
The Role of Halal Certification of Food Products in Economic Improvement in the Batang Integrated Industrial Estate

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Abstract

This study aims to analyze the role of halal certification on economic aspects by increasing the income of MSME actors in Kedawung village. The choice of location is in Kedawung village because it is directly adjacent to the Batang Integrated Industrial Estate. This research uses the Participatory method with a Participatory Rural Appraisal approach involving the active role of 25 MSME actors in Kedawung village, Batang Regency. The construct of this research was carried out in three stages, planning, implementing, and evaluating sustainable activities. Data collection techniques in this study were through observation, interviews, documentation studies, Focus Group Discussion (FGD), and literature studies. The results of this study show that; 1) Kedawung Village has the potential for people-based economic growth through MSMEs; 2) Halal certification can be a factor in increasing the income of MSME actors and providing trust to consumers who care about the halal aspects of food; 3) The Batang city government responded the existence of the Integrated Industrial Estate by creating an MSME Corner facilitated with halal certification and product digitalization. This research has implications for the benefits of halal certification for economic growth and sustainable development of halal tourism.

Keywords: Halal Certification, Economic Income, Food Sector, Integrated Industrial Estate

INTRODUCTION

The development of halal tourism has become a significant trend in global economic growth which cannot be separated from the culinary. The Global Islamic Economy Report

reported that Muslim economic growth experienced a significant increase of 7.5% in 2021. Global demand is dominated by halal food, including; Ready meals, halal logistics, agricultural technology, and food safety (EAGA, 2021). The data confirms that economic growth is related to halal tourism and halal food. In the context of halal tourism, halal food will impact the economic aspect (Fadhil, 2020).

The development of halal tourism and halal certification plays a vital role in economic growth in Muslim countries, especially in Indonesia, as a tool to provide assurance of halal products and services offered that attract consumer trust and comfort. In line with that, the halal lifestyle using halal-certified products is a significant need for the Ummah (Press, 2021). Indonesia ranks second in the world for the halal food and beverage category and fourth place for Islamic economic development. In other words, Muslims in Indonesia are a huge potential market for developing a halal lifestyle, including *Halal Food*. Food and beverage products are products that receive primary consideration in the selection process based on the provisions of Sharia (Anggraeni et al., 2023).

The food and beverage sector are the center of economic growth in Indonesia. This is based on the rapid growth of Islam worldwide, which has increased the demand for halal products. *Second* the increasing tendency of non-Muslims to use food for ethical and safety reasons. *Third*, contributing to the rise of the legal consumer as a market force is the growth of the Muslim population and the increase in their purchasing power. *Fourth*, Muslims are more aware of the need to consume only halal food (Sanneh & Bethany, 2021; Utari et al., 2022). The existence of MSMEs in a village has an important role that can increase the surrounding community's economy and revive other supporting local businesses. The presence of MSME centers is one solution that can solve the inequality between villages and cities and drive the regional economy in general (Sudirman & Muhadar, 2018).

The existence of an Integrated Industrial Estate (KIT) in Kedawang-Banyuputih village needs to be balanced with the resilience of the surrounding local community. Kedawang village has natural potential in the food sector, especially banana trees and rubber plantations. The community then utilizes this natural potential into a business to process cotton bananas into sales and banana chips. While rubber plantations become an exciting place for honey-picking tourism, which is then used by the community to produce native honey. While the fishing community uses the potential of the sea that exists to catch fish and process them into salted fish and shrimp paste. As the impact felt by the community on the existence of KIT and PLTU in Batang, fishermen are currently challenging to obtain fish, and people who used to make a living in the forest, which is presently used as KIT, must change their professions to become farmers, honey breeders, and

become entrepreneurs. The existence of SMEs with halal-certified products can be one of the factors that can increase economic growth. Mustafa emphasized that including halal labels significantly affects purchase interest (Musthofa & Buhanudin, 2021). Halal certification of products produced by SMEs and impacting economic aspects can also improve *Trust*.

