and internationally (imports and exports). Kota Medan covers an area of 26,510 hectares or 265.10 square kilometers, accounting for 3.6% of the total area of North Sumatra Province. The topography of Kota Medan slopes slightly towards the north, with an elevation ranging from 2.5 to 37.5 meters above sea level. The climate of Kota Medan is tropical, with the minimum temperature reported by BBMKG Region 1 station in 2015 at 21.20°C, and the maximum temperature at 35.10°C. According to the Sampali station, the minimum temperature is 21.80°C, and the maximum temperature is 34.30°C. The average air humidity in the Kota Medan region is around 81-82%, with an average wind speed of 2.3 m/s. The average monthly evaporation rate is 108.2 mm.

The Department of Cooperatives, initially established in the 1970s under the name "Department of Cooperatives," had three divisions during its first period: trade, cooperatives, and transmigration. In the second period, in 1985, the Department of Cooperatives decided to narrow its scope and stand alone, focusing only on trade and cooperatives.

Following the decentralization of authority in 1998, the department was renamed as the "Department of Cooperatives," which eventually led to the establishment of the "Dinas Koperasi dan Usaha Kecil Menengah Kota Medan" (Department of Cooperatives and Small-Medium Enterprises of Medan) located at Jalan Jenderal Gatot Subroto KM 7.7, Medan, North Sumatra.

Result of SWOT Analysis in the Development Strategy of the Halal Food Industry to Enhance Consumption Patterns in Medan City

Strategies for enhancing public consumption were discussed for the development of the halal food industry. Mr. Anwar Syarif, Head of the SME Division, explained his perspective on halal food in Islam. He emphasized the importance of self-produced food for assured halal status, but noted the challenges in obtaining genuinely halal raw materials, such as the uncertainty of whether animals were slaughtered according to Islamic principles.

Mr. H. Umar, Head of the Halal Product Assurance Supervision and Development Center at UMSU, further aligned with Mr. Syarif's views, stressing the significance of halal across all aspects of life. Internal factors influencing halal food development and consumption were outlined by Wan Suryani, Deputy Chair of the Center for Shariah Management and Halal Industry at the University of Medan Area. Suryani identified weaknesses in halal food development within Medan's consumption landscape, including the absence of globally recognized halal certificates, insufficient public awareness about halal products, and inadequate dissemination of information about halal consumption. Suryani also highlighted the competitive advantage conferred by halal certificates, which assure thorough evaluation and compliance with Islamic Shariah principles. The presence of legal halal logos can reassure Muslims about a product's integrity.

Fitriani Tobing, an expert at the Center for Shariah Management and Halal Industry at the University of Medan Area, underscored the importance of halal certification and logo visibility over food composition. Tobing emphasized that halal labeling is paramount in assessing a product's quality. She advised consumers to prioritize halal-labeled foods and carefully consider the ingredients of non-labeled items.

Siska Hasibuan, Treasurer of the TDA (Tangan diatas) community, expressed concerns about imported products from Muslim countries lacking halal logos. Siska encouraged greater awareness of the halal concept in daily life. She urged consumers to be discerning about food choices, prioritizing truly halal and wholesome options due to the prevalence of non-halal items in the market.

SWOT Analysis Results in the Development of the Halal Food Industry to Enhance Consumption in Medan City

In this section, an in-depth exploration of the internal and external factors influencing the halal food industry's development and its impact on consumption trends in Medan city is provided. The strengths include the significance of halal certification, which assures Muslim consumers of quality,

ingredients, and adherence to Islamic principles. This certification process by LLPOM MUI ensures products meet Shariah requirements, thus enhancing consumer trust. Additionally, the legal mandate for halal certification and its benefits are highlighted, including its positive impact on branding.

Conversely, the weaknesses of the industry encompass the lack of global halal recognition, limited halal awareness, challenges arising from Law No. 33 of 2014, inadequate training, and limited socialization about halal products. The financial aspect of halal certification and labeling for businesses is also discussed. Opportunities arise from the increasing global demand for halal products due to growing awareness and the expanding Muslim population worldwide. Collaborative initiatives with BPJPH within FESyar offer a platform for promoting halal products and expanding market reach.

Threats include competition from other countries, administrative sanctions, scarcity of halal raw materials, and inadequate awareness in certain regions. The urgency lies in maintaining consumer confidence through halal certification, addressing global recognition and awareness gaps, and ensuring regulatory compliance. Emphasizing training, addressing legal issues, and capitalizing on global demand are vital.

Prioritized Strategies in Developing the Halal Food Industry to Enhance Consumption in Medan City Using QSPM Method

In this subsection, the prioritized strategies using the QSPM method for developing the halal food industry and enhancing consumption activities in Medan City are elaborated: The first strategy is to Leverage Training for Assisting Halal Product Entry into the Global Market. Such training helps business owners understand global requirements for halal food production, enabling these products to be well-received in the international market.

The second strategy involves Enhancing Product Quality to Build Consumer Confidence. By maintaining and improving the quality of halal products, consumers will develop stronger trust and remain consistent in purchasing them. The third strategy focuses on Utilizing Halal Awareness Training to Enhance Public Understanding. Through this training, the public gains better insight into the significance of consuming halal products and how to make informed choices.

The fourth strategy is Collaborating with BPJPH in the Sharia Economy Festival (FESyar) to Expand Market Reach. This collaboration offers opportunities for businesses to promote halal products and extend their market presence. The fifth strategy centers on Boosting Consumer Trust among Muslims through Halal Product Certification. Emphasizing robust certification and effective promotion can enhance the trust of Muslim consumers in halal products.

CONCLUSION AND RECOMMENDATIONS

In conclusion, based on the findings and discussions, the SWOT analysis reveals that the development of the Halal Food Industry to boost consumption activities in Medan City aligns with a progressive strategy, falling within the intersection of Strengths and Opportunities (Quadrant I). This strategy entails

capitalizing on current strengths like Muslim consumers' consistent preference for certified halal products and addressing weaknesses such as the lack of global recognition for Halal certification and limited Halal awareness. Additionally, there are opportunities to tap into the global market and collaborate with institutions like the Halal Product Assurance Agency (BPJPH) for increased exposure. However, potential threats encompass competition, inadequate public knowledge about the Halal Industry, and administrative hurdles tied to certification. Meanwhile, the QSPM analysis underscores that prioritizing training for facilitating entry into the global market is crucial for the industry's future.

Moving forward, recommendations can be made for business owners in Medan City to reinforce their strategies and adapt to potential threats. The local government should consider facilitating training and educational programs to support businesses, particularly in the tourism sector tied to Halal practices. For researchers and practitioners, the outcomes of this study can serve as a cornerstone for future explorations and developments in the Halal Food Industry. Further research into innovative strategies could enhance both the industry's growth and the consumption habits of Medan's residents.

FURTHER STUDY

For future research, there are several promising areas that could deepen our understanding of the development and consumption enhancement of the Halal Food Industry in Medan City. Exploring consumer behavior and perception factors could provide insights into effective marketing strategies and Halal awareness. Additionally, investigating the challenges and opportunities of global market expansion for local Halal producers would be valuable. Integration of technology, effectiveness of public awareness campaigns, alignment of regulations with international standards, socio-economic impacts, collaborative initiatives, and the correlation between consumer trust and pricing are all avenues that warrant further investigation. Conducting research in these areas could contribute to a more nuanced understanding and provide practical insights for the industry's sustainable growth.

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