



Article

## **Development Types Of The Good & Halal Food Industry In Indonesia**

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**Abstract:** This research determines the type of development of the halal food industry in Indonesia. The growth of the halal industry with the lifestyle of the Indonesian people needs improvement and control from the perspective of Islamic financial institutions and partners of the Halal Product Guarantee Agency known as Halal Product Companion. The research method used is a qualitative descriptive method with an overview of the literature. Based on the results of the analysis, it can be interpreted that the development of the halal food industry can be increased through development in the fields of agro-industry, halal logistics, halal lifestyle Islamic boarding schools, exports through MEA, halal food e-commerce, halal organic and halal finance from Islamic banking. The role of Islamic banking includes providing financial services in terms of controlling halal products, playing a role in supervising companies providing halal logistics services, and playing a role in the literacy of halal products to the public. PPH is tasked with verifying and validating the halal process of business actors' products. With the integration of all parties involved, the halal food industry in Indonesia has better prospects in the future.

**Keywords:** Syariah Banking; Halal Industry; Halal Food; Halal Product Companion (PPH).

### **1. Introduction**

The halal sector of the economy has grown quickly in recent years. The halal way of life, which is associated with Muslims, has extended to many nations, including those with Muslim minorities. Halal is a term that is frequently used to refer to a quality level that corresponds with Islamic sharia law. It also serves as a global indicator for product quality assurance and living standards. The halal sector of the economy has grown quickly in recent years. The halal way of life, which is associated with Muslims, has extended to many nations, including those with Muslim minorities. Halal is a term that is frequently used to refer to a quality level that complies with Islamic sharia law as well as a global indication for product quality assurance and living standards (Widianingsih & Ashlihah, 2022). Halal is often solely connected to material things. However, in Islam, what is considered halal involves actions and labor, also known as muamalah. Halal is a term that refers to a level of excellence that adheres to Islamic Sharia law and is employed in all Muslim activities. Muslims choose halal goods and services as a way to uphold Islamic Sharia law. Even though halal is frequently associated with Muslims, not all consumers of halal products are Muslims. In recent years, consumers of halal goods from nations with a minority Muslim population have increased significantly (Waharini & Purwantini, 2018). Some analysts claim that manufacturers are becoming more and more interested in Islamic branding. This is due to the increasing number of Muslims throughout the world. Islamic branding, or employing an Islamic identity (Islamic phrase, sharia, Islamic name, halal label), is one of the tactics manufacturers use since they recognize that Muslim clients are an easy target for selling their products to (Kadir, 2022a). In connection with this, food producers and other commercial actors are required to offer halal and healthy food for consumption in order to uphold the Islamic method, which primarily emphasizes promoting human welfare via self-preservation, wealth, intelligence, faith, and ancestry (Kadir, 2022b).

Halal food might change from being halal in substance to being haram depending on how it was gained. For instance, mangoes are halal in content and are permissible to eat, but if they were stolen, they would no longer be halal because their method of acquisition was against Islamic law. Food and drink, as well as sources of income

that are prohibited, have a significant impact on a Muslim's way of life. Unclean food is one of them, as mentioned in the hadith, that makes it harder for God to hear someone's prayer. Hell is a better place to consume the corpse of someone who grew from dirty food, even in the afterlife. Halal cuisine, on the other hand, will have a good impact on a Muslim's life. Having access to halal food will make doing good actions simpler. Halal food also serves as a disease preventative and treatment (Nashirun, 2020).

Humans must submit to and obey Allah's commandments since they were made to adore Allah SWT. Consuming just what is right and good to eat and drink is one way we can obey God's instructions. According to verse 168 of Surah Al-Baqarah, Allah :

*"O.. people, eat what is lawful and good from what is on earth, and do not follow the steps of the devil; Because actually, the devil is a real enemy for you."*

From the verse above, we can deduce that there is a commandment word which means to eat and denotes that it is obligatory. Therefore, Allah commands us to be obligated to consume halal food, both from what is on earth, and Allah forbids us to follow Satan's footsteps because, in reality, Satan is a real enemy of humans. However, occasionally people are unaware that they have been seduced by satanic whispers.

The world's largest Muslim nation is Indonesia, which will have 231 million Muslims living there by 2021, or 13% of all Muslims worldwide. The rise in the Muslim population is closely correlated with the demand for halal products. The halal business may provide new prospects for sharia economic growth by making use of this key commodities possibility. In Indonesia, there are still a lot of issues with halal product certification. For instance, a lack of caution in the preparation of products from upstream to downstream and a lack of public knowledge regarding halal product certification. Buying and selling animal flesh that is not fit for human consumption, combining food components with fat, and counterfeit halal labeling of items are a few issues linked to product halalness. Companies also need to focus on implementing strong and accurate halal supply chain management in addition to these issues (Gunawan & Maryono, 2022). One reason is the low literacy level of the Indonesian shariah community (Kadir et al., 2022).

