

Implementation of Halal Certification in Business Ethics for the Development of Rambak Center MSMEs in Tulungagung Regency

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ABSTRACT

This research aims to describe the implementation of halal certification in business ethics for the development of rambak center MSMEs in Sembung Village, Tulungagung Regency. This research is a type of qualitative descriptive research and uses purposive sampling techniques. From the research results, the implementation of halal certification in MSMEs at Rambak cracker centers is quite good. Having a halal certificate on a product shows the business actor's seriousness in complying with halal standards. The research results can detail the extent to which halal certification and support from the Department of Cooperatives and MSMEs can motivate MSMEs to develop their businesses. This research provides a comprehensive and informative picture of the relationship between the implementation of halal certification, business ethics, and the development of rambak center MSMEs in Sembung Village, Tulungagung Regency.

INTRODUCTION

Currently, the halal food sector is considered a new opportunity to advance economic growth and development. This opportunity is not only open to countries with a majority Muslim population, but also involves Muslim minority countries in the development of the halal industry. Indonesian government is also committed to developing the halal food and beverage industry in the country to stimulate the growth of this sector. To understand more deeply about the world of the halal industry, it is important to understand the implementation of halal product certification and guarantees first. (Al-Baarri & Nurjannah, n.d.) In business competition, especially in the culinary or food sector, competition is increasingly fierce, and product excellence is the key to competing and providing the best for consumers. One of the significant advantages of products is halal labeling, especially in Indonesia where the majority of the population is Muslim. Product image can shape consumers' positive perceptions, and halal labeling is an important factor in this matter. (Sholichah, 2023)

Business actors need to prepare for the legalization of their businesses and products, including business permits and various aspects of product legalization such as standardization, permits from BPOM, permits from the Health Office, and halal certification. Halal certification is an important criterion for including halal labels on products produced by business actors. (Hidayatullah, 2020) Study (Farida, 2023) about "Halal Certification to Strengthen Branding Micro and Small Business Products in Pasuruan Regency" shows that certification Halal MSME products in Pasuruan Regency do not yet have branding power consumer perception, due to several indicators, namely brand awareness, brand association, perceived quality and brand loyalty of consumers of certified MSME products halal is still low. Study (Sholichah, 2023) about "The Urgency of Halal Labels on Food Products Islamic Law Perspective" shows that, the production process at Vandan Wangi The bakery is in accordance with the Islamic Shari'a seen from the halal requirements of an item the product. This is based on using good and halal ingredients There is no element of haram food content in terms of the manufacturing process, storage, transportation, until serving it is also not close to forbidden food. Study (Rezi et al., 2023) about "The Impact of Labeling Halal on Barokah Bakery Business Income, Jambi City)" shows that Halal labeling has no effect on sales of barokah bread.

In Tulungagung Regency, the center for making rambak crackers, halal certification among MSMEs is still minimal due to a lack of understanding of the importance of halal certification. Even though halal-related assistance has been socialized, rambak cracker producers still face obstacles such as the supply of raw materials from non-Muslim areas. In this context, public understanding, especially consumers, of halal food is crucial. With many products on the market whose halalness is doubtful, the halal certificate logo from LPOM MUI is the main determinant of the halalness of a product and provides confidence to consumers. Therefore, research on the implementation of halal certification in business ethics for the development of MSMEs in the region is considered important.

LITERATURE REVIEW

Halal Certification for Food Products

Halal certification for food products requires the fulfillment of certain conditions to obtain halal labeling and certification. These conditions include: 1) the product does not contain pork elements, 2) it does not contain prohibited ingredients, such as materials from human organs such as blood and feces. Regulations related to halal certification, especially for food products, are considered a form of protection for consumers, especially those who are Muslim. Therefore, manufacturers are expected to provide a solution by including halal certification on their products. Halal certification is proof from MUI that the product meets halal requirements and can be circulated on the market (MUI).

MSMEs need to pay attention to several stages to obtain a halal label, including:

1. Religiosity: Religious beliefs that are reflected in everyday attitudes and behavior.
2. Halal Awareness: Understanding of the halal concept based on Islamic law.
3. Halal Certification: Guarantee of protection for Muslim consumers, obtained after the product meets the requirements and passes the halal test from the MUI.

