

Empowerment of MSMEs in Increasing Competitiveness Based on Legality of Halal Businesses and Products

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ABSTRACT

Business Licensing is the legality given to Business Actors to start and run their businesses and activities. Having NIB speeds up the processing of other licenses because NIB is the initial requirement for obtaining various other documents, one of which is obtaining a halal certificate. Halal certificate is legal certainty of the halalness of a product. Halal products are products that have been declared halal in accordance with Islamic law. The purpose of this study was to determine the Empowerment of MSMEs in Increasing Competitiveness Based on Business Legality and Halal Products. The results of this study indicate that the increase in small and medium enterprises cannot be separated from the role of the government in providing training and knowledge to improve the quality of products of business actors, one of which is in obtaining business licenses and halal product certificates. By having business legality and halal certificates business actors have a comparative advantage so that they are able to compete in the global market.

INTRODUCTION

The important role of MSMEs in driving the Indonesian economy must be accompanied by an awareness to strengthen MSMEs by increasing product excellence. The increasing purchasing power of consumption and consumer awareness of products that are consumed healthy, safe and halal must be balanced with MSMEs products that provide health safety and halal products. Based on the State of the Global Islamic Economy Report in 2017, said that the overall consumption level of the Muslim community in the world is estimated to reach US \$ 1.9 trillion, of which 89 percent or US \$ 1.7 trillion is used to consume food and beverage products. The consumption level is expected to more than double to US\$ 3 trillion by 2021 with food and beverage consumption amounting to US\$ 1.9 trillion (compound growth rate of 8.5 percent). Based on these conditions, Indonesia has a great opportunity to become a place to capitalize on halal products, both in the marketing of goods or services. The main supporting factor is that the majority of Indonesia's population is Muslim or Muslim and is also supported by opportunities for consumer demand for halal, safe, healthy and healthy products. Seeing this, it is necessary to empower MSMEs in improving the quality of its products. MSMEs empowerment is easier to do to increase the insight and competence of business actors in the midst of fierce competition, one of which is by training and mentoring business legality and halal product certification, training to improve product quality digital marketing, packaging training. MSMEs will more easily face competition if its products have advantages and already have business legality and product halal certification. Business legality or Berusaha Identification Number (NIB) is one of the requirements stating that the business already has a legal umbrella to get legal protection from the government and is allowed to circulate in the market, while halal certification is recognition of the halalness of a product issued by BPJPH as evidenced by a halal certificate. Halal certificate Halal certificate is recognition of the halalness of a product issued by BPJPH based on a written halal fatwa issued by MUI. In accordance with Law No. 39 of 2021 concerning Halal Product Guarantee that every product that enters, circulates and is traded in the territory of Indonesia must have a halal certificate. After obtaining a certificate, it is obliged to include a halal label on the product according to the halal product guarantee law Number 33 of 2014 articles 37 and 38 concerning BPJPH stipulates the form of a Halal Label that applies nationally and Business Actors who have obtained a Halal Certificate are required to include a Halal Label on: a. Product packaging; b. certain parts of the Product, c. certain places on the Product. By looking at the description above, the purpose of this study is to determine the Empowerment of MSMEs in Increasing Competitiveness Based on Business Legality and Halal Products.

LITERATURE REVIEW

Halal Products

Halal Products are Products that have been declared halal in accordance with Islamic law. The Halal Product Process, hereinafter abbreviated as PPH, is a series of activities to ensure the halalness of the Product including the provision

of ingredients, processing, storage, packaging, distribution, sales, and presentation of Products. Halal certified products for MSE businesses have their own characteristics and are different from other products, have the power to provide guarantees of halal products and premium quality product identities, have opportunities in targeting consumers in national and global markets. For consumers, halal-certified products are safe for consumption and use. some of the benefits of obtaining a Halal Certificate;

1. Ensure the Safety of Products consumed
2. Have a Unique Selling Point (USP)
3. Provide protection for the community
4. Provide Comparative Advantage
5. Provide Protection for Domestic Products from Global Competition
6. Provide a Better Documentation and Administration System for the Company
7. Become a Ticket to Gain Global Market Access

After business actors obtain a halal certificate, business actors are required to include it in product packaging. Halal labeling is to protect Muslim consumers against non-halal food and beverage products, provide a sense of security and comfort for consumers to consume food and beverage products, because there is no doubt that the product is indicated from things that are prohibited.