Through the concept of halal by design, which is based on Islamic law regarding the production of goods and their processing, namely halal and thoyyib, the halal management process undertaken by the Ministry of IBRA in the publication of the 2019–2024 Indonesian Sharia Economic Masterplan, can become a new paradigm in the global industrial sector. It is anticipated that by focusing on these two concepts (i.e., halal and thoyyib), it will be possible to create the idea of economic growth that also includes sustainable development objectives (Affandy, 2020; Pujayanti, 2020). Islamic economics' objective in this case is not just focused on business objectives, which are expressed in obtaining maximum profit alone, but also takes into account its role in ensuring widespread welfare for society (Kadir, 2019). Would realize that his role as Allah's earthly caliph is to be a compassion to the universe by ensuring the goodness, safety, and justice of his fellow creatures (Kadir et al., 2019).

Imports now account for a substantial portion of the domestic halal product industry's economic growth. To build a new environment for the growth of domestic halal products in this situation, it is essential to have the best efforts from all relevant stakeholders, including the government and the commercial sector. Working diligently to promote the expansion of the Indonesian halal product business is essential if it is to grow and develop quickly enough to balance the global halal product trade. To develop the real sector and expand the country's economy, there is now a big need for halal items that the public would accept and desire. In this instance, the development of the Indonesian halal product business requires the appropriate approach (Yulia, 2015).

The Ulama community has now responded to Indonesia's development plan, leading to the formation of a fatwa by the Fatwa Commission on halal food items, medications, and cosmetics following an audit by LPPOM MUI and reporting to the Fatwa Commission. The report from LPPOM MUI was then presented at the meeting of the Fatwa Commission. Based on the study report provided by LPPOM MUI, the Fatwa Commission subsequently decides whether the product is halal or not. Once it has been accomplished, the product is given halal certification. The components of the food production system, such as the diversification of food product manufacturing, distribution, and supply, as well as food product consumption, may be used to observe the evolution of food products. When it comes to the intake of food items, the issue is not only compositional balance but also nutritional adequacy. The food products that are now accessible only meet minimum nutritional requirements in terms of quantity (Maulayati, 2019).

The plan for the growth of the halal sector is not ideal, and human resources are made up of many producers who pay little attention to halal goods and still lack expertise. Policies involving the implementation of Halal Product Assurance (JPH) are also still unfinished. Halal goods for actors in small businesses, socialization, which includes a lack of socialization, education, and information on halal. Other factors include several challenges including the scarcity of raw materials that are compliant with halal standards, the continued reliance on imports by several industries, and the lack of a consensus definition of what constitutes halal products (Fathoni & Syahputri, 2020; Madjid, 2022). LPPOM MUI as a halal guarantee institution must be able to respond to the challenges of the times. The complexity of the halal-haram issue in the food industry is a common challenge. Until now it is known, the detection tool is still limited to the detection of pork DNA. One of them is PCR (Polymerase Chain Reaction) which is an accurate method for detecting pork contamination (Wardani et al., 2015). However, it is well known that haram ingredients do not only come from pigs, such as food containing animal blood, carrion, and the like. Thus, halal guarantee institutions in Indonesia must strive for halal guarantees as a whole with the current very rapid technological developments.

To make business players in the halal food sector more competitive, it is thus vital to merge the function of the government and Islamic finance institutions. To fully understand the role that Islamic financial institutions and

PPH play in ensuring the integrity of the halal supply chain, which is demonstrated in each step of the process starting with halal control, logistics, and halal verification, it is important to first understand the models for the development of the halal food industry in Indonesia. To increase Indonesia's economic growth through business empowerment, notably in the halal food industry sector, it is envisaged that sharia Islamic banking would be able to play a key role. The fact that Indonesia's halal food business has considerable market potential is what spurred this investigation. However, despite maximizing each associated party's participation, no tangible measures have been taken. With the inclusion of the Islamic finance and banking business sectors and PPH, the growth of the halal industry will become more competitive. The idea of halal product industrial growth must coincide with its financial strategy.

## 2. Methodology

This study is qualitative. A literature review of several studies was the research strategy adopted in this study. Secondary data from journals, reference books, and the internet are the source of the data utilized in the data-gathering process. Among them are statistics from reputable sources, such as the Central Bureau of Statistics (BPS), the Financial Services Authority (OJK), and websites. Methods Descriptive analysis techniques were used to conduct the data analysis for this study. The gathered data is subsequently examined using the descriptive analysis technique. The descriptive analysis approach involves assembling the collected data, which is then interpreted and evaluated to give knowledge for resolving the issues found.

## 3. Results

### 3.1) The Potential of the Halal Industry in Indonesia

The Islamic Economics Researcher claims that improving the nation's halal industry's management might boost the State Revenue and Expenditure Budget (APBN). The halal food sector has a fairly substantial market, according to available data. The Central Statistics Agency (BPS) reports that Indonesia has the world's biggest Muslim population. The potential for the economy is enormous. The halal food business sector has a lot of development potential. In the years leading up to 2021, it is expected that the average industrial sector would expand by around 8%. Comparatively, Indonesia would certainly earn IDR 2,527 trillion in income from the halal food business alone if it can control 10% of the global potential halal food market, which amounts to IDR 25,270 trillion. As a result, the rise in state revenue streams will be considerably greater.

