


THE HALAL CERTIFICATION ESSENCE IN MANUFACTURER'S PERSPECTIVE (A PHENOMENOLOGY STUDY)

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 20 February 2023</p> <p>Accepted 08 May 2023</p>	<p>Purpose: The study aims (1) to explore the comprehension and implementation of <i>halal</i> certification essence from the producers perspective of MSMEs, and (2) to make the model to apply the <i>halal</i> certification essence to MSMEs.</p> <p>Design/methodology/approach: This study used qualitative methods with Husseil's phenomenological approach. This research takes a setting in East Java. The data analysis is the Interactive Model Analysis from Miles and Huberman.</p> <p>Findings: The results showed indicate that the comprehension and implementation of <i>halal</i> certification essence from a producer's perspective of MSMEs in East Java is still relatively low. There are many MSMEs do not have certificates even though they understand the importance of <i>halal</i> certificates. The phenomenon at MSME producers showed that theoretically the <i>halal</i> certificates refers to the first basis set by Islam, namely the origin of something created by Allah is <i>halal</i> and permissible.</p> <p>Research limitations/implications: The samples and findings are exclusively to MSMEs that very supportive in determining informants and research clusters based on MSME industry groups</p> <p>Practical implications: Local governments should conduct training or coaching on positive mental strength, financial management, financial management literacy, risk management training, promotion and marketing strategy training and tourism management training. These trainings need to be done in order MSMEs have the competence and the comprehension on <i>halal</i> certification as one of capabilities of a good promotion The strategy and marketing strategy</p> <p>Social Implications: The training pattern should use a mentoring system by involving academics. The training to MSMEs should be done routinely. Training should be maintained properly at intervals, coordination and cooperation between the government and entrepreneurs.</p> <p>Originality/value: The research originality is shown by the MSMEs comprehension and mapping of <i>halal</i> certification as well as models to implement the <i>halal</i> certification essence in form of MUI regulations, MUI supervision, producer aspects and increased awareness of MSMEs in essence <i>halal</i> certification to supports the development of MSMEs.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i5.1851</p>
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A ESSÊNCIA DA CERTIFICAÇÃO HALAL NA PERSPECTIVA DO FABRICANTE (UM ESTUDO DE FENOMENOLOGIA)

RESUMO

Objetivo: O estudo visa (1) explorar a compreensão e implementação da essência da certificação halal sob a perspectiva dos produtores das MPMEs, e (2) construir o modelo para aplicar a essência da certificação halal às MPMEs.

Desenho/metodologia/abordagem: Este estudo utilizou métodos qualitativos com abordagem fenomenológica de Husserl. Esta pesquisa se passa em East Java. A análise de dados é a Interactive Model Analysis de Miles e Huberman.

Resultados: Os resultados indicam que a compreensão e implementação da essência da certificação halal do ponto de vista do produtor de MPMEs em East Java ainda é relativamente baixa. Existem muitas MPMEs que não possuem certificados, embora entendam a importância dos certificados halal. O fenômeno nos produtores de MPME mostrou que teoricamente os certificados halal se referem à primeira base estabelecida pelo Islã, ou seja, a origem de algo criado por Allah é halal e permissível.

Limitações/implicações da pesquisa: as amostras e descobertas são exclusivamente para MPMEs que dão muito suporte na determinação de informantes e grupos de pesquisa com base em grupos da indústria de MPMEs.

Implicações práticas: Os governos locais devem realizar treinamento ou treinamento em força mental positiva, gestão financeira, alfabetização em gestão financeira, treinamento em gestão de risco, promoção e treinamento em estratégia de marketing e treinamento em gestão de turismo. Esses treinamentos precisam ser realizados para que as MPMEs tenham competência e compreensão sobre a certificação halal como uma das capacidades de uma boa promoção A estratégia e a estratégia de marketing.

Implicações Sociais: O padrão de treinamento deve usar um sistema de tutoria envolvendo acadêmicos. O treinamento para MPMEs deve ser feito rotineiramente. Os treinamentos devem ser mantidos adequadamente nos intervalos, coordenação e cooperação entre o governo e os empresários.