Survey results show that the halal certification process takes 21-31 working days, and the government has made efforts to simplify and speed up the process, including by making it possible to submit certificates online via the SiHalal application. MSME players are also not charged for halal certification (BPJH). Documents that need to be prepared for halal certification include NIB, halal supervisor data, name and type of product, list of ingredients used, and product processing process. The Halal Inspection Institute (LPH) will carry out inspections and tests to ensure the product is halal.

Business Ethics

Business ethics is an integral part of implementing the halal concept. Business ethics refers to the principles that determine good or bad actions, and in Islamic business context, these ethics include values such as honesty, trustworthiness, does not contain usury, does not commit fraud, and does not harm others (Juliani, 2006).

Application of the Halal Concept in Micro, Small and Medium Enterprises (MSMEs)

The implementation of the halal concept in MSMEs in Indonesia is still not fully realized because the majority of business actors are more focused on maximizing profits. It is hoped that the halal concept can be fully implemented, in line with Islamic teachings, to create a balanced and fair life for buyers and sellers. The large potential of MSMEs in Indonesia is important in implementing the halal concept, but it requires higher awareness and full commitment from business actors (Rahmawati, 2017).

METHODOLOGY

According to (Miles et al., 2014), qualitative descriptive research is a method to explore and understand the meaning ascribed to the individual or groups of people originate from social or humanitarian problems. The aim of this study to provide an explanation of the data obtained from the field, which then observed, processed, and explained again according to the research results. This research is a type of qualitative descriptive research. Data sources in this research are divided into primary data and secondary data. Primary data was obtained directly from research informants through interviews in-depth using interview guidelines. Small Business Actors and The middle class, especially rambak centers in Tulungagung Regency, became informants The main one provides information about the situation and background of the research. Meanwhile secondary data involves observing the physical condition of the research location.

The types of data are described based on problem identification and research concepts so that researchers are able to describe the problems to be studied, namely as follows:

Table 1. Information and Data Types

No	Information and Data Types		Informant Selection Techniques	
	Information Which needed	Data Type	They inform	Number of Informants
1	MSME development	1. Characteristics of MSME Units 2. Effort enhancement production quality MSMEs	1. Head of Service Regency Cooperatives and MSMEs Tulungagung 2. Business Actors	➤ 1 (one) ➤ 2 (two)
2	Application Business Ethics Which related to Halal	1. Knowledge of business actors about halal 2. Implementation of halal in MSMEs	1. Head of Department Regency Cooperatives and MSMEs Tulungagung 2. Consumers	➤ 1 (one) ➤ 1 (one)

The sample was determined using a purposive sampling technique, where informants were selected according to certain criteria in accordance with the research objectives. Data types are described based on problem identification and research concepts, and table 1 presents information and data types as well as informant selection techniques. The subjects of qualitative research are called informants, who in this research are small and medium business actors in the food sector, MSMEs, Rambak Regency Tulungagung. Data analysis techniques involve coding and categorization, with the main focus on arranging, sorting, and searching for data in the form of text or images. The validity of the data is maintained through triangulation techniques, which involve the use of several data sources to make the data more valid. The validity strategies used include triangulating data sources, creating rich and concise descriptions, and conducting questions and answers with fellow researchers. This strategy aims to neutralize bias and increase confidence in research results. (Miles et al., 2014)

RESEARCH RESULT AND DISCUSSION

Development of Micro, Small and Medium Enterprises (MSMEs) in Tulungagung Regency

The Department of Cooperatives and Micro, Small and Medium Enterprises (MSMEs) has a mission to achieve "Realization of Community Welfare through the Development of Cooperatives, Micro, Small, Medium Enterprises and Markets." To realize this mission, this agency is seriously developing the businesses under its management through various programs. Standardization of products from fostered businesses is the focus, where products must meet good quality, be free from preservatives, and not use haram items such as pork, dog, carrion, or blood. The production process must be clean, and food and beverage products must have a consumption limit or expiration date. The standards set by the Department of Cooperatives and UMKM are in line with the rules of Islamic business ethics. Business actors are expected to be honest, sell halal goods, and follow halal *toyyiban* principles in every aspect of their production. This department also provides marketing support for fostered products through various programs, such as bazaars, exhibitions and galleries.

