

Halal Certification Challenges for Javanese Muslim Entrepreneurs in a Phenomenological Perspective

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ABSTRACT

This paper aims to examine the Muslim community responses about Halal policy in Indonesia, especially for micro, small, and medium enterprises or known as UMKM in articulating Halal certification socially on their business products. The study becomes interesting since normatively Halal product policy is predicted to provide great opportunities for the community, including for UMKM. However, various responses occur in the community to this policy. Thus, Halal policy in its products has not been implemented optimally, especially for small and medium entrepreneurs. On the other hand, it seems more profitable for high-end entrepreneurs because they have better resources than small entrepreneurs. By using the phenomenological method, the study looks at how Muslim entrepreneurs respond to this policy in an emic perspective. It can be concluded that the community's response to the halal policy is categorized into four dilemma models; 1. Public awareness, especially entrepreneur on JPH regulations is still lacking. So, the willingness to conduct Halal certification for their products is also low 2. The cost of Halal products is considered quite burdensome. Although, the government holds a free financing program, the quota is limited and uneven. 3. Halal management chain is too bureaucratic and complicated. Therefore, products of UMKM seem to be administrative since they are only related to production. 4. Most UMKM have low competitiveness. In fact, many UMKM assume that Halal does not become one of the main branding in facing business competition with other global products.

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Abstrak: Tulisan ini bertujuan untuk mengkaji tanggapan masyarakat muslim tentang kebijakan Halal di Indonesia, khususnya bagi usaha mikro, kecil, dan menengah atau yang dikenal dengan UMKM dalam mengartikulasikan sertifikasi halal secara sosial pada produk usahanya. Kajian ini menjadi menarik karena secara normatif kebijakan produk halal diprediksi akan memberikan peluang besar bagi masyarakat, termasuk bagi UMKM. Namun, berbagai tanggapan terjadi di masyarakat terhadap kebijakan ini. Dengan demikian, kebijakan halal dalam produknya belum diterapkan secara optimal,

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terutama bagi pengusaha kecil dan menengah. Di sisi lain, tampaknya lebih menguntungkan bagi pengusaha kelas atas karena mereka memiliki sumber daya yang lebih baik daripada pengusaha kecil. Dengan menggunakan metode fenomenologis, penelitian ini melihat bagaimana pengusaha muslim menyikapi kebijakan ini dalam perspektif emik. Dapat disimpulkan bahwa respon masyarakat terhadap kebijakan halal dikategorikan menjadi empat model dilema; 1. Kesadaran masyarakat khususnya pengusaha terhadap peraturan JPH masih kurang. Sehingga kesediaan untuk melakukan sertifikasi Halal untuk produknya juga rendah 2. Biaya produk Halal dinilai cukup memberatkan. Meski pemerintah menggelar program pembiayaan gratis, kuotanya terbatas dan tidak merata. 3. Rantai pengelolaan halal terlalu birokratis dan rumit. Oleh karena itu, produk UMKM terkesan bersifat administratif karena hanya terkait dengan produksi. 4. Sebagian besar UMKM memiliki daya saing yang rendah. Bahkan banyak UMKM yang beranggapan bahwa Halal tidak menjadi salah satu branding utama dalam menghadapi persaingan bisnis dengan produk global lainnya.

Kata kunci: tantangan sertifikasi halal, wirausahawan, fenomenologi

INTRODUCTION

This article examines the Muslim community responses to Halal policy in Indonesia, especially for micro, small, and medium enterprises or known as UMKM in articulating Halal certification socially on their business products. This topic becomes interesting since there are debates both theoretically and practically related to the dilemma of Halal policy in the form of point of view and behavior of the community as a result of the policy.