Originalidade/valor: A originalidade da pesquisa é demonstrada pela compreensão e mapeamento das MPMEs da certificação halal, bem como modelos para implementar a essência da certificação halal na forma de regulamentos MUI, supervisão MUI, aspectos do produtor e maior conscientização das MPMEs em essência certificação halal para apoiar o desenvolvimento das MPMEs.

Palavras-chave: Essência, Halal, Certificado, Produtores, PME's.

LA ESENCIA DE LA CERTIFICACIÓN HALAL DESDE LA PERSPECTIVA DEL FABRICANTE (UM ESTUDIO DE FENOMENOLOGÍA)

RESUMEN

Objetivo: El estudio tiene como objetivo (1) explorar una comprensión e implementación de la esencia de la certificación halal desde la perspectiva de dos productores de MPME, y (2) construir un modelo para aplicar la esencia de la certificación halal de MPME.

Diseño/metodología/enfoque: Este estudio utilizó métodos cualitativos con el enfoque fenomenológico de Husserl. Esta consulta se pasa en Java Oriental. El análisis de datos es el Análisis de modelo interactivo de Miles y Huberman.

Resultados: Los resultados indican que la comprensión y la implementación de la esencia de la certificación halal hacen que la opinión del productor de MPME en Java Oriental sea relativamente baja. Hay muchas MIPYMES que no cuentan con certificados, pero esto significa importancia para los certificados halal. El fenómeno de los productores de MPME mostró que teóricamente los certificados halal se refieren a la primera base establecida por la Isla, o sea, al origen de que algo creado por Alá es halal y permisible.

Limitaciones/implicaciones de la investigación: las muestras y hallazgos son solo para MPMEs que dan mucho apoyo en la determinación de informantes y grupos de investigación basados en grupos industriales de MPMEs.

Implicaciones prácticas: Los gobiernos locales deben realizar capacitaciones o capacitaciones en fortaleza mental positiva, gestión financiera, alfabetización en gestión financiera, capacitación en gestión de riesgos, capacitación en estrategias de promoción y mercadeo, y capacitación en gestión turística. Estas capacitaciones deben realizarse para que las MIPYMES tengan competencia y comprensión sobre la certificación halal como una de las habilidades de una buena estrategia de promoción y estrategia de marketing.

Implicaciones Sociales: El estándar de formación debe utilizar un sistema de tutorías que involucre a los académicos. La capacitación de las MPME debe realizarse de manera rutinaria. Los entrenamientos deben ser mantenidos adecuadamente en los intervalos, la coordinación y cooperación entre el gobierno y los patrones.

Originalidad/valor: La originalidad de la investigación se demuestra por la comprensión y el mapeo de las MIPYMES de certificación halal, como modelos para implementar la esencia de la certificación halal en forma de regulaciones MUI, supervisión de MUI, aspectos del productor y mayor conciencia de la certificación halal. esencia halal para ayudar o desarrollar las MIPYMES.

Palabras clave: Essência, Halal, Certificado, Productores, PME's.

INTRODUCTION

The *halal* industry becomes main attention in Indonesia as a trend in the development. The obligation of *halal* certification also applies to MSMEs products. The laws and regulations require MSMEs to have *halal* certification, and it is received a response from MSMEs. This regulation stipulates the obligation to have *halal*-certified from *Halal* Product Assurance Executing Agency (BPJPH) for products that enter, circulate and traded in territory of Indonesia. MSMEs show positive response to the laws and regulations that require *halal* certification, but it is still not fully maximized to immediately register their products as an effort to obtain *halal* certification. Khalimy (2018) stated that the problem with *halal* certification from side of MSME producers is a reluctance of producers for various reasons to comply with *Halal* certification rules set by government through RI Law No. 33: 2014. MSMEs efforts to get *halal* certification will waste a lot of time. The complicated procedures makes many MSMEs do not want to get certification even though free.

The *halal* certification has important role of for producer, government and consumers. Anissa et al., (2018) showed the *halal* certification from a separate perspective from the producer's point of view. The existence of *halal* certification in a product makes peace for producers. Aziz et al. (2015) found that *halal* certificates are very important for producers in developing their business and global competitiveness. Yusofa and Shuttob (2012) explained the essence of *halal* from producer's perspective in developing the domestic market for potential *halal* food. Noordina et al., (2012) explained that implementation of *halal* certification was mainly related to operational efficiency in *halal* certification process from perspective of producers to produce chain of *halal* product sustainability.