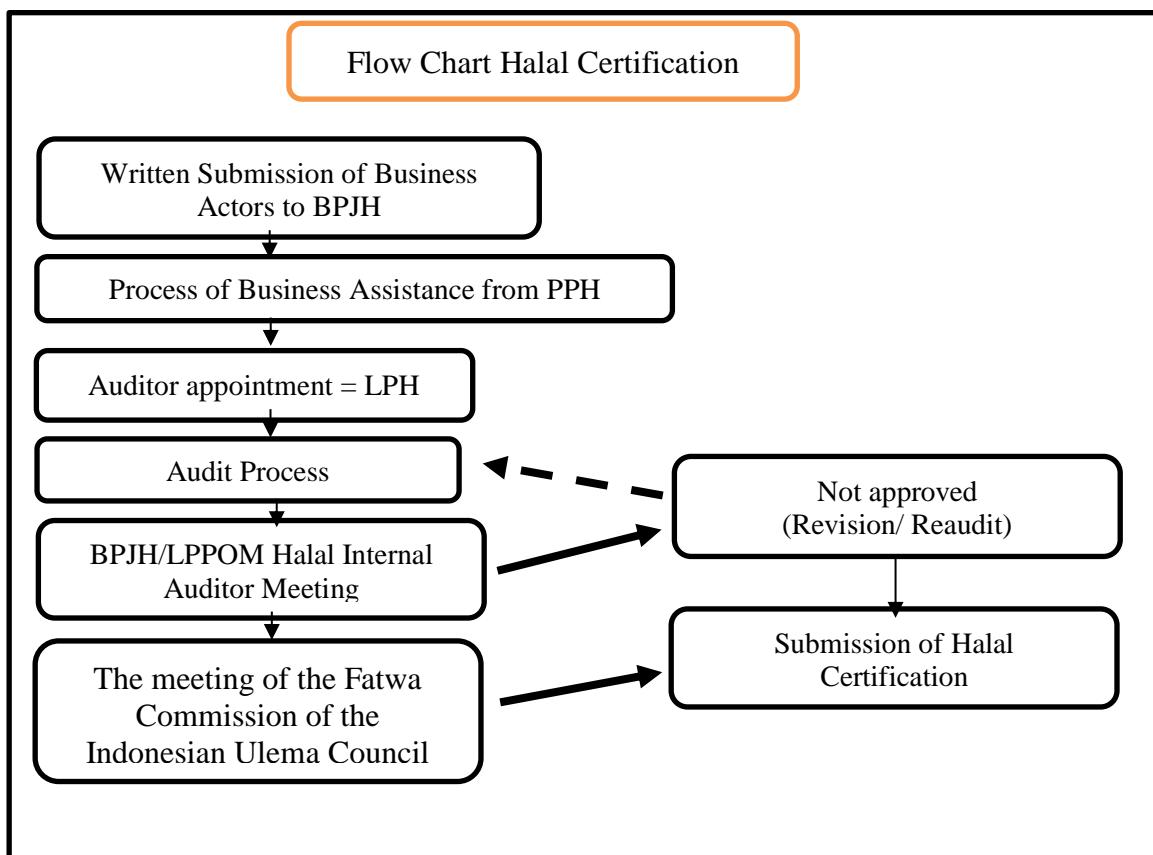
According to statistics from the Global Islamic Economy 2021, Malaysia is the leader in the halal food sector, followed by Singapore and the United Arab Emirates (UAE). Indonesia is currently in fourth place. Since Muslims make up the majority of the population in Indonesia, halal cuisine is consumed there in very big quantities. Muslims are unable to utilize non-halal products for necessities like food and drink, which explains why this is the case. If the government's halal certification for food and drink goods is the standard, however, Indonesia has a wide variety of halal products that are available and being consumed but are not being tracked or recognized by the government as halal. Thus, this is not included in the Global Islamic Economy assessment criteria (Harmoko, 2022).

A halal industrial park is being planned by the Ministry of Industry, and construction is expected to be finished by the year 2020. This is being done to meet the growing global demand for halal goods. In an industrial region known as a "halal industrial district," all businesses adhere to or adopt Islamic norms from upstream to downstream. Because there are existing industrial areas in the consumer products sector accessible in the Java region, this Halal Industrial Area will be picked. In terms of management, the government will appoint a businessperson who is familiar with strong halal production standards (<http://www.kemenperin.go.id>). Legally, the state has used legislative rules to control the halal labeling problem. Law No. 23 of 1992 regarding health, Law No. 7 of 1996 regarding food, and Law No. 8 of 1999 concerned consumer protection have specific laws that address the problem of packaged food items that are halal. The rules below, Government Regulation No. 69 of 1999 about Food Labels and Advertisements and Decree of the Minister of Religion No. 518 of 2001 on Guidelines and Procedures for Inspecting and Determining Halal Food, are listed in that order (Kamila, 2021).

