

## PROSPECTS OF HALAL INDUSTRY IN INDONESIA: LITERACY AND INCLUSION OF HALAL PRODUCTS

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### **Abstract**

*This research aims to map the literacy and inclusion of halal products in Muslim communities and their impact on the halal industry in Indonesia. The design of this research is a field study with a mixed approach (descriptive quantitative-qualitative). The population of this research is the local residence in general and the academic community of Islamic universities in particular. The number of research respondents was 103 people obtained from distributing questionnaires via Google Forms. Because the population size is unknown, the sample was determined using the Lameshow model based on the convenience sample. From the data processing, it was concluded that literacy and inclusion of halal products among the public were categorized as high—aspects of knowledge of halal ingredients, halal products, and halal labels in the high category. Respondents' understanding and knowledge of "halal" came from ulama, the internet, social media, and others. The community's "halal" literacy in the form of use and priority of using halal products is also categorized as high. They also support the government to make "Indonesia" the world's Halal Hub. These findings, it can be understood that if literacy and community inclusion in the regions are high, it can support Indonesia to reach halal industry development.*

**Keywords:** *halal products, halal literacy, halal inclusions, halal preference*

### **INTRODUCTION**

The halal industry, especially halal products, has become a business trend worldwide, such as in Japan (Adidaya, 2016), Malaysia, and Singapore (Wahab et al., 2016). Halal products, as part of the halal industry, have also received worldwide attention (Alhabshi, 2016). In 2024, the transaction value of halal products will be 2.4 USD trillion (<https://isef.co.id/>). This figure will continue to grow along with the development of the world's halal industry (Thomson Reuters, 2021). Indonesia is also not left behind with this halal industry. One way to grow the halal industry is by implementing a free halal certification strategy organized by the Halal Product Guarantee Administering Agency (BPJPH) of the Republic of Indonesia (Marselina et al., 2024). Universities

also contributed by establishing the Halal Product Process Assistance Institute (LP3H), which assigns Halal Product Process Assistance (P3H) to assist business actors in obtaining halal certificates (Dakum et al., 2022).

Studies on halal products still focus on purchasing decisions (Secinaro & Calandra, 2020), supply chain (Mohammadian et al., 2015), halal cosmetics (Tama & Voon, 2014), halal certification (Ismail & Kornitasari, 2022), halal products and gastronomy (Nurul et al., 2019), halal product quality assurance (Ratanamaneichat & Rakkarn, 2013), village-based halal product development (Lubis, 2018), halal product certification (Ismail & Kornitasari, 2022), halal product certification abroad (Saputro et al., 2019). Studies on developing halal products in Indonesia linked to literacy and inclusion have yet to be carried out optimally. Therefore, this article completes this review by looking at the prospects for the halal industry in Indonesia.

For the Indonesian Muslim community, halal products are essential in daily consumption (Aziz & Chok, 2013). This country, where most of the population is Muslim, especially residents of West Central Java, places halal products as superior products (Devy & Ismanto, 2022). In this region, a Halal Product Process Assistance Agency has also been established, which has helped people obtain free halal certificates (Ismanto, 2022). On the other hand, Pekalongan also has the feasibility and potential of becoming a halal tourism destination (Ismanto, 2019). So, a halal ecosystem in this region has been formed even though it is imperfect.

This research aims to determine the literacy and inclusion of the Pekalongan community towards halal products. This study is vital to map the development of the halal industry sub-sector of halal products in the regions of Indonesia. Halal products are an essential commodity for Indonesia because Indonesia has many MSMEs. On the other hand, the government is encouraging free halal product certification. On the other hand, the government wants to make Indonesia the world's halal center (Ab. Wahab & Kamarubahrin, 2019).