Prior this law implementation, the *halal* certificates were given to food products voluntarily. Law No: 33 of 2014 decided that issuance of *halal* certificates was mandatory. Producers who violate will be subject to sanctions (Triasih, 2016). Nur (2020) and Dharu et al (2016) examined the basic essence of strict regulation of *halal* certification for goods produced and distributed in Indonesia, and those who violate this will receive sanctions. Dharu et al (2016) and Nur (2020) described the obligations of producers and imposition of sanctions for

those who violate them, and research is still needed to find the essence of implementation and regulation of *halal* certification obligations by government.

The food and beverage industry requires different permits and certificates than other MSMEs. One of them is *halal* certification. There are 8,333 MSEs have received *halal* certification until 2021. This amount is an accumulation from 1994 when LPPOM MUI began to produce *halal* certification. The MSEs that will receive certification will become 2,310 in 2022. Data for 2021 LPPOM showed 8,333 MSE have been successfully certified nationally and from 2022 to June there are 2,310 MSEs that have been certified through LPPOM MUI. There are more than 65 million MSMEs spread throughout Indonesia. If only 1 percent, it means that around 650,000 have *halal* certification. The aspect of *halal* certification for MSMEs in Indonesia is explained in Table 1.

Table 1. Data on *Halal* Certified MSMEs in Indonesia

No	Province	MSMEs	Percent of <i>Halal</i> Certification	Certified MSMEs
1	Central Java	898,162	30%	269,449
2	East Java	828,482	20%	157,412
3	West Java	625,943	22%	125,189
4	DI Yogyakarta	139.499	25%	34,875

Source: Kaid data.com (2022)

Table 1 showed that MSMEs at several provinces in Java Island have *halal* certification. The province with most MSMEs have *halal* certification is Central Java at 30% from total MSMEs, followed by DI Yogyakarta at 25% of total MSMEs. Meanwhile, a province with lowest *halal* certification is East Java at 20% from total MSMEs, even though East Java has a *halal* industrial area. This is one reason research was conducted in East Java. In addition, Government of Republic of Indonesia through the Ministry of Industry issued a Decree of Minister of Industry No. 17 of 2020 on Procedures to get a Certificate in Context of Establishing a *Halal* Industrial Area. The Decree noted five industrial areas that voluntarily develop a *halal* industrial area, namely Modern Cikande Industrial Park, then Bintan Inti Industrial Estate, then Batamindo Industrial Estate, Jakarta industrial estate Pulogadung, and safe and lock Industrial Park at Sidoarjo Industrial Estate. The safe and lock Industrial Park at Sidoarjo Industrial Estate in East Java province is the only *halal* industrial area in East Java Province and largest for Small Industry scale in Indonesia. The Sidoarjo *Halal* Industrial Area, also known as the Sidoarjo *Halal* Industrial Park (HIPS), focuses more on increasing home industries from small industries to medium-class industries to penetrate the export market.

This research develops previous study to produce a more complete, comprehensive and broader update. Review of previous research shows the research gap regarding *halal* certification from producer's perspective. Research on importance of *halal* certification was conducted by Mahmud (2013), Thabrani (2013), Aziz et al., (2015), Nor et al., (2016), Noordin et al., (2012), Etri and Yucel (2016), Syed et al., (2012) who found an essence or fundamental meaning or awareness for the importance of *halal* products certification from a consumer perspective. It can qualitatively increase business competitiveness of businesses for Micro, Small and Medium Industry group. Wibowo and Ahmada (2016), Bulan (2016), Najmaei et al., (2017) found that *halal* issues recognize safety and quality assurance, it means that product preparation must meet standards which also include hygiene in order to contribute to the strategic approach of information systems where religious views become important part of organizational structure from perspective of government and institutions and purchasing decisions.