The policy is also to support micro-entrepreneurs. According to the author, one of the efforts that must be made is to build brand marketing. Building brand marketing, at least the local government requires creative processes such as creating a logo, determining a slogan, and defining the message to be conveyed. Brand marketing integrates companies that engage in commercial endeavors and a variety of other creative endeavors aimed at influencing consumer views. As reported by Ekrut, to run brand marketing, at least several strategies are needed, including creating a marketing strategy and marketing plan, choosing the right tools and content for digital marketing, identifying target customers, and building partnerships with various parties. In addition, the application for a halal certificate must be done professionally. So far, the mechanism for submitting halal certificates begins with a letter of submission by business actors to BPJPH or LPPOM, if a regional BPJH has not been formed. Then BPJH establishes a halal inspection agency (LPH). Furthermore, LPH submits the results of product halal inspection and testing to BPJPH for internal trial (Razalia et al., 2021).

The results of the internal session are submitted to the Indonesian Ulema Council (MUI) to obtain a determination of product halalness. If the internal auditor meeting does not find anything that causes the product not to meet product halal standards, it will be rejected and then the business actor can submit another application after everything is deemed sufficient. The following diagram shows the halal certification procedure.:

Picture 1. Halal Certification Process



Source: Processed data from the author

### 3.2) Development Type of Halal Food Industry in Indonesia

#### a. Development of Halal Agro-industry and FMCG

Indonesia has very rich natural resources. With abundant natural wealth, Indonesia has great potential to develop it. It is known that in 2016, Indonesia was the largest producer of coconut, cinnamon, and cloves in the world. In the world's second-largest position, Indonesia occupies it in vanilla and nutmeg plants. Meanwhile, Indonesia's banana and coffee yields rank third in the world ([www.fao.org](http://www.fao.org), 2018). Supported by the agricultural sector which has the potential to support Indonesia's economic competitiveness, especially in developing the halal agro-industry. On the other hand, agro-industry development can be focused on companies with FMCG (Fast Moving Consumer Goods) products. FMCG is a product with the criteria of having relatively low production costs and fast turnover but has a relatively short product shelf life due to its perishable nature. In 2017 there was an increase in sales of FMCG products throughout Indonesia by 8.4% from the previous year. This growth beat neighboring countries: Malaysia 0.5%; Philippines 1.1%; Thailand - 0.4%; and Vietnam 5.3% ([www.kantarworldpanel.com/id](http://www.kantarworldpanel.com/id), 2018).

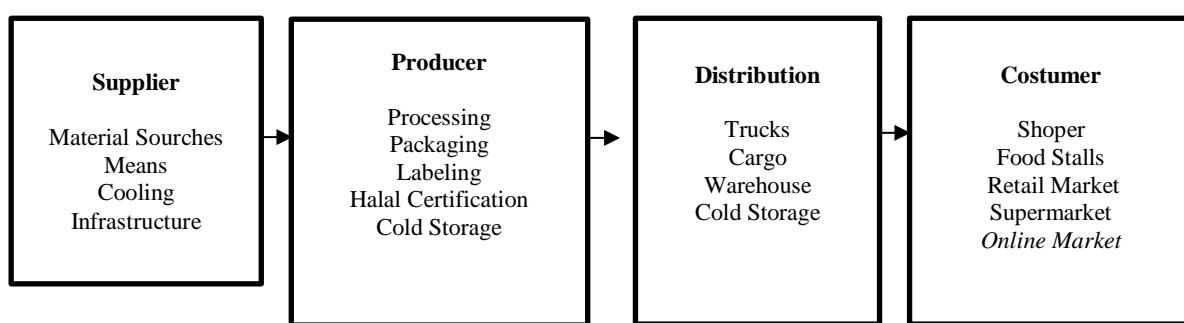
Islamic banking can take a role in the development of agro-industry and FMCG clearly because the financial industry as a channel of financing can provide various products that can be used as business development for agro-industry and FMCG players. Islamic financing institutions can facilitate, for example, in the form of financing products for vehicles, machines, and technology development used to support business needs, not consumer needs. Implementation of financing distribution activities by sharia principles for the procurement of goods that support production activities and increase business actors. With sharia financing as an alternative that is right on target, good prospects are Muslim business actors, who make up the largest Muslim majority in Indonesia. In the long term, there will still be great opportunities in the future. There will be great opportunities for Islamic financing institutions to develop even more, because currently it is still minimal, and the number of market players in this field is limited, while the market is wide open (Trimulato & Mustamin, 2022). There are no agroindustry and FMCG companies that have opened sharia units for financing facilities. It is hoped that the role of all parties in supporting this industry can grow and provide benefits to society through sharia provisions. Including the expected support and commitment from the government, it is mandatory to become a pioneer to support the existence and expansion of Islamic financing institutions in Indonesia.