This study uses the Participatory Rural Appraisal approach selection of approaches to optimize the involvement and togetherness between researchers and communities to create changes in knowledge, understanding, awareness, and action of people on their own lives with the power of the resources they have. The potential possessed by the people of Kedawung Village, who are threatened by the existence of the KIT in as aspect requires the community to (Aldirge, 2015) *Agile* against existing changes. The selection of society in the economic element through entrepreneurship itself comes from awareness of conditions that demand changes in the order of life. The approach taken in *participatory* The process is carried out in three stages, namely: the planning stage, the implementation stage, the evaluation stage, and the sustainability reporting (Anggraeni, 2021). The data and information collection techniques are observation, interviews, documentation studies, Focus Group Discussion (FGD), and literature studies.

RESEARCH RESULTS

Exploring the Potential and Products of SMEs in Kedawung Village

Kedawung is a village in Banyuputih sub-district, Batang, Central Java, the only village in Banyuputih sub-district directly adjacent to the Java Sea. This strategic position provides opportunities for the community to become fishermen and process various types of seafood, such as salted fish. In addition to marine potential, Kedawung village is adjacent to Grinsing village, which has Alas Roban. Therefore, part of the Kedawung village area is filled with Alas Roban in the form of rubber trees. This rubber tree makes the community raise wild bees, which is then in the process of becoming a Javanese honey business. Until now, honey farmers who make a living as entrepreneurs have been able to market their products outside of Java. In addition to rubber plantations, Kedawung Village has agricultural land and plantations. Therefore, farmers and planters are still the livelihoods that dominate the people of Kedawung Village.

The existence of the Integrated Industrial Estate (KIT) has had a negative and positive impact on the people of Kedawung village. A few people have lost their jobs due to forest conversion, so they become entrepreneurs. In other words, the existence of these entrepreneurs can help restore the economy and improve the community's economy. There are significant changes based on population data related to the work of the people of Kedawung Village in 2022. The work of the people of Kedawung Village is dominated by entrepreneurs, which were

previously farmers and fishermen. The change in the livelihood of the people of Kedawung village cannot be separated from the existence of KIT Batang. Many fishermen eventually turned their professions into entrepreneurs, freelancers, and private employees at KIT. Similarly, plantations that initially made their livelihoods in forest areas eventually became entrepreneurs after all forests were converted into industrial estates. This data also shows that with the KIT, private employee employment increases.

Table 1. Population Data by Occupation Type

No	Types of Jobs	LK	PR	Sum
1	Self employed	545	368	913
2	Farmer/Farmer	239	194	433
3	Private Employees	173	89	262
4	Freelance day laborer	121	74	195
5	Fishermen/Fisheries	192	-	192
6	Merchant	47	104	151
7	SOE employees	68	11	79
8	Teacher	14	30	44
9	Farmworker	16	9	25
10	Driver	21	-	21
11	Civil servants	14	4	18
12	Pensioner	11	1	12

The potential of Kedawung village is inseparable from natural resources in the form of seafood, agriculture, and plantations which are processed into food and beverages. The potential provides opportunities for the people of Kedawung Village to be managed as a source of economic income through the food sector. The growth of business actors over the past 2 years has begun to increase. This is inseparable from the existence of the Batang Integrated Industrial Estate, which is in Kedawung Village. The process of converting forests into KIT significantly impacts the livelihoods of residents.

From the mapping data, there are 29 business actors in the food sector in Kedawung Village, which are dominated by fish catches and then processed into salted fish and shrimp paste. There are 8 active business actors engaged in this field. The exciting thing found here is that previously the business was carried out in the form of market snacks since the development project of the culinary and catering business industry began to develop. Furthermore, honey business actors are inseparable from the geographical position of Kedawung Village, located in Alas Roban,

a rubber tree used to raise honey. Even today, it is used as an effort as one of the attractions to eat natural honey in Alas Roban.