Arinilhaq (2017), Segati (2018), Fatimah Nur (2020) and Dharu et al (2016), Wirakurnia et al., (2021), Asih and Anya (2021) explained the importance of *halal* certification from various perspectives. Producers respond and applying the *halal* certification to their products in order to increase sales. It becomes obligations of producers and imposition of sanctions for violators, and essence of implementation and regulation of *halal* certification obligations by government. Anissa et al., (2018), Hasan (2021), Rasyid (2021) found that study of *halal* certification has separate perspective between the producer's point of view.

The urgency of *halal* certificates research relates with description of social phenomenon that do not discuss deeply the essence of *halal* product from producer's point of view. The purpose of regulation the implementation of *halal* certification can be realized or to bring up a proposition about *halal* certification in East Java, *halal* certification can shape consumer purchasing power and *halal* certification can become one supports to increase the added value for producers. It needs in-depth and comprehensive research on essence of *halal* from various stakeholder perspectives on *halal* certification. This research is focused on MSME's the comprehension of *halal* certification, MSME mapping and models of implementing the *halal* certification becomes essence to MSME in East Java. This research provides a model to apply the *halal* certification essence to MSMEs, especially based on producer's perspective. Previous research more focused on consumers where until recently research on *halal* certificates from a producer's perspective was never done. This study uses Husserl's phenomenological method of what, why and how producers must produce *Halal* certification for their products. This is a new

method to explore issues on *halal* certification. The specific objectives of this study are 1) to find out the comprehension of *halal* certification essence in producer's perspective of MSMEs in East Java; and 2) to formulate a model to implement the *halal* certification essence to MSMEs in East Java.

LITERATURE REVIEWS

Religious Behaviorism Theory

The behaviorism theory explores the behavior, behaviorism is better known as learning theory because all human behavior is the result of learning. Skinner argued that behaviorism theory is used to understand individual behavior that views individuals from of physical phenomena, and tends to ignore mental aspects. Religious behavior in view of behaviorism is closely related to the principle of reinforcement (reward and punishment). Humans behave religiously because they are driven by punishment and reward stimuli. Humans are just robots that move mechanically according to punishment and reward (Jalaluddin, 2007).

Islamic Branding Theory

Islamic branding is a relatively new concept. Islamic branding is characterized by sharia-compliant branding which evokes values such as honesty, respect for accountability and a core comprehension of sharia principles. The purpose of Islamic branding is to apply empathy with sharia values to attract Muslim consumers, starting from behavior (Mohan and Kinslin, 2022) and marketing communications (Altameemi and Al-Slehat, 2022). A product can attract consumers for the brand. Branding has a place for consumers. Branding is not a battle to determine who can make a better product, but who can create a better perception. Islamic branding can be interpreted as the use of names related to Islam or showing *halal* identity for a product labeled with Islamic names. One of most basic obstacles for growth of brands in Muslim world is how they can achieve consumer benefits for brands they offer, because it cannot be denied that currently there are many existing western brands that have strong brand equity.

Jumani and Siddiqui (2012) stated that a brand must fulfill all aspects of brand for Muslim consumers. Muslim consumers consume the goods or services, which comply with Islamic laws and norms. Muslim consumers want brands that speak to them (Power and Abdullah, 2009), Islamic brands or *Halal* brands are created in according to Islamic principles that guide what is permitted not only in food industry but also in fields of cosmetics,

pharmaceuticals, logistics, clothing, finance, hospitality and banking (Minkus-McKenna, 2007). The *halal* food market and Islamic finance sector have exploded in last decade and also many other Islamic products and services include cosmetics, real estate, hotels, fashion and insurance, (Alserhan, 2010).

Islamic Consumption Behavior

Consumption is process to consume something in order to meet their needs. Consumption includes necessities, pleasures and luxuries. Islam teaches moderate and simple consumption, not excessive, not extravagant, and there is no shortage, therefore waste is the brothers of Satan. The consumption activities in Islam are not only to meet human needs and achieve satisfaction. The purpose of consumption in Islam is to achieve worldly and hereafter *maslahah* (goodness). The *mashlahah* is achieved by fulfilling our needs such as clothing, food, shelter, health, education, and entertainment. Hereafter needs are fulfilled if the goods we consume are obtained by lawful methods and these goods are also lawful in Islam. (Medias, 2018)

The consumption in Islam should moderate and simple, not excessive, not extravagant, and not lacking. Consumption activities in Islam are not only to meet human needs and achieve satisfaction. The purpose of consumption in Islam is to achieve worldly and hereafter *maslahah*. The *mashlahah* is achieved by fulfilling our needs, such as clothing, food, shelter, health, education, and entertainment. On other hand, needs of hereafter are fulfilled if the goods we consume are obtained by lawful methods and these goods are also lawful in Islam

Phenomenology of the *Halal* Certification Comprehension as an Effort to Improve MSME Competitiveness.