The government makes Halal policy become a protection for Muslim community in Indonesia. However, some policies are considered less consistent, so that they become contradictory, less systemic, and systematic. It becomes one of dilemmas. Therefore, the regulation seems irrelevant to be used as a strong foundation as a legal basis and binding on the issue of Halal policy on products producer (entrepreneur) and guarantees of comfort to consumers.¹

Another dilemma is related to the number of UMKM including Halal label in their products, but without going through the process of obtaining Halal certification as intended in government regulations. It indicates that in the implementation of Halal Product Assurance regulations has no support, both socialization and involvement of institution in government.²

On the other hand, Halal certification is believed to provide protection and have a positive impact on society at large. This is indicated by the existence of a global Halal Industry which as a whole is valued at USD2.3 trillion (excluding Islamic finance) in a year. It is one of the fastest growing markets right now. Simultaneously, global market growth is expected to reach a rate of

¹ Sofiana, Ratna and Satria Utama and Abdur Rohim, The Problems of Halal Certification Regarding Consumer Protection in Malaysia and Indonesia, Journal of Human Rights, Culture and Legal System, ISSN 2807-2812, Vol. 1, No. 3, November 2021, pp. 180-193

² Fauji, Imam dan Fitri Nur latifah, Assistance For MSMEs Halal Certification in Sukodono, Procedia Of Social Sciences and Humanities Proceedings of the 1st SENARA 2022

20 percent per year. Halal industry is no longer limited to food and other food products.³

Based on this debate, there are a number of previous studies that examine the Halal dilemma, including the research conducted by Asnidar Hanim Yusuf, with the title *Issues and Challenges of Halal Implementation in Food Industry in Malaysia*. The dilemma of Halal policy from the government is not only related to public awareness about the importance of Halal certification, but it is also related to government support, including law enforcement institutions related to the halal industry. Furthermore, the dilemmas which often arise are related to financing, Halal management chain, market competition, and consumer perceptions.⁴

Another study was conducted by Ratna Sofiana with the title *The Problems of Halal Certification regarding Consumer Protection in Malaysia and Indonesia*. Based on this research, it can be concluded that Halal regulation in Indonesia is still an administrative thing for producing and marketing a product. In addition, there is also no proper mechanism on how the relevant authorities ensure that the circulating products still meet halal standards when circulating in the community.⁵

Based on these studies, the dilemma from the Halal policy is generally related to the content of the policy which is not fully understood by the wider community, as well as the structure and culture of the community which has not been fully developed. In contrast to these studies, the dilemma in this study is more about the dilemmas experienced by real entrepreneurs. The understanding of this dilemma is based on what they experience and feel in the halal context. Therefore, this study emphasizes Halal dilemma from the point of view of entrepreneur from the Muslim community. It is not from the regulatory aspect and administrative series carried out by the policy makers.

The study of halal cannot be separated from the context of the birth of the Halal Product Guarantee Act (UUJPH) as stated in Law no. 33 of 2014.⁶ UUJPH actually emphasizes the urgency of the issue of halal-haram in the production chain from entrepreneur to reach consumers and being consumed by consumers. There is also the role of intermediaries such as distributors, sub-distributors, wholesalers, and retailers before reaching the end consumers. The enactment of UUJPH aims to ensure that consumers (the wider community) obtain legal certainty regarding food products and other consumer goods. For

³ Md. Siddique E Azam, *Global Halal Industry: Realities and Oporunities*, E-ISSN: 2502-0633, P-ISSN: 2502-4647; <http://jurnal.unissula.ac.id/index.php/ijibe>, DOI: <http://dx.doi.org/10.30659/ijibe.5.1.47-59>

⁴ Yusuf, Asnidar Hanim and Syadiyah Abdul Shukor, Ummi Salwa Ahmad Bustamam, *Issues and Challenges of Halal Implementation in Food Industry in Malaysia*, *International Journal of Business and Management Study – IJBMS*, Volume 2 : Issue 2, ISSN : 2372-3955

⁵ Sofian, *The Problems of Halal...*

⁶ Law Number 33 of 2014 concerning *Jaminan Produk Halal (JPH)*

entrepreneur, UUJPH provides guidance on how to process, produce, and market products to the consumer community, as well how to provide information on halal products to consumers.

UUJPH is not only to provide protection and guarantees to consumers by providing halal certification. Producers also reap the benefits of this law, namely by providing legal certainty for all goods produced. So, UUJPH has a positive impact on the business world. Halal product guarantees for each product can also provide benefits for the company, considering that halal-certified products will be preferred and favored by consumers so that they can increase sales. This is not only in demand by Muslims but also non-Muslim community. Since non-Muslims think that halal products are proven to be of high quality and very good for the health.

Based on the various responses debate, this study focuses on how the real dilemma is experienced and felt by Muslim entrepreneurs related to the halal policy. This dilemma is not seen from the outsider, but from the insider side, namely they are small and medium businessmen who have or will implement Halal certification in their business products.