Table 2. Data on SMEs Applying for the Halal Certification Process

No	Name	Address	Business Type
1	Waryunah	Kedawung Village Rt 03/Rw 01	Shrimp paste
2	Sohirotun	Kedawung Village Rt 03/Rw 01	Shrimp paste
3	Zaenun	Kedawung Village Rt 03/Rw 01	Shrimp paste
4	Inayati	Kedawung Village Rt 04/Rw 01	Catering
5	Anna Yunnaning M	Kedawung Village Rt 05/Rw 01	Catering
6	Yuli	Kedawung Village Rt 05/Rw 01	Catering
7	Manirati	Kedawung Village Rt 05/Rw 01	Snack
8	Yumrotul Chasanah	Kedawung Village Rt 03/Rw 01	Snack
9	Rowiyah	Kedawung Village Rt 04/Rw 01	Herbal medicine
10	Suwiknyo	Kedawung Village Rt 05/Rw 01	Honey
11	Rumini	Kedawung Village Rt 01/Rw 02	Salted Fish
12	Casmuri	Kedawung Village Rt 01/Rw 02	Salted Fish
13	Pariyah	Kedawung Village Rt 02/Rw 02	Salted Fish
14	Fatimah	Kedawung Village Rt 03/Rw 02	Salted Fish
15	Musitah	Kedawung Village Rt 02/Rw 02	Salted Fish
16	Ciana Kumaraningtyas	Kedawung Village Rt 01/Rw 02	Onion Beans
17	Kamsiyah	Kedawung Village Rt 01/Rw 03	Banana Sale
18	Rokhanah	Kedawung Village Rt 01/Rw 03	Banana Chips
19	Sri Mujirah	Kedawung Village Rt 01/Rw 03	Snack & Catering
20	Miskani	Kedawung Village Rt 01/Rw 03	Honey
21	Kasjo	Kedawung Village Rt 01/Rw 03	Honey
22	Listari	Kedawung Village Rt 01/Rw 03	Honey
23	Mistun	Kedawung Village Rt 02/Rw 03	Herbal medicine
24	Casminto	Kedawung Village Rt 02/Rw 03	Honey
25	Suparti	Kedawung Village Rt 02/Rw 03	Traditional Snacks
26	Bianiyah	Kedawung Village Rt 02/Rw 03	Traditional Snacks

27	Tubari	Kedawung Village Rt 04/Rw 03	Banana Sale
28	Sukimi	Kedawung Village Rt 01/Rw 04	Chips
29	Hermunis	Kedawung Village Rt 04/Rw 04	Chips

Food Sector Halal Product Certification

Based on data from the Central Java Cooperatives and Small and Medium Enterprises Office, SMEs are dominated by the processing industry.

Table 3. Central Java MSME Data Per category

No.	Kategori	Sub Kategori	Jumlah UMKM
1	Pertanian, Peternakan, Kehutanan, Perikanan (1441)	- Pertanian (1237) - Peternakan (1787) - Perikanan (2867)	4308
2	Pertambangan dan Penggalian (60)	- Pertambangan dan Penggalian (53)	113
3	Industri Pengolahan (11465)	- Industri Pengolahan (9768) - Makanan/Minuman (9917) - Fashion (9951) - Handycraft (9954)	21419
4	Listrik, Air, Gas (92)	- Listrik, Air dan Gas (129)	221
5	Bangunan (25)		25
6	Perdagangan, Hotel, Resto (5238)	- Perdagangan dan Reparasi (12548)	17786
7	Pengangkutan dan Komunikasi (12)	- Transportasi Pergudangan dan Komunikasi (68)	80
8	Keuangan, Sewa, Jasa Perusahaan (77)	- Persewaan dan Kontraktor (1) - Perantara Keuangan (11)	88
9	Lainnya (7485)	- Jasa (1709) - Kegiatan Lainnya (48682) - Akomodasi dan Penyediaan Makanan Minuman (53156) - Jasa Pendidikan dan Pelayanan RT (53396) - Jasa Kesehatan dan Kegiatan Sosial (53450) - Konstruksi (53546) - Perorangan (54508)	61993
10	Data Belum Lengkap		35495
		Total	141528

This table shows that the three primary commodities; food processing industry, restaurants, and agriculture have a very strategic role in economic growth, all of which are in contact with food and beverage products, which ideally need to be clarified with the legality of the product, namely in terms of halal.