Phenomenology is a philosophical movement pioneered by Edmund Husserl (1859-1938). Phenomenology is one of most influential schools of thought in 20th century. Phenomenology is known as the science of appearances (Phenomena). There are two main lines in phenomenological thinking, namely the transcendental phenomenology as described in work of Edmund Husserl and social phenomenology described by Alfred Schutz. Deetz (in Ardianto, et al, 2007) showed the two outlines (Husserl and Schutz) have three similarities related to the study of communication, first and most basic principle of phenomenology was clearly connected with German idealism, that knowledge did not can be found in external experience but in individual consciousness. Second, meaning was the derivation of object potentiality or a

special experience in personal life. The meaning from an object or experience will depend on individual's background and certain events in life. Third, phenomenologists believe that world is experienced and meaning is constructed through language. These three phenomenological bases have different degrees of significance, depending on particular school of phenomenological thought discussion.

The *halal* certification is a government policy for MSMEs. Mazmanian and Sabatier (in Agustino, 2008) defined it as “Implementation of basic policy decisions, usually in form of laws, but can also take the form of important executive orders or decisions or decisions of judiciary.” Typically, decision identifies the problem to be addressed, clearly states the goals or objectives to be achieved, and various ways to structure or manage the implementation process.

There are various models of *halal* certification implementation. The existence of regulations regarding *halal* is still the basis for Muslims to obtain legal certainty for food products in society. However, there are still many entrepreneurs who have not taken care of *halal* certification, there are even rogue companies that include a *halal* label on their products even though the validity period of certificate has expired and in other cases, there are stalls/restaurants that write that their food is guaranteed to be 100% *halal*, but there is no *halal* certificate. A *halal* certificate is a written *fatwa* (decision) of Indonesian Ulema Council (MUI) which certifies the *halal* of a product in accordance with Islamic law. The validity period is 2 years. The purpose of *halal* certification is a formal legal acknowledgment that products issued comply with *halal* requirements.

RESEARCH METHODS

This study uses a qualitative research method with a phenomenological approach. The paradigm used in this research is non-positivist, especially critical theory. This research is limited to disclosing the *halal* certification essence elements that are understood and applied by consumers, producers, business partners and policy holders, especially in East Java Province. This research was conducted in East Java Province as one of largest provinces in Indonesia which has many industrial areas. It is very supportive in determining informants and research clusters based on MSME industry groups in East Java. The unit of data analysis refers to Husserl's Transcendental Phenomenology concept. The conceptual components of Husserl's Transcendental Phenomenology analysis units are 1) Intentionality; 2) Noema and Noesis; 3) Intuition, and 4) Intersubjective.

This study uses data analysis technique of Interactive Model Analysis from Miles and Huberman. This interactive model is divided into three stages, namely data reduction, data presentation and stage conclusions/verification. In addition, researchers analyze and finding meaning from data collected, namely looking for patterns, themes, feelings, things that often arise, hypotheses and so on which are set forth in tentative conclusions. The additional data through a continuous verification process should produce grounded conclusions. This means that any conclusions should continue to be verified during the research. This stage also involves a process to compare the results of conclusions for sharpening. Analysis based on religious behavior seeks to explore the perspectives of several religions on *halal* certification. Religious behavior is explored with aim to sharpen the *halal* certification essence and increasing the competitiveness of MSMEs in East Java.

RESULTS AND DISCUSSION

The Comprehension of *Halal* Certification Essence in Producer's Perspective

This study uses Husserl's Phenomenology because the research objectives are not only focused on principles of *Halal Haram* but rather on fulfilling the elements of a healthy and orderly life. Husserl's phenomenon in this study is based on concept of Husserl's Transcendental Phenomenology. The findings show that the comprehension of implementation of *halal* certification essence in producer's perspective of MSMEs in Java is still at a low level. There are still many MSMEs do not have certificates even though they understand importance of *halal* certificates. This phenomenon explained that theoretically *halal and haram* certificates refers to the first basis established by Islam, namely the origin of something created by Allah is *halal* and permissible.