To examine how the response of the Muslim community to the Halal policy actually occurs in the field. The study focuses on the phenomenon occurred in Lumajang, East Java. It is based on Muslim community in Lumajang Regency which is quite high as mentioned on BPS data of 1,105,487 inhabitants.⁷ In addition, based on data on industrial potential in Lumajang Regency from 2017 to 2020, there are quite a lot of food processing industries that the people of Lumajang Regency are involved in, namely as many as 25,894 UMKM business units.⁸ On the other hand, people still do not understand how the halal context should be carried out. Based on this phenomenon, it is a study of how the real dilemma of Halal phenomenon is faced by UMKM.

METHOD

The study used a qualitative method with a phenomenological approach. Primary data was obtained from in-depth interviews and observations of Muslim business actors, while secondary data was related to supporting documents related to documents, Halal laws, government regulations, and literature related to Halal. Halal phenomenon carried out by entrepreneur will see how the daily activities of UMKM in interpreting and implementing Halal on their products. The understanding of Halal and the guarantee of the Halal process is seen from an emic perspective, namely the UMKM. This approach was carried out since they understand the Halal dilemma, and how the problem was in ensuring the sustainability of the implementation of Halal in its actual

⁷ <https://lumajangkabbps.go.id> accessed on Oktober 25, 2021

⁸ <https://dinkop.lumajangkab.go.id>, accessed on Oktober 26, 2021

products. The dilemma is something they feel as entrepreneur. It is not from somebody who have not experienced the Halal process itself.⁹

A. Discussion; Theoretical Framework

Halal Haram in Islam

Food and drink are very large and have dominant influence on physical growth and intelligence of the human mind. So, Allah gives instructions and provides guidance that mankind only consumes lawful and *thoyyib* (good / nutritious) food and drink. Food or anything consumed by humans contain substances needed for human survival, such as carbohydrates as energy, animal or vegetable protein to build body tissues, including brain cells, as well as repair parts that are worn or damaged, vitamins, and minerals. Mineral is to facilitate the body's metabolism in digesting and absorbing food essences and forming body resistance.

In Islam, the issue of choosing to consume what is halal and haram is a very essential issue since everyone who will consume is highly required by religion to ensure halal and haram. The position of halal and haram in Islam is stated by scholars that Islamic law (*fiqh*) is knowledge about halal and haram, as clearly stated in Surah al-Baqarah/2: 168. Meanwhile, haram food will have a negative and harmful impact. The examples are blood will cause disease as well *khomar* or liquor will damage the stomach and mind.¹⁰

The meaning of the verse commands all mankind to consume halal food. Especially for people who believe, it is certainly more important and obligatory to practice the demands of the Qur'an and obey Allah's commands. Halal food is food which if consumed does not result in sin, and haram food is food which if consumed will result in sin. In addition, according to the Prophet Muhammad SAW, consuming what is forbidden causes prayers will not be answered and all deeds that are will not be accepted by Allah. On that basis, for Muslims, in line with Islamic teachings, they want the products to be consumed to be guaranteed halal and pure.

In Islam, consuming halal is a religious command and the law is obligatory. There are several verses and hadiths that state about this including Al-Baqarah (2): 29, 195, Al-Jasyiyah (45): 13, al-A'râf (7): 157, Al-Maidah (5): 3, al-An'âm (6): 145, Al-Nahl (16) ; 115. Halal and haram determination cannot be based solely on the assumption of likes or dislikes.

⁹ Putra, Heddy Shri Ahimsa, FENOMENOLOGI AGAMA: Pendekatan Fenomenologi untuk Memahami Agama, Walisongo, Volume 20, Nomor 2, November 2012.

¹⁰ Suwardi, M. Muktasim Billah, Undang-undang Jaminan Produk Halal sebagai Bentuk Internalisasi Nilai Syari'ah, dalam Hukum Nasional, JEBLR, Vol. 1, No. 2, November 2021

There are quite a lot of foods whose legal status is still unclear (*syubhat*) meaning that it does not fall into the first and second categories (*mukhtalaf fi*h). Processed products, such as food, beverages, medicines, or cosmetics, presumably can be categorized as *musytabihat* (*syubhat*). Moreover, these products come from countries with a majority non-Muslim population; even though the raw materials are halal but the storage or processing process is mixed or uses illegal substances.