Business Legality

Business legality is a standardization that must be met by business actors. Micro, Small and Medium Enterprises (MSMES) are required to fulfill these requirements in order to compete in the free market era. Business Legality is a permit that must be owned by all business actors. Where this business legality will be a legal protection for business actors. In general, business legality or business licensing is contained in Law Number 11 of 2020 concerning Job Creation. The Business License contained in this law is a risk-based business license. Risk-Based Business License is a license that is carried out based on the level of risk and scale rating of its business activities. This risk level can be seen based on the provisions of Law Number 11 of 2020 concerning Job Creation in the form of types of business activities, criteria for business activities, location of business activities, limited resources, and volatility risks. Some forms of legality documents that must be owned by business actors such as. Deed of Establishment, Trading License (SIUP) which is now replaced by the name of the Business Identification Number (NIB), Tax Letter NPWP Company and Business Actors, Company Domicile Certificate.

Competitiveness

Competitiveness of MSMES (Micro, Small and Medium Enterprises) is the ability of MSMES to compete in an increasingly competitive market and maintain sustainable business growth. Competitiveness is a concept that refers

to commitment to market competition in the case of firms or industries and success in international competition in the case of countries [9]. Competitiveness is very important for both small and medium industry players, including MSMEs. Competitiveness in a more operational language is competitive advantage. Excellence, is a condition that shows more than others so that it is able to compete in the market. Indicators of competitiveness include; cost advantage, differentiation advantage, and focus advantage.

MSMEs Empowerment

Programs for MSMEs empowerment can be carried out in various ways including; increasing the skills or expertise of human resources, especially business actors, support from all aspects of business, entrepreneurship training, funding and market development through digital marketing training, low credit guarantees, creating a conducive business climate, etc.

Strategy to Increase MSMEs Empowerment.

1. Low interest credit
2. Expanding marketing network
3. Improve the quality of human resources
4. Applying appropriate technology
5. Create a conducive business climate
6. Provide adequate facilities and infrastructure.

MSMEs Empowerment Objectives:

1. Improve Access to resources; One of the objectives of MSMEs empowerment efforts is to improve access to resources, including capital, raw materials, technology, and information. With better access, MSMEs actors can improve their productivity and operational efficiency.
2. Improving expertise and skills; MSMEs empowerment is one of them to increase the capacity and skills of business actors. Through training and education, they can develop better management, marketing, and product innovation skills. Through such training and education, MSMEs can increase their capacity as well as foster entrepreneurial interest and ability.
3. Encouraging innovation and competitiveness; Product innovation is key to maintaining MSMEs competitiveness in an increasingly competitive market. With MSMEs empowerment efforts, MSMEs players are encouraged to bring innovations in products, production processes, and business models. Thus, MSMEs can compete with large companies and survive in the market.
4. Expanding markets and networks; Through broader market access and expansion of business networks, MSMEs can increase sales and income.
5. Improving community welfare; Empowering MSMEs has one of its social objectives, which is to improve community welfare. By empowering MSMEs, employment is created, the income level of the community will increase, and indirectly the overall welfare level of the community will increase and improve.

METHODOLOGY

Type of Research

This research was conducted using qualitative research, where according to Sugiono qualitative research in obtaining the information and data needed by researchers looking directly in the field. This research uses a case study research approach, namely a qualitative research method that involves an in-depth and detailed examination of a particular case in a real-world context using contextual analysis: Provides an in-depth understanding of the context in which the case exists, taking into account the various factors that influence the case.

Research Informants

Informants in this study are the main source of obtaining data. Data was obtained from the head of Sumber Village based on documents available from the Sumber Village Office, Sanankulon District, Blitar Regency. Based on these documents, it is known that there are 13 business actors or MSMEs in Sumber Village, Sanankulon District, Blitar Regency.