### b. Development of Halal Food on Logistics and Food Supply Chain

Logistics is the process of planning, implementing, and controlling related to the process of storing goods and services so that they can meet the needs of customers. The main goal of logistics is to ensure that consumers can enjoy, use, or consume products at the right time and amount, as needed, and in good condition (Ab Talib & Hamid, 2014). So it can be concluded that logistics is the process of storing goods and services in meeting customer needs consisting of transportation, storage, and warehousing, inventory, service to customers to ensure that consumers enjoy, use, consume products according to their needs and conditions that are lawful and good.

The complexity of the process in the food industry is something that needs to be considered for the halal aspect. So far, consumers' attention to halal products has only been limited to halal labeling. Meanwhile, the guarantee of the halalness of a product includes all elements in the process of making the product until it reaches the hands of consumers (Yunita, 2018). In simple terms, the logistics system and supply chain for halal products includes the process of raw materials from suppliers, production, distribution, and circulation of products in society.

Picture 2. Halal Logistics System



Source: Processed data from the author

Implementing supply chain management (SCM) enables businesses to save manufacturing costs. On the other hand, businesses rely on halal supply chains to keep halal items in stock. For producers to compete with other producers in the same business, halal purity will be a competitive advantage (Bakhri et al., 2022). Until now, Indonesia is still focused on the production process which includes location, tools, and raw materials (UU JPH). The absence of rules and regulations regarding the logistics and supply chain of halal products is a challenge for Indonesia in the future. It is hoped that the entire process of a product, namely the logistics and supply chain processes, can become the concern of the government to develop the food industry. So that consumer (public) trust in halal guarantees can increase and Indonesian halal products can compete according to market demand.

### c. Halal Food Product E-Commerce Development

Indonesia is a very potential e-commerce market. In the second quarter of 2017, Indonesia was ranked fifth in the world in the online shopping penetration rate category (Statista, 2018). This penetration is based on transactions in all types of e-commerce, both on a national and global scale. As is well known, global halal food industry players are developing their commerce platforms to market their halal products. Like the My Outlet Singapore company launched their global halal marketplace called Haladeen. Trade Halal in Malaysia has been around since 2004, and a Malaysian firm created Zilzar in 2014. The high potential of the e-commerce market in Indonesia and the world is an opportunity for Indonesian halal food businesses to develop their businesses. The time has come for Indonesia to have a global halal product-commercial platform. Therefore, in order for halal food companies to grow their online sales of halal products on a global scale, they need to innovate in the digital space and work with investors.

One of the important roles of Islamic banking is to provide online financial services through a commercial platform. This activity is carried out remotely, for example, banking transactions will be more focused on internet banking services. Meanwhile, product purchases will also focus on online transactions. Understanding digital technology and user convenience in online transactions are essential for sharia economic actors who wish to develop sharia economy and finance (Kamila, 2021). It is also important to remember that with the economic slowdown, people will also hold back their spending funds and will be more selective in buying. This is an opportunity for sharia banking actors to be more serious about improving the quality of their products and services so that they can continue to compete and gain a place in the hearts of the people. Especially in its strategy to maintain business including managing business cash flow, innovating and product differentiation, implementing new marketing strategies, implementing health protocols, and utilizing digital banking services.

d. Development of Indonesian Halal Food Exports by Maximizing MEA (ASEAN Economic Community)

MES or the abbreviation of the Islamic Economic Community is a social organization that is anticipated to continually act as a catalyst for the growth of Indonesia's Islamic economy and as a catalyst for efforts to enhance communities dedicated to constructing an excellent and sustainable Islamic economy. The goal of this MES is to expand domestic and international halal industry markets, create a national Islamic finance sector, engage friendly investments with local business owners, and create a sustainable Islamic economy in rural areas, all of which are anticipated to lead to more business partnerships (Ahyani et al., 2021).

MEA or the ASEAN single market is a big opportunity for the Indonesian halal food industry. MEA has been running and was inaugurated on January 1, 2016, ago. It is known that in 2013, ASEAN's economic strength reached USD 3.36 trillion with a growth rate of 5.6 percent ([www.djpen.kemendag.go.id](http://www.djpen.kemendag.go.id), 2018). With the MEA, the trade barrier will disappear, so trade will be free. This makes it easier for industries in Indonesia, especially food, to gain market share in ASEAN. The MEA momentum illustrates the halal food industry in Indonesia expanding itself. The government must focus on branding the food industry, especially MSME products so that Indonesian MSMEs have a high product selling value in the eyes of ASEAN countries. Since halal awareness among Muslims across the world is growing every year, the government also makes sure that every MSME product has been certified as halal by an Indonesian halal authority. Therefore, it is believed that the AEC's competitiveness in Indonesian MSME goods will greatly boost Indonesia's export revenues.