Basically everything is lawful unless there is a proof forbidding it as stated in Surah al Baqarah/2: 29, al-A'râf/7: 32, Al-Jâtsiyah/45: 13. In addition, there are fiqh rules which state: (*al-ashlu fial-asysy-ya alnafi'ahal-ibahah, al-ashlufial-adharraal-hurmah*), the law of origin of something useful is halal and the law of origin of something that is harmful is haram. Regarding the unlawfulness of unclean objects or being exposed to uncleanness, it is mentioned in Surah Al-A'râf (7): 157. Bad (*khabaits*) in the verse according to scholars is unclean.¹¹

Halal Regulation and Challenges

Halal industry globally exists along with the trend of developing and developed countries competing in producing halal goods. It also becomes a challenge for Indonesia in competing with other countries regarding halal industry. In several literature reviews in Malaysia, challenges occur in implementing Halal, including awareness, authority, consumer perceptions, costs, markets, competitiveness, as well supply chain management.

In term of authority, the institution providing Halal does not have an adequate system on Halal certification process. Meanwhile, the authorities often complain about the existence of halal certification applicants (entrepreneurs) who do not fully understand the procedures and readiness of documents which must be proposed. Cost becomes another challenge. The entrepreneurs object to additional costs in each production chain. In addition, they have to pay the consultation and assistance fee on Halal Product Guarantee.

Likewise, supply chain management having a high level of risk of being contaminated or processes which do not meet Halal standards is a challenge in implementing halal in all sectors. Since not all stages can be guaranteed halal standardization, including raw material stock, production process, transportation, warehouse, storage and serving.¹²

In Indonesian context, Halal industry has been protected along with the issuance of Halal Product Guarantee Law (UU-JPH). There are several factors, including the absence of legal certainty and legal guarantees for consumers to be able to consume halal products. Various existing laws and regulations have not fully protected the public in distinguishing between halal and haram

¹¹ Suwardi, , Undang-undang Jaminan Produk Halal...

¹² Yusuf, Asndidar Hanim and Syadiyah Abdul Shukor, Ummi Salwa Ahmad Bustamam, Issues and Challenges of Halal Implementation in Food Industry in Malaysia, *International Journal of Business and Management Study – IJBMS*, Volume 2 : Issue 2, ISSN : 2372-3955

products. The regulations still cover the food aspect. However, other aspects have not been clearly regulated at all, such as medicine, cosmetics, biological chemical products, and genetic engineering.

Likewise, the state institutions does not yet have strong legitimacy in the aspect of delegation of authority, duties and functions related to the implementation of the Halal Product Guarantee or known as JPH, including its coordination. Another problem of JPH Law is the growing development of food technology, engineering technology, biotechnology, and biological chemical processes, causing many products in the domestic market to become increasingly difficult to control.

When compared to Malaysia, Halal products in Indonesia do not yet have the official halal mark and standards from the government (national halal standards) as in Singapore, Malaysia, and United States. It is also added by the absence of a Halal product information system that is adapted to the level of community needs and knowledge about halal products. DPR finally passes Law Number 33 concerning Halal Product Guarantee (UUJPH). The law was initiated by the DPR RI for the period 2004-2009 and then discussed by the DPR RI together with the government in the period 2009-2014.¹³

JPH also becomes an umbrella act for halal product regulation. The Law Number 33 of 2014 concerning Halal Product Guarantee can strengthen and regulate many halal regulations scattered in legislation.

One of the main differences between the JPH Law and the products of the previous legislation is that JPH technically are translated through a certification process. Previously, halal certification was voluntary, while in the Law on JPH was mandatory. Therefore, all products that enter, circulate, and are traded in the territory of Indonesia must be certified halal and labeled as halal. It is not only big companies which have to apply for halal certification and halal labels, but it is also for industry and small entrepreneurs.

The Minister of Religion acts as the person in charge of JPH system done by the government establish Halal Product Guarantee Agency or called BPJPH. The agency is responsible to the Minister of Religion. In carrying out its authority, BPJPH cooperates with related Ministries and/or institutions, Halal Audit Agency or known as LPH, and Indonesian Ulema Council or called as MUI. The cooperation between BPJPH and LPH is conducted for product inspection.