Data Collection Techniques

1. Observation; Structured observation involves a pre-determined framework or checklist for observing and recording behavior. These observations are more flexible and open-ended, allowing the researcher to record all relevant behaviors and interactions without a predetermined framework.
2. Interviews; detailed in-depth interviews that focus on the experiences and perspectives of Small and Medium Enterprises. Often these interviews are unstructured or semi-structured and can last from one to several hours Providing comprehensive insights. Builds strong relationships with participants. Requires significant time and effort.
3. Documentation; qualitative research methods use documents systematically to extract meaningful information. This method is particularly useful for understanding the context, meaning and perspective embedded in textual material. Document analysis is a systematic procedure for reviewing or evaluating documents-both printed and electronic (computer-based and Internet-transmitted) materials. It involves finding, selecting, assessing (making sense of), and synthesizing data contained in documents.
4. Focused discussion; The final method for collecting data is through Focus Group Discussion, which is an attempt to find the meaning of an issue by a group of people through discussion to avoid misinterpretation by a researcher.

Data Validity

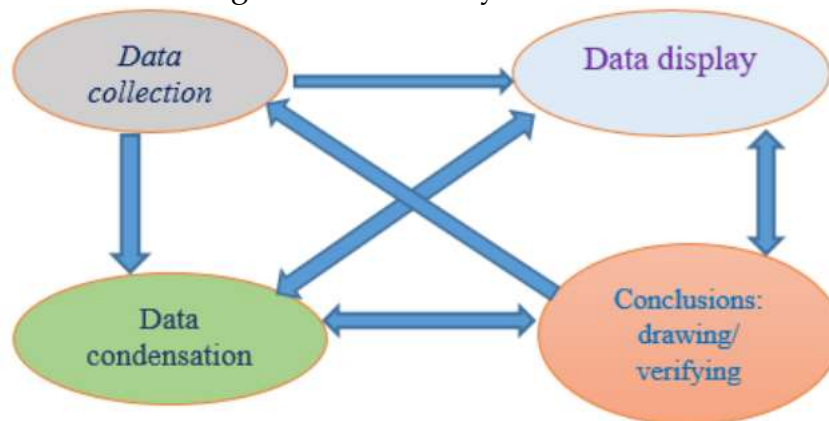
Before analyzing the data that has been collected, researchers triangulate the data, where triangulation can be understood as one of the data collection techniques by combining all the data that has been obtained. If the researcher collects data by triangulation, the researcher actually collects data while testing the credibility or validity of the data with various data collection techniques and data sources. In qualitative research, the triangulation technique is used as

checking the validity of the data found from the interviews of researchers and informants, then researchers confirm it with documentation studies related to research in the field so that it will be known that the purity and validity of the data is guaranteed. In qualitative research, triangulation techniques are utilized as checking the validity of the data found from the results of interviews with researchers and informants, then researchers confirm with documentation studies related to research in the field so that it will be known that the purity and validity of the data is guaranteed.

Data Analysis Technique

Data analysis is the process of systematically collecting data obtained from interviews, field notes, and other materials to make it easier to understand and inform the findings. In this study using data analysis from Miles & Huberman as shown below.

Figure 1. Data Analysis Method



Source; Miles & Huberman dan saldana 2014

RESEARCH RESULTS

Sumber Village is a village located in the Blitar Regency area approximately 15 KM from Blitar district where community income is obtained from agricultural products, trade, and processed food industries such as the coconut sugar industry, vegetable chips, cassava chips, pastries, bakery, wet cakes. Based on the survey results and based on the results of research in the field, the products produced by the community in Sumber Village still have business legality and halal certification. Of the 21 MSMEs in Sumber Village, 13 already have a business license (NIB) and have halal certified their products and have obtained a halal product certificate (SH). In increasing MSMES business in the village, it is carried out by conducting community empowerment programs, namely; Training and assistance in applying and submitting applications for business licenses or NIBs online through OSS. Meanwhile, the submission of obtaining a halal certificate is carried out in collaboration with the UNISBA college through an appointed companion. Submission of certificates is done online on the sihalal page through selfdiclair. The following is the development of the MSMES business to obtain business legality and halal certificates.