This survey research was carried out in the Pekalongan area and the academic community of K.H. Abdurrahman Wahid University. What is meant by survey research is an information-gathering technique that compiles a list of questions asked to respondents from a population (Morrison, 2016). From the results of distributing the questionnaire via Google Forms, 103 data were obtained from respondents. The sample for this survey is the general public, who are willing to fill out the questionnaire distributed. So, the sample was determined using a convenience sampling model, as is commonly used in quantitative research (Mansor et al., 2014). The data that has been collected and validated is analyzed descriptively-quantitatively-qualitatively. A model is used to analyze this data (Miles & Huberman, 2020), which begins with collection, reduction,

presentation, and conclusion. Quantitative descriptive analysis aims to understand percentages, while qualitative descriptive analysis aims to obtain meaning from the data (Bungin, 2011).

## Results and Discussion

### *Characteristics of Research Respondents*

In order to understand this research more comprehensively, it is necessary first to explore the characteristics of the population. From the results of distributing the questionnaire, the characteristics of the research respondents were presented, consisting of various aspects such as domicile, occupation, age, and religion (see Table 1).

Table 1. Profile of Respondent

Aspect	Category	Prosentage (%)
Civitas Campus	Civitas	68
	Non	32
Domisilie	Eks Karesidenan Pekalongan	90,3
	Non	9,7
Profession	Entrepreneur/Empleoce	37,9
	Independent Worker/Domestic Worker	29,1
	Employess/Staff of Government and Private	26,1
	Lectures/Teachers	6,9
Age	< 25 years	33
	26 – 45 years	52,4
	46 – 65 years	14,6
Religion	Islam	100

Source: processed data, 2023

The data presented in Table 1 shows that most respondents are people from the former Pekalongan residency and are academics from UIN K.H. Abdurrahman Wahid Pekalongan. So, respondents can be categorized as research subjects with good education, are of productive age, and the majority are Muslim. Most of them live in the former Pekalongan residency area, which means they are categorized as Pantura Muslim communities (Ismanto & Devy, 2022).

### Halal Product Literacy

Literacy is an individual's ability to process and understand information while reading and writing. In this article, "halal literacy" is an individual's knowledge and understanding of halal ingredients, products, and certified products.

Most respondents, 80%, were aware of halal products and products labeled halal. Informant 1, 36 years old, stated that he knew halal products. The above statement can be seen in the following interview excerpt:

["The products we consume are halal, both food and drinks. Not only food but also skincare, make-up, and others. On the other hand, products are tested for halal by LP POM, both raw materials, processes, and packaging"].

Informant 2, a 32-year-old staff member, stated his knowledge of halal products. Informant 3 (23-year-old student) is a student and also works as a PPH assistant, stating his knowledge about halal products. This knowledge is visible in the following quote.

["Halal products are created starting from the provision of materials, processing, storage, distribution, and sales following Islamic law".]

According to informant 3, the halal logo looks better than before, as seen in the following quote.

["The halal logo now has a better impression than the previous one, seeing that its philosophy is complete, covering faith, culture, and humanity."]

Respondents also knew about the change to the halal logo. The halal logo has changed. MUI originally published it and has now been published by BPJPH, but most respondents, 94.2%, know the new halal logo.

["I already know that products are halal. In my opinion, the logo looks more aesthetic than before. In the previous logo, it appears that the halal logo is hijaiyyah. "Now people know, from a distance, that the logo appears to be the BPJPH halal logo"] (Informant 1, lecturer, 36 years).

The source of respondents' knowledge is that as many as 57.3% of respondents knew about halal products from the internet/online media/social media. Only 34% of respondents came from the submissions of ulama/lecturers and others. As much as 8% comes from independent search/self-study/self-teaching from various sources.

["I know about halal products from reading social media and also discussions with office friends. This halal knowledge is more effectively spread through social media than anything else. "If you go through ulama, not everyone follows the recitation"] (Informant 1, lecturer, 36 years).

The same thing was conveyed by informant 3. The source was from ulama figures (kyai), by developing knowledge and information through social media.

The explanation about literacy obtained through surveys and interviews shows that respondents' literacy about halal products is in the high category. It can be seen in halal knowledge, halal products, halal logos, halal knowledge sources, and others.

## Halal Product Inclusion

Inclusion is inviting or including the community to actively participate in social, cultural, and political activities. In this study, as many as 95.1% of respondents considered the "halal label" when purchasing products for daily consumption.