Halal Auditor certification, halal product determination, and LPH accreditation are forms of cooperation between BPJPH and MUI. To assist BPJPH in doing inspection and/or testing of halal product, the government and the community can establish LPH. The requirements for establishing LPH include: a) having its own office and equipment; b) having accreditation from

¹³ Suwardi, M. Muktasim Billah, Undang-undang Jaminan Produk Halal sebagai Bentuk Internalisasi Nilai Syari'ah, dalam *Hukum Nasional*, JEBLR, Vol. 1, No. 2, November 2021

BPJPH; c) having at least three Halal Auditors; and e) having a laboratory or a cooperation agreement with the institution.¹⁴

With the enactment of Law Number 33 of 2014 concerning Halal Product Guarantee, the government has basically provided legal certainty. Radbruch argues that there are four things related to the meaning of legal certainty. First, the law is based on facts or the established law is certain, namely by the existence of information. Second, the law is positive. Third, facts must be formulated in a clear way in order to avoid mistakes in meaning. Fourth, positive law should not be easily changed.

The legal certainty of Halal Product Guarantee also has various functions and benefits for consumers and producers. The functions for consumers are: 1. Psychological feelings of the heart and mind will be calm. 2. Muslim consumers are protected from consuming non-halal food, medicine, cosmetics. 3. Defend the body and soul from the downturn due to haram products. 4. Give a good response leading to the great behavior to pay attention to the product and interest in buying the product. While the function for producers are: 1. Responsibility to Muslim consumers. 2. Increase trust in consumers. 3. As a marketing tool and able to improve the image both business and entrepreneur. 4. Give producers benefits by increasing competitiveness, production, and sales. 5. Expand the marketing network area.

The existence of Halal Certification after Law Number 33 of 2014 was ratified and implemented by Halal Product Guarantee Agency (BPJPH), which was previously done by LP POM MUI and Fatwa Commission. Halal Labeling was previously carried out by BPOM, but it is now implemented by BPJPH. This change has gone through the stages of thinking construction which is a must to direct the law to the ideals of community. The government's efforts to unify the process of halal certification and halal labeling are in the application and implementation. Constitutively, Law Number 33 of 2014 concerning Halal Product Guarantee is an official government policy (legal product) which must be obeyed and implemented since it aims to guarantee legal protection for community in Indonesia in consuming halal products.¹⁵

RESULT AND DISCUSSION

UD. Sabrina; lack of Halal information, and complicated administrative requirements

UD. Sabrina was pioneered by Mrs. Mahendar. She is a 58-year-old woman, managing a black soy sauce company, with the brand Sabrina. In 2002, she started a business starting from a business of processed chips made from various ingredients such as bananas, soybeans, and tempe. The beginning of her foray into the typical Lumajang souvenir business began when Mrs. Mahendar did a small research on several processed banana products. At that

¹⁴ Suwardi, , Undang-undang Jaminan Produk Halal ...

¹⁵

time, UMKM engaged in banana processing were booming in Lumajang. Understandably, this city is known as a famous banana center. As a result, the product is accepted by the market. When there was a processed product competition in Lumajang, she managed to win it and continued to the provincial level.¹⁶

She has a motto written on social media pages inspiring her business,¹⁷ namely;

*“Semua berawal dari Skill yang kamu punya,
Skilmu dapat menciptakan pendapatan
Pendapatanmu sebagian harus diinvestasikan
Hasil investasimu dapat memproduksi asset untuk dikembangkan
hingga menciptakan passive income,
Passive income mu menciptakan kekayaan
Kekayaanmu menciptakan kebebasan financial,
Sehingga lebih mudah untuk berbagi kemaslahatan”*

*“It all starts with the skills you have,
Your skills can create income
Your income must be partially invested
The results of your investment can produce assets
to be developed to create passive income,
Your passive income creates wealth
Your wealth creates financial freedom,
So it's easier to share the benefits”*

Mrs. Mahendar feels happy since the business can bring her travel the world because of this Lumajang banana chip processing business. It opens a market network and continues to innovate on these products. Mrs. Mahendar's life principle is 'The most important is working with heart and always praying'. The chips business is eventually sent overseas. In 2010, he received the BUMN Award. Then, she focuses on the development of soy sauce production because it has a hereditary recipe. In addition, this recipe was offered a license. The development of soy sauce business in Lumajang Regency is very rare and UD. Shabrina is the only original soy sauce product in Lumajang.