Table 1. MSMES business development to obtain business legality and halal certificate.

No	Description	Development
1	Consumer Trust	Upgrade
2	Trust of business actors to develop business	Upgrade
3	Market share and marketing	Increasingly extensive
4	Access to capital	Easy
5	Business partners	The more

Source; data processed from the results of interviews with Small and Medium Enterprises in Sumber Village 2023

Table 2: List of SMEs that already have business legality and halal certificates

No	Description	Business Scale	Business Legality (NIB)	Halal Certificate (SH)
1	Sumiati	Cake processing	1709230014239	ID35110012557590923
2	Biti Mawadah	Moonlight	1709230013442	ID35110013014420923
3	Lilik Rahmawati	Micro	1709230013036	ID35110012637590923
4	Susilowati	Processed foods	1709230013161	ID35110012568590923
5	Bonasri	Micro	1709230041544	ID351100123574540923
6	Siti Aisyah	Chocolate Bananas	1709230044108	ID35110012907400923
7	Mistika Wahyuningsih	Micro	1709230022734	ID35110012459580923
8	Sunarmiasih	Bakery	1709230020901	ID35110012617430923
9	Ghozali	Micro	1909230006595	ID35110012347690823
10	Binti Muawiyah	Aneka kue	1709230027015	ID35110013436931023
11	Muhamad Nurhikam	Sun-snacks	1709230030932	ID35110012985770923
12	Umar Dayin	Goat milk drink	1909230049797	ID35110012488080923
13	Umi Nadhiroh	Bakery	1709230020802	ID35110013369611023

Source; Data in 2024

DISCUSSION

MSMES empowerment cannot be separated from the role of the government in providing knowledge and skills training programs, one of which is in obtaining business legality. Based on the regulations of the work copyright law no 11 of 2020 Business Licensing is the legality given to Business Actors to start and run their businesses and activities. The legality in question is NIB or Business Identification Number. By having NIB and halal certificates, business actors get legal protection of their business so that they have confidence in running their business. Some of the benefits of having NIB are developing a business faster and easier because businesses that are legal in the eyes of the law will find it easier to gain the trust of the public and investors, facilitate access to capital for financing or business development, because NIB can be used as collateral for capital loans, besides that having NIB speeds up the process of other licenses because NIB is the initial requirement for obtaining various other documents, one of which is obtaining a halal certificate. Halal certificate is legal certainty of the halalness of a product. Halal products are products that have been declared halal in accordance with Islamic law. This halal certificate must be included in every product packaging. By having a halal certificate, several benefits are obtained; opening up a wider market, increasing consumer confidence, protecting Muslim rights, guaranteeing Islamic consumers that their teachings have been adhered to and providing certainty of a high level of cleanliness and safety. By having business legality and halal certificates, business actors have the comparative advantage of their products so that they can compete in the global market.

CONCLUSIONS

Business legality at MSMES provides protection Consumer protection law according to Article 1 point (1) of Law Number 8 Year 1999 on Protection provides a definition of consumer protection as "All efforts that ensure legal certainty to provide legal protection to consumers". Halal certificate with a halal certificate, Muslim rights are protected, besides that the halal certificate which is included through a label on each product packaging provides information that the products consumed are safe, healthy and guaranteed halal. By having business legality and halal certificates for business actors, they have the confidence to develop their products more widely and be able to compete so that the market and market share are wider, sales increase and profits increase.

RECOMMENDATIONS

The development of MSMES cannot be separated from the role of the government, therefore it is hoped that the role of the government for the development of MSMES will not be separated after MSMES gets business legality and halal certificates but also continuous assistance given the dynamic and increasing needs and the development of knowledge is increasingly advanced so that business actors are able to adjust developments.

ADVANCED RESEARCH

Business legality and halal certificates are one of the advantages in penetrating the market and maintaining competition. With the existence of business legality and halal certificates, it increases consumer confidence so that business actors can be competitive in the global market. In increasing the competitiveness of MSMEs, there are many factors that influence it, including marketing strategies and packaging. By looking at this, further research should conduct research by adding other variables that can increase competitiveness, for example, information technology, (digital marketing, e-commerce).

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