In an effort to develop assisted businesses, the Department of Cooperatives and UMKM organizes empowerment programs with various supports. The Integrated Service Center is a facility to help assisted business actors who are facing problems. The gallery becomes a product marketing forum, where products that meet standards are promoted and included in the bazaar. The annual bazaar is one of the activities to increase sales turnover and promote products. Apart from that, training is provided to assisted business actors to improve their knowledge and skills in running their business. All of these efforts are carried out with the aim of realizing community welfare through the development of cooperatives, MSMEs and competitive markets. With strict standardization and holistic development programs, the Department of Cooperatives and MSMEs strives to create an ethical business environment and supports the economic growth of local communities.

Implementation of Halal Certification in Rambak Center Business Ethics in Tulungagung Regency

This article discusses the obstacles faced by Micro, Small and Medium Enterprises (MSMEs) in the rambak cracker center of Tulungagung Regency regarding halal certification. One of the main obstacles is the difficulty of meeting halal certification requirements because the raw material for buffalo leather is sourced from non-Muslim areas, such as Sumbawa and Flores, which raises doubts regarding the Islamic process of slaughtering animals. MUI has not validated or approved halal certification for buffalo rambak products. Several MSME players, such as Pak Heri's rambak with the Lestari Eco trademark, have not yet obtained a halal certificate. Several contributing factors include a lack of information and knowledge about halal certification, a lack of outreach from related parties, and a lack of understanding regarding halal products. Even so, some consumers still feel safe consuming these products even though they are not halal certified because of their trust in the production process which is considered safe and transparent.

On the other hand, rambak producers who are halal certified, such as UD Wahyu Abadi, face obstacles related to the raw material of buffalo leather which cannot be declared halal by the MUI. The strategy taken is to replace buffalo raw materials with cowhide and change the production process to maintain the buffalo taste. This is done in order to continue to meet halal certification requirements and remain on the market.

The main obstacle identified in this article is the lack of knowledge of MSME actors about the importance of halal certification for the development of their businesses. Therefore, the role of related parties is needed, such as the Tulungagung Regency Health Service and Industry and Trade Department, to provide outreach and assistance to MSME actors in processing halal certification. The research conclusion emphasizes that halal certification has a significant impact on the development of MSME businesses in the Rambak cracker center, both in terms of production and product marketing.

CONCLUSIONS AND RECOMMENDATIONS

This research shows that the implementation of halal certification among MSME business actors at the rambak cracker center in Sembung Village, Tulungagung Regency, has been carried out quite well within the framework of Islamic business ethics. Even though not all business actors have halal certificates, their implementation is in accordance with the principles of Islamic business ethics. This has a positive impact on the development of the rambak cracker business in the region. The Department of Cooperatives and MSMEs has been actively involved in fostering business activities in the rambak center of Sembung Village. This effort involves encouragement and motivation for MSMEs to obtain halal certificates. Apart from that, the Department also provides various services to help business development, increase competitiveness and expand product marketing. The aim is to create sustainable businesses and increase profits earned by MSME players.

Thus, collaboration between MSME players and support from related agencies, such as the Cooperatives and MSMEs Service, has an important role in developing and improving the quality of the rambak cracker business in the region. Conformity with the principles of Islamic business ethics and local government efforts to provide support through halal certification and development services business can have a positive impact on the development of MSMEs in these centers. The importance of halal certification for MSMEs has a significant impact, especially in increasing consumer confidence and maintaining business sustainability. Suggestions for further research that can be the focus of an in-depth study regarding the importance of halal certification for MSME players include researching and analyzing the contribution of halal certification to the sustainability and long-term growth of MSME businesses, halal certification influences purchasing decisions, halal certification can open up new market opportunities for products MSMEs. By focusing the study on these aspects, research can provide deeper insight into the importance of halal certification for MSMEs and its impact on consumers, business sustainability and market development.

ADVANCED RESEARCH

Still carrying out further research to find out the limitations of the author in the article entitled Implementation of Halal Certification Business Ethics for the Development of Rambak Center MSMEs in Tulungagung Regency.

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