“The process of making soy sauce begins with the supply of the main raw material, namely black soybeans, which are obtained from suppliers who are customers”, said Mrs. Mahendar. Then, the soybeans are cleaned and dried. The soybeans are left to soak for 24 hours in a clean container and flow of the production stages.

According to Mrs. Mahendar, information on obtaining halal certification came from one of the Ministry of Religion officers who assisted UMKM in Lumajang Regency. The initial process for registering halal certification was

¹⁶ Interview on September 7, 2022

¹⁷ Mahendar Facebook accessed on 12 September 2022

assisted by officer and supporting data files were prepared by Mrs. Mahendar. It takes accuracy and focus to fill it since there are many data that must be considered in detail. This procedure will be considered quite difficult for entrepreneurs without any assistance in obtaining Halal certification.

The support from many parties for obtaining halal certification is strengthened after participating exhibitions and UMKM training. Halal certification makes consumers do not hesitate to buy the products and has many benefits for the business development. When a halal label is on the packaging, consumers immediately take the product because it has been tested, she added.¹⁸

The production of black soybean has no problem since the raw materials are nature and the ingredients such as oil have been certified halal. In addition, the production has received food safety award eight times from BPOM Jawa Timur and the entry and exit of goods uses FIFO method (first in first out).

Many requirements which must be met become complaints from UMKM who apply for Halal certification, while the information given is very minimal. Where and who manages so far are known to be very minimal, Halal certification by the MUI is widely known by the community.

"Not all MUIs have teams handling halal certification in cities, so the products must be brought to Surabaya or other cities. It is expensive to take care of it," said Mrs. Mahendar. A few years ago, she started applying for halal certification; there was a government free assistance program. The submission completed and verified, but there was no quota anymore. Thus, we have to try in other chances.¹⁹

1. UD. SAAS; The Challenge of Financing, Competition, and Halal Sustainability

UD. SAAS becomes one of banana chips businesses which are available in Lumajang Regency. It is a home industry producing agung banana chips. At that time, Mr. As'ad and his wife, Mrs. Afifah, started their business in 2002. The meaning of SAAS is *Santri Alumni Assunniyyah*, which is located at Purwosono, Sumbersuko District, Lumajang.

Agung banana chips with 2 different flavors, namely sweet and savory become the products of UD. SAAS. Competition among banana chips business makes the businessmen to strive increasing sales and product quality for the business survival. Competition will always be increasing. According to Mrs. Afifah, "The government has ever conducted training and mentoring on entrepreneurship. Therefore, the products were included in Halal Certification

¹⁸ Interview on September 7, 2022

¹⁹ Interview on September 8, 2022

program by Department of Industry and Commerce, Lumajang Office. It was free of charge, but there is no such program anymore right now.

She told about business competition occurs among UMKM and entrepreneurs with large capital. However, the entrepreneur must continue to increase its production capacity and be smart in looking for market opportunities. In order to increase its sales, the business requires the availability of sufficient capital to increase its production capacity. It is not enough if the entrepreneur only uses his personal savings. So, entrepreneur needs to develop his business capital.

She also mentioned that her business is increasing in the last 5 years. Increased production of banana chips produced by UD. SAAS is by developing its business capital and product quality. Mrs. Afifah emphasized that Halal certification provides confirmation of the quality and halal on the products, so it makes it easier to market.

The strategies for developing business capital by UD. SAAS are by fulfilling the components of business capital development such as labor, technology, and marketing. In addition, the availability of sufficient capital is needed in order to meet the necessities. The business capital of UD. SAAS over the last 5 years has increased. Entrepreneur initially uses their own capital to finance all business needs, starting from purchasing raw materials, purchasing equipment, labor costs or marketing. But, entrepreneur also has to calculate how much consumer demand for their products to increase the production. An increase in demand is not enough if only use the own capital to produce these goods, the entrepreneur needs a capital loan. The loans are obtained from banking financial institutions such as BNI and non-banking financial institutions such as regional cooperatives, PT. Telkom, and UMKM.²⁰

Although a lot of competition occurs among entrepreneurs including UMKM, UD. SAAS continues to improve its marketing strategy so that production continuity can be maintained, especially during a pandemic. Afifah emphasized that one of the ways to do this is by promoting in market places, such as Shopee, Bukalapak, and others. However, regarding Halal, it still requires assistance, because many UMKM do not understand the procedure and how to apply for it. If the government holds another free program, it is highly anticipated. If it is paid, many businessmen will object, especially for the current condition which has just returned from the pandemic. According to her opinion, many products from other UMKM carry the Halal label to attract consumers, even though Halal certificate has expired.