Kedawung village has natural potential in the food sector, especially banana trees and rubber plantations. The community then utilizes this natural potential into a business to process cotton bananas into sales and banana chips. While rubber plantations become an exciting place for honey-picking tourism, which is then used by the community to produce native honey. While the fishing community uses the potential of the sea that exists to catch fish and process them into salted fish and shrimp paste. As a tourist destination, the existence of SMEs strongly supports the economy, especially the "halal food" food sector must be able to guarantee the halal products produced.

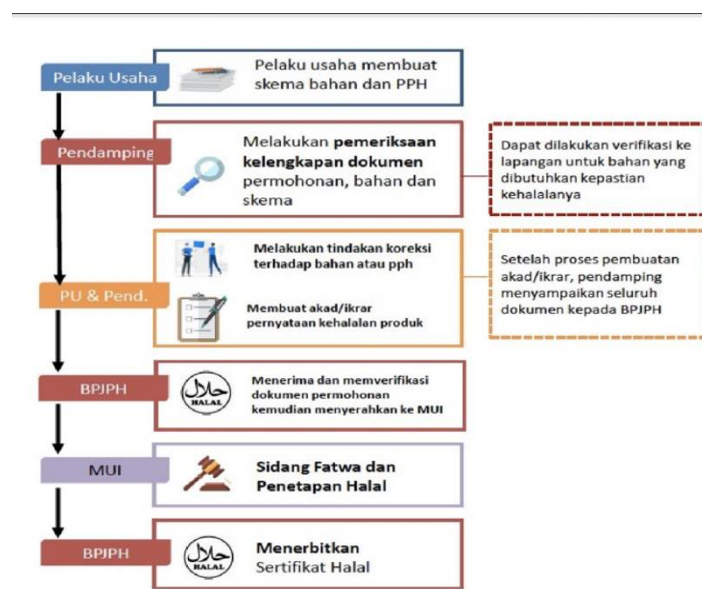
The presence of certification and labels on food products is a measuring and control tool so as not to harm and endanger consumers. Products that have halal certificates and labels are

products that follow Sharia or Islamic teachings. The existence of a halal brand in a product provides its own information for Muslim consumers about the content or elements contained in a product that Sharia has tested, thus creating confidence in consuming the product (Arisman Utama & Jaya, 2017).

The list of products and ingredients used in the halal product process must be halal products and ingredients, as evidenced by a Halal Certificate. These provisions are not required for materials that are: a) Derived from nature in the form of plants and mining materials without going through the processing process; b) Categorized as not at risk of containing prohibited substances; c) Not classified as dangerous and do not encounter illegal substances.

A halal certificate is a written statement of a halal product from BPJPH based on MUI fatwa considerations and is still valid. The Halal Product Process, abbreviated as PPH, is a series of activities to ensure the halalness of the Product, including the provision of materials, processing, storage, packaging, distribution, sale, and presentation of Products (PP No. 39 of 2021). To obtain halal product certification through PPH, every business actor is assisted by a PPH companion, namely Personnel / Someone who carries out the verification and validation process of halal statements by Business Actors, which can be proven by having a PPH companion training certificate. Halal certification helps eliminate consumer doubts about the halal of these food products (Istanti et al., 2019). The flow of the halal product certification process is described through the following scheme:

Diagram 1. Halal Product Certification Process



In practice, these small business actors can only earn income just to meet their daily needs. Therefore, the economic system is better known as the people's economy as a "survival" strategy

It needs to be encouraged by various policies, including obtaining halal certificates.

MSME Corner: Efforts to Grow the People's Economy

The economic driver of society is the economic activity carried out by a community that independently manages whatever resources it can master and is shown to meet its basic needs and that of its family. Community economic development efforts lead to structural changes, namely strengthening the position and economic role of the people in the national economy (Ikhsan, 2015).

For the products produced by a village to be based on the potential and advantages of the village, the products produced by the village must be able to compete with products from other villages. One of the things that can be done is to synergize these economic growth sectors into interrelated with others by synergizing all existing policies for economic growth in a rural community.

The presence of MSME Corner facilitated by the Batang city government is a form of effort to increase the competitiveness of MSMEs. UMKM Corner facilitates various MSMEs by providing business information, business assistance, financing facilities, promotion centers, marketing galleries, and business network development. This is done so that the people's economy continues to grow and develop amid the existence of the Batang Integrated Industrial Estate.