e. Development of Halal Lifestyle Pondok Pesantren

Improving understanding of the halal lifestyle to build Indonesian society for the halal industry needs to be prioritized. The existence of intensive interaction within the Islamic boarding school ecosystem makes Islamic boarding schools influential in the community to shape the character of a halal lifestyle for students. Islamic boarding schools are educational institutions that have a character education curriculum for their students. To develop entrepreneurial skills for students, Islamic Boarding Schools have formed Islamic Boarding School Cooperatives (KOPONTREN). Kopontren is the leading halal value education sector for students while still receiving guidance from caregivers. In halal consumption activities, students understand religious teachings as the main guideline for adherence to using halal goods to meet their needs. The positive value that students feel towards halal provisions makes them feel confident to buy halal goods. This condition is influenced by the example of Kiai, caretakers of Islamic boarding schools, and patterns of education in Islamic boarding schools. Repeated activities of halal consumption will form a halal lifestyle so that it becomes the character of students who are evenly distributed even though they are outside Islamic boarding schools. This commitment will make student activities in consuming halal goods a form of example for society (Annisa, 2021). The importance of financial literacy for Islamic boarding school students and society, in general, is to be able to know the halal lifestyle. Financial literacy is a set of skills and knowledge that enables individuals to make decisions and be effective with all their financial resources (Abdullah et al., 2020).

Islamic finance also plays an important role for the Islamic community, especially within the scope of Islamic boarding schools in choosing and using financial service products according to their needs to improve welfare. If Islamic boarding school students have a high level of financial literacy, it is hoped that this will accelerate the economic development of the nation (Adiyanto & Purnomo, 2021). Financial troubles can be created by a lack of money as well as bad financial management, which is caused by a lack of insight into financial factors, which leads to errors in decision-making. Islamic boarding school students can avoid these issues by having a high degree of financial literacy (Nanda et al., 2019).

f. Development of Organic Halal Premium Products

The modern era and today's free trade have an impact on increasing food and beverage products from organic halal premiums both local and imported into the community. Food and beverage products circulating in the community do not necessarily provide a sense of security, comfort, and peace and are suitable for consumption by Muslim consumers. The concepts of protection, justice, legal certainty, accountability and openness, effectiveness and efficiency, and professionalism guide the provision of guarantees for halal goods. The concepts of protection, justice, legal certainty, accountability and openness, effectiveness and efficiency, and professionalism guide the provision of guarantees for halal goods. The assurance of halal product implementation strives to give consumers of halal goods convenience, security, safety, and certainty that halal products are available, as well as increase additional value for business actors to make and sell halal products (Burhanuddin et al., 2022).

The demand for global organic products is increasing every year. In 2016, the global organic food market penetrated USD 110.25 billion (around 280 million metric tons of product produced) and is estimated to reach USD 262.85 in 2022, an increase of around 16.5 percent ([www.techsciresearch.com](http://www.techsciresearch.com), 2018). Indonesia has enormous natural potential in developing halal organic products. Remember, Indonesia's agricultural land is very broad and fertile. The government once launched the "Go Organic" program in 2010. This program contains various activities such as developing organic farming technology, developing rural areas through organic farming, forming organic farmer groups, and building organic food marketing strategies (Mayrowani, 2012). However, the program is still not running

smoothly. Indonesian farmers are still premature and old-fashioned about organic farming. More than that, the development of the organic sector should not only focus on agriculture. The organic food processing industry must also be boosted, as global market demand is getting higher.

For the agricultural sector, the financing model implemented is partnership-based financing and community-based financing. In partnership-based terms, Islamic banks can partner with large entrepreneurs in the agricultural sector to partner with developing farmers who have a lower business scale. This form of partnership is for example large entrepreneurs absorbing crops from small farmers who have been financed by Islamic banks (Sari, 2021). A meaningful relationship between financial literacy and performance experienced by entrepreneurs/farmers is a relationship that is logically applied to companies with good financial literacy (Safura Azizah, 2020) will be able to identify and respond to changes in the business, economic and financial climate so that decisions taken will create innovative and well-directed solutions to improve business performance and sustainability. In addition, the existence of Islamic banking that provides halal financial guarantees can also encourage the activities of farmers in obtaining funds sourced from halal contracts.

### 3.3) The Role Shariah Banking

#### a. Islamic banking's involvement in regulating halal product certification

Both non-Muslim and Muslim customers' requirements must be met by food producers. The assurance that the things they consume are halal is Muslims' primary demand. The acquisition of a halal certificate from LPPOM MUI by halal food manufacturers is one sign of product halal certification. Although previously exclusively utilized in non-Muslim nations to satisfy Muslim populations' need for halal goods, halal certification is now the primary criterion for ensuring product quality.

MSME enterprises are less enthused about halal certification as a result of the lengthy processes that must be followed and the numerous pieces of documentation that must be in possession to achieve one. The notion that every food item produced in that country is halal means that halal certification is not truly necessary, which is common in most nations with sizable Muslim populations (Gillani et al., 2016). In these circumstances, Islamic finance plays a key role in helping MSMEs to grow the halal business. Islamic banking must offer financial services with contracts that meet the requirements and functional areas of MSME business players.