UD. Nikmat Rasa: lack of information and Halal assistance

UD. Nikmat Rasa was pioneered by Mrs. Maslahah. She started the business of producing banana chips in the downtown in 2000. The raw

²⁰ Erpina, Nila, Prodi Pendidikan Ekonomi Fakultas Keguruan dan Ilmu Pendidikan Unej 2016

materials are abundant from her farm, while the selling value is quite cheap. Armed with the knowledge of producing chips from her family, Mrs. Maslahah ventured to begin producing chips, processed, and marketed at vegetable merchant, school canteen, cafeteria, as well stalls. The products began to be familiar to the public. Then, she continued to try improving its production, although sometimes the income decreased.

Some consumers finally suggested Mrs. Maslahah to manage a license for the product in order it can be marketed to shops, open their own outlets, as well become a souvenir center in Lumajang.

"I'm afraid. Everyone says that the cost to take care the license is expensive. In addition, I started my business from scratch. At that time, there was an employee from cooperative office invited us to join the socialization regarding banana chip business license. We were trained how to create a salable product, produce the great product, pack product, as well do marketing sales in 2005.

After that, our family discussed and my husband recommended me to choose a brand called 'Nikmat Rasa' with the hope that the taste was accepted by the customers. We agreed to apply for the banana chips business license. The cooperative service accompanied us to participate in UMKM product exhibitions. *Alhamdulillah*, there were more orders both from inside and outside the city.

After we took care of the business license, we also joined training regarding IRT or known as household permit. We got the insight about safe food, such as it was not allowed to add non-food coloring, must choose safe food additives, must be hygienic.

Furthermore, we also attended socialization to manage halal license. At that time, the interviewee explained that the halal certificate must be included in order to ensure that our products were halal. It made consumers not anxious because it was guaranteed. In my opinion, my product is halal. It was made from banana added sugar and salt, then packaged. My product was not processed pork, dog, and wine, but we were still required to have halal certificate.

After attending the training, I had just found that halal certificate was given if our product passed the tests from raw material, production stage, and final products which were consumed by the public. It was not allowed to directly give halal label in the packaging. After we registered for halal products, a team visited our production site, took some samples of banana chips, and brought them for inspection. Banana chips of UD. Nikmat Rasa had received halal certification from MUI in 2006.

At that time, there was no cost to take care of halal certification for UMKM since it was a government program. Our products grew and started to produce various kinds of chips, such as taro, cassava, sweet potato, and *gadung*. The second halal certification for our new products was in 2014, such as

sweet agung banana chip, salty agung banana chip, sweet banana, and taro because they were the most demanded.

We realize that halal certification had an expiration date in 2016. Meanwhile, our product packaging still includes the old number since there was no socialization for halal certification yet. As we know, the cost is expensive and we do not know where to take care of it now. Someone says that local products have to be taken care of it to BPPOM MUI office, Surabaya. It will definitely cost a lot, but there are no complaints from the community."

CONCLUSION

It can be concluded that the community response to halal policy is classified into four dilemma models; 1. Public awareness, especially entrepreneur on JPH regulations is still lacking. So, the willingness to conduct Halal certification for their products is also low 2. The cost of Halal products is considered quite burdensome. Although, the government holds a free financing program, the quota is limited and uneven. 3. Halal management chain is too bureaucratic and complicated. Therefore, products of UMKM seem to be administrative since they are only related to production. 4. Most UMKM have low competitiveness. In fact, many UMKM assume that Halal does not become one of the main branding in facing business competition with other global products.

Based on this study, it is necessary to find a solution for halal dilemma in Indonesia in order to respond the problem as experienced and felt by small and medium Muslim businessmen. *Halal* is not only related to the contents of policy which are in accordance with the needs of the Muslim community as taught in Islamic sharia, but it also prepares Halal culture in community along with institutions ensuring the sustainability of *halal* in community.

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