"I consider the halal label when purchasing and consuming halal products to maintain the basics even though they do not know the arguments of the Koran. Because what we eat affects us. Another reason is religious reasons as a devout Muslim".

Most respondents, amounting to 98%, also prioritize halal products for daily consumption.

"Halal products are an everyday priority. For packaged food, look at the logo. If it is not food, choose a Muslim seller if it is for raw materials, also Muslim. "Ask first whether the slaughtering method is Islamic".

The majority also stated that it was easy to obtain halal product information at 91.3%.

"I find it easy to get halal products because I live where Muslims are the majority. Apart from that, I got the information from the person who sold the product by asking him directly. If I ask once, I will subscribe".

Most respondents, 95%, stated they had the convenience of obtaining/buying halal products.

"... I also find it easy to buy halal products because they are available everywhere without difficulty. It is around the house, it is there at work, it is everywhere, and it is easy"

The same opinion as above was also conveyed by informant three, who works as a halal product process assistant. He stated his opinion as follows.

"For me, getting a halal certificate is very easy, and the products can be obtained in various online and offline stores. The way to check halal products is quite easy on the websites [halal.go.id](http://halal.go.id) and [halalmui.org](http://halalmui.org)."

Data on inclusion obtained through surveys and interviews shows that society has inclusion in the excellent category. This can be seen in the consideration of halal labels, consumption of halal products, priority of halal products, and statements about the ease of obtaining halal products.

## *Prospect of Halal Industry in Indonesia*

The 103 respondents agreed that Indonesia would become the centre of the world's halal industry. Referring to findings, this data can be used to examine the prospects for the halal industry in Indonesia, especially regarding literacy and the inclusion of halal products. High literacy is indicated by knowledge of halal materials and products, diverse sources of knowledge, and

knowledge of halal logo changes. A high level of inclusion is characterized by respondents' openness to purchasing and consuming halal-labeled products. More than that, support for making Indonesia the world's halal centre was also shown. The high level of inclusion of halal products in the region also makes the prospects for this halal industry high. With consumption, priority, choice, and preference, the circulation of halal products will also increase and impact the halal industry's growth. The high literacy and inclusion of halal products by the public indicates that halal products have become an essential part of everyday life.

Why do Pekalongan people care about halal products? This community is known for its religiosity (Hidayat & Atya, 2015). Various research shows that a person's religious attitude will impact choosing halal products (Nurhayati & Hendar, 2020b). This condition also occurs in South Korea regarding the purchase of halal cosmetics (Mahri et al., 2023). With these findings, we can also look at other religious communities, such as Aceh, Lombok, and Padang. These three areas have become halal tourism destinations and are closely related to halal products (Saputra et al., 2021; Surya, 2018; Taqwiem et al., 2020). It can be confirmed that respondents' religious attitudes influence their choice of halal products, both in consumption and purchase.

In the end, this research is in line with and supports other research which states that people prefer halal products as a form of inclusion. Chinese Muslims (Hong et al., 2019) have a preference for halal products for daily consumption. As stated by Nurhayati Hendar (2020), good literacy will influence purchasing intentions. The research also strengthens the research results of Firdayetti et al. (2022), which state that Muslims remain consistent in purchasing and prioritizing halal products. In a series of aspects, halal awareness influences government behavior (Jannah & Al-Banna, 2021), halal labels influence purchases (Hamdan et al., 2013), and knowledge is also a consideration (Abd Rahman et al., 2014). From this description, we can understand that literacy and inclusion are the entry points and support for the halal industry.

## Conclusion

This research shows that the halal industry development in Indonesia can be supported by literacy and the inclusion of local communities. Good literacy of halal products will have an impact on good inclusion as well. If literacy is the key to inclusion, it is appropriate for parties interested in the halal industry to increase outreach activities to increase literacy and inclusion among local communities. Empirically, the results of this research support the realization of Indonesia becoming the world's halal centre. Although this research has provided important information for the prospects of the halal industry, several weaknesses need to be addressed to improve further

research. Due to time and sample limitations in the survey, the results can only be generalized to a small population.

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