#### b. Islamic banks' participation in halal logistics

Halal logistics, which may ensure that a product is halal, must take into account some variables, including thorough cleanliness requirements, product quality, and safety. Special handling techniques are needed while handling the supply chain for halal logistics services. To provide halal logistics services, businesses must take into account several crucial factors, such as the following (Jaafar et al., 2013): 1. Before implementing, halal logistics service providers must have a thorough grasp of product halalness as well as the foundation and rules. If all tasks (SCM) are completed, the halal status will be attained. To retain a product's halal status, businesses might develop product handling requirements. If all tasks (SCM) are completed, halal status will be attained. To retain a product's halal status, businesses might develop product handling requirements. The halal product turns into a non-halal product if it comes into direct touch with non-halal items. However, purifying processes can be carried out in compliance with Islamic regulations if non-halal items come into touch with machinery or storage and distribution facilities. 2. Halal and non-halal items can be separated in several ways, such as using compartments, rating systems, or suitable packaging to prevent cross-contamination. Employees in charge of handling the product, as well as the tools, machines, and facilities used, must follow handling protocols. 3. If a halal logistics service provider firm is in charge of the goods, assurances of its halalness may be accomplished. Islamic banking must support and regulate logistical service providers. As a result, the halal product's authenticity may be ensured since an Islamic bank is in charge of overseeing the entire process from the point of product creation and distribution to the ultimate user .

#### c. Islamic banks' participation in halal certification

Although it has to do with the process of getting final goods to customers, the halal verification step is no less significant. If consumers cannot buy quality halal items, manufacturers will not be able to make a profit. There has to be education on halal goods. The general population must be made aware of the importance of consuming halal products since the halal label on food products ensures the product's halalness. Promoting a halal lifestyle is one means of achieving this. Give the idea that eating halal is more than simply a duty that must be accomplished. In this situation, Islamic banks may play a role by assisting in the promotion of halal MSMEs. MSMEs need a business management model since they are a significant component of the people's economy and the national economy. The firm management model, which focuses on components of production management, human resource management, financial management, and marketing management, served as the inspiration for this model of business management (Kadir & Abdullah, 2019).

Islamic banks have the option to use Corporate Social Responsibility (CSR) funding to advertise their partners' goods. It is possible to promote halal goods using a variety of strategies, such as hosting a bazaar or food festival. The halal lifestyle may be promoted through discussion shows and seminars in

addition to bazaars and food festivals. The program's content may include a variety of topics, such as the value of utilizing halal items, their advantages, and how to look for them. Thus, Islamic banks have a role in both the marketing of products as well as the production process.

### 3.4) Halal Product Companion

Law Number 33 of 2014 Concerning Guarantees for Halal Products strictly regulates the usage of halal products in Indonesia. According to the JPH Law, halal certification is an acknowledgment of a product's halalness issued by BPJPH based on a written fatwa issued by the Indonesian Ulema Council (UU No. 33 of 2014). A product has obtained permission to place a halal label on the product packaging with the issuance of a halal certificate.

Article 4A of Law Number 11 of 2020 Concerning Job Creation (2022 Job Creation Law) regulates halal certification arrangements for micro and small businesses (MSMEs). In the Law, it is stated that exceptions to the requirement of the halal certification submitted by micro and small business actors are not permitted. a fee as a guarantee and kind of protection for MSMEs (Job Creation Law, 2022). Then, using self-declare halal certification, BPJPH implements free halal certification. A self-declared or independent statement is a statement made on one's behalf declaring the halal status of a product sold by a micro and small company (UMK).

Business people and other economic actors can certify for themselves if they satisfy certain standards, such as having training or the assistance of a certified PPH (Product Processing Assistant for Halal Products). The MSMEs' self-declare halal certification procedure must adhere to the requirements, including the use of raw materials that pose no danger and supporting unquestionably halal items. The straightforward production procedure used by MSE company players must also adhere to the halal component. The South Sulawesi Integrated Service Center is assisting UMKM with the self-declare halal certification help activities (PLUT). Up to March 2023, this program makes use of free halal certification services or the SEHATI program via the stage 1 self-declare method (Ilham, 2022).

The following are the steps in the process of helping halal products (Hamidatun & Pujilestari, 2022):

The following are the steps in the process of helping halal products (Hamidullah & Tufiqurrahman, 2022).

**Stage 1: MSME Conditions Analysis** The purpose of this activity was to learn more about the profiles of MSME partners, get a sense of the actual field circumstances about the MSME business processes for crispy chicken wings, and learn more about the MSME's comprehension and commitment to the creation of halal assurance system documents. Interviews and personal visits to partner sites are used to carry out this activity.

**Stage 2: Training for Halal Certification** Halal certification training is conducted to educate partners about the value of halal certification, the steps involved in registering for halal certification, and how to prepare the paperwork needed for halal certification, particularly the halal assurance system. Utilizing lecture and conversation formats, training activities are conducted online through Zoom. The community service team issued before and post-test questions at the start and conclusion of the training sessions to see whether participants' knowledge and attitudes had changed.

Stage 3: Support for the System for Halal Product Guarantee Hybrid methods are used to carry out assistance activities, including direct visits to partner sites as well as online contact while adhering to health guidelines. There are numerous processes involved in the mentoring activity, including (1) the process of detecting gaps by creating a checklist of conformance between the SJPH document's standards and the circumstances of the MSME partners, (2) The strategy for meeting the SJPH standards is created by the current circumstances and based on the findings of the identification of gaps, (3) Making sure partners are fulfilling SJPH criteria.