UMKM Corner has a program *One Village One Product (OVOP)*, as a form of effort to develop regional potential in a region to produce products of global value, able to compete in the global market while still having the region's unique characteristics. The products produced are products that utilize natural resources and local human resources (Triharini et al., 2014). The product that later became an advantage in Kedawung village was pure honey Roban base. There are at least 4 SMEs that raise and produce honey in Kedawung village. UMKM Corner collaborates with the Batang halal task force to provide assistance and facilitate the halal certification process for business actors.

In encouraging the economic growth of MSME Corner and encouraging business actors to obtain halal certification, efforts are also made by facilitating business actors through product digitalization. In an all-digital era, all business actors can carry out the marketing process online, and this makes it easy for business actors to introduce their products not only at the local level but nationally, which not only benefits from economic factors but also can introduce and develop village potential.

Impact of Food Sector Halal Certification on Kedawung Village Community

Based on data from January 2023, 200 MSME products have obtained halal certification in Batang Regency. This data shows an increase previously at the end of 2022, 78 MSME products obtained halal certificates (Kuntadi, 2022). The increase in the number of certified products shows that halal certification in the food sector has enormous potential in Indonesia. This is an implication of Indonesia's vast Muslim population. In this case, the food sector, halal food and beverages, is a Muslim's primary need. For a Muslim to move on with his life (Adamsah & Subakti, 2022).

Halal certification obtained by SMEs impacts increasing the income of business actors. As stated by several informants in the interview session

"After obtaining halal certification, honey buyers are not only from the Batang and Pekalongan areas, even outside Java and of course increase income" (Informant)

One of the informants who obtained halal certification from food products in the form of catering said the same thing. In an interview session conducted by informants, they said that obtaining halal certification could supply food to the Integrated Industrial Estate.

"After obtaining the halal certificate, my caterer was ordered for lunch at the KITB project."

From informant information, obtaining halal certificates can improve the economy of business actors, and halal certification also provides *trust* to consumers. This aligns with what Irmaliyah stated in her research that the existence of brands and labels on a product could be a reason for consumers to choose the product (Irmaliyah & Anisa, 2022).

Another interview was conducted with business actors without a halal certificate. They want to be able to obtain the certificate. As with previous data, there are 29 business actors who apply for the halal certification process. The motivation of these business actors is influenced by several factors where there is hoped to improve operating income. The interview results align with Bahri's research that there is a direct relationship between the ownership of halal certificates and the business income of SMEs (Bakhri, 2020). This confirms that the ownership of halal certificates is a factor that can increase the income of business actors.

Halal certification can be a strategy to expand marketing and product competitiveness while increasing profits/turnover/producer income. The implication is that SMEs who have carried out halal certification tend to include halal logos on their products, this can then control consumer intentions and decisions to buy these products. As based on the results of several previous studies such as: (Handayani, 2019; Ma'rifat et al., 2015) which proves the positive influence of halal certificate ownership through the halal logo imprinted on the product on attitudes, subjective values and behavioral control of halal food product perceptions in controlling consumer intentions

and purchasing decisions. In other words, that halal certificates can influence consumers to buy products and as a medium *Marketing* to business actors that have implications for sales and revenue levels.

CONCLUSION

The existence of the Batang Integrated Industrial Estate (KIT) has a very significant impact on the economy of the Kedawung community. Many residents have switched their businesses from forest farmers and fishermen to entrepreneurs. Over the past two years, the number of business actors has increased. The increase in business actors is the potential to improve the people-based economy.

Government programs that make Indonesia a halal tourist destination impact the availability of halal food, as evidenced by halal certification. The Batang district government responds to global economic growth through MSME business actors by providing corner MSMEs in collaboration with the halal task force in facilitating halal certification and product digitalization. The acquisition of halal certification in the food sector, in this case, food, and beverages, causes the income of MSME actors to increase and gives confidence to consumers. In other words, halal certification impacts improving the economy of business actors.

Limitations From the research conducted, only a tiny percentage of business actors obtained halal certification. The subsequent research is highly recommended to see the income level of business actors with halal certificates and consumer satisfaction with halal-certified products.

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