As for PPH documents in carrying out verification and validation of MSME actors when applying for halal certification and labelling to BPJPH or MUI:

Picture 3. Verval PPH Requirements Document

Picture 4. Verval PPH Completeness Documents

Instrumen daftar pertikas implementasi SPPH		Hasil Penilaian Diasi oleh Pendamping		
Kriteria SPPH	Ya Tersedia (1)	Tidak Boleh Tersedia (2)	Keterangan	
A. Kebijakan Halal	✓			
1. Kebijakan Halal telah ditetapkan	✓			
2. Kebijakan Halal telah disampaikan ke semua pekerja	✓			
3. Pemilik Usaha atau orang yang bertanggung jawab dalam proses produksi halal (penyelia Halal) telah ditetapkan oleh pemilik usaha dengan tanggung jawab yang jelas	✓			
4. Prosedur tertulis pelaksanaan training telah tersedia	✓			
5. Training tentang produksi halal telah dilakukan oleh semua pekerja	✓			
B. Bahan	✓			
6. Bahan (baku baku, bahan tambahan dan bahan penolong) telah dilengkapi dokumen pendukung sesuai dengan kriteria bahan dalam PPH	✓			
7. Prosedur tertulis penggunaan bahan baru untuk produk yang sudah disertifikasi telah tersedia	✓			
8. Bahan penolong pencucian (cleaning agent) merupakan bahan yang suci	✓			
C. Produk				
9. Adanya prosedur tertulis yang menjamin nama, bentuk dan rasa produk telah memenuhi kriteria	✓			
D. Proses Produk Halal	✓			
10. Semua fasilitas produksi telah tercantum dalam permohtoran	✓			
11. Adanya prosedur tertulis yang menjamin semua fasilitas yang kontak langsung dengan bahan, produk antara dan produk akhir bebas babi (tidak digunakan untuk menangani daging	✓			
babi atau produk turunan babi)				
12. Adanya prosedur tertulis yang menjamin semua fasilitas bebas kontaminasi naja (dicuci dan diberiuk sebelum digunakan)		✓		
13. Adanya prosedur tertulis pemeriksaan bahan datang dapat menjamin kesempurnaan data yang tercantum dalam label kemasan dengan label kemasan yang tercantum dalam dokumen pendukung bahan (nama bahan, nama produsen, negara produsen, logo halal, jika dipersyaratkan)		✓		
14. Adanya prosedur tertulis yang menjamin bahwa PPH hanya menggunakan bahan halal dan dilakukan di fasilitas yang bebas babi dan naja		✓		
15. Adanya prosedur tertulis yang menjamin bahwa bahan, produk antara dan produk akhir tidak kontaminasi naja selama penyimpanan		✓		
16. Adanya prosedur tertulis yang menjamin bahwa produk yang disertifikasi hanya berasal dari bahan halal dan diproduksi di fasilitas bebas babi dan naja		✓		
17. Adanya prosedur tertulis yang menjamin bahwa produk yang tidak memenuhi kriteria akan dimunahkan		✓		
E. Audit Internal dan Kaji Ulang				
18. Adanya prosedur tertulis yang menjamin bahwa audit internal dan kaji ulang dilakukan oleh pemilik usaha setidaknya setahun sekali		✓		
Lampiran Hasil Uji Laboratorium				
No	Bahan	Parameter Uji	Hasil	

#### 4. Conclusion

In the past several years, Indonesia's halal food business has seen a sharp expansion in its chances and potential. The potential growth of the halal food sector in Indonesia is encouraged by the sizeable worldwide Muslim population and the growing demand for organic and healthful food among non-Muslims. The agro-industry, halal logistics, halal lifestyle Islamic boarding schools, exports through MEA, halal food e-commerce, organic halal, and halal finance from Islamic banking are all included in the model for the growth of the halal food sector in Indonesia. Islamic finance plays a significant role in tracking the growth of the halal industry due to the dynamics of the halal food sector. Now Islamic banking is one of the financial industries that can encourage the ease and smoothness of business activities and online transactions.

The important role that can be played by Islamic banking is to develop and improve the halal food industry by controlling finance or sources of funds to ensure that the production process is by predetermined halal guarantee standards and to ensure literacy regarding public understanding and trust regarding financial behavior must be adapted to a lawful lifestyle. In addition, sharia banking has an important role in managing the industry indirectly, namely through financing assistance and management consultants at every stage of the halal process. Similar to how PPH, the halal certification procedure, helps ensure that items are halal and thayyib, this is crucial because it teaches business actors how to make that claim. It is necessary to further enhance the methods for halal certification utilizing the self-route declare and the dissemination of the significance of product halal. MSMEs' goods will become more competitive as a result of this guaranteeing customers that the things they use or eat are halal. due to PPH treatment of MSME actors.

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