The research findings is not consistent with Yusofa and Shuttob (2012) synthesized that *halal* certification is developed as an alternative sector in promoting internationalization and globalization for industry. However, new efforts are needed to increase interest and proper the comprehension certification of *halal* and how *halal* certification can become a specialized sector that can support and promote the education and tourism industries. In addition, this study also examines the results of research by Noordina et al., (2012) which states that *halal* products have been accepted as quality standards applied to the supply and manufacture of products. *Halal* standards cover processed food, cosmetics, pharmaceuticals and medical products. Meanwhile, study found that there were no MSMEs that had not fulfilled *halal* certification.

This study is also inconsistent with Noordina et al., (2012) regarding the problems or constraints that occur in East Java MSMEs for *halal* certification. Noordina et al., (2012) has succeeded in highlighting several problems related to the operational efficiency of *halal* certification process from perspective of supply and demand sides of *halal* supply chain by taking an ecosystem approach as a strategy to address the operational efficiency of *halal* certification, presented a conceptual model *halal* ecosystem and *halal* governance. These models will be useful for the comprehension of *halal* industry, especially in process of *halal* certification. Future research should develop a framework for *halal* certification based on this conceptual model.

These study findings are consistent with Ester et al. (2020) that the comprehension of *halal* certification means a written MUI fatwa declaring the *halal* of a product in accordance with Islamic law through detailed examination by Research Institute for Food, Drugs and Cosmetics, *Majelis Ulama Indonesia* (Indonesian Ulema Council), hereinafter abbreviated as LPPOM MUI). The users regulation of *halal* products in Indonesia has two interrelated issues, namely certification and labeling. Labels in Government Regulation Number 69 of 1999 on Labels and Advertisements are any information regarding food in form of pictures, writing, a combination of both or other forms attached to the food, inserted in affixed to or part of food packaging which is easy to see and read.

The research findings on the implementation of *halal* certification essence in producer's perspective of MSMEs in East Java are based on behavioristic theory which focuses on the role in explaining human behavior of MSME owners and occurs through stimulation to create a reactive behavior relationship (response) to mechanistic laws. Based on this theory, the comprehension of implementation of *halal* certification essence in producer's perspective of MSMEs in East Java depends on behavior of MSME owners, the most importantly believe that *halal* certification is needed in developing their business.

The basic assumption of MSME owners behavior to comprehend the importance of *halal* certification is completely determined by rules, can be predicted, and can be determined. According to this theory, the comprehension will arise because MSMEs have studied it, through previous experiences with government regulations and competition. (Fahyuni, 2016). Based on modern psychology, religious behavior is an act in religion solely to avoid fear and danger. In addition, someone who obeys the teachings of religion will get reward from Allah and then this will become an experience in his life. Religious behavior also means all actions of a person based on faith and manifested in worship to Allah Almighty, by carrying out all His commands

and staying away from all His prohibitions. The comprehension the implementation of *halal* certification is a form of religious behavior and also fulfilling government regulations for producers based on rules in producing products in accordance with Islamic religious rules.

Model to Implement the *Halal* Certification Essence

The implementation of *halal* certification essence to MSMEs in East Java with stages of *halal* certification is divided into three parts, namely preparation for *halal* certification, *halal* certification process, and post-*halal* certification. Preparation for *halal* certification is a very important point to achieve the next stage. Fails or is insufficient preparation for *halal* certification cause difficult and long process. Smoothly preparation for *halal* certification makes the *halal* certification process goes smoothly. Likewise, post-*halal* certification process is clear.

The model to implement *halal* certification essence to MSMEs in East Java uses qualitative analysis with Miles and Hubberman's analysis. It is explored from results of interviews with informants. The implementation model was obtained from research conceptual framework developed with several aspects and units of Husserl's Transcendental Phenomenology analysis, namely 1) Intentionality; 2) Noema and Noesis, 3) Intuition, and 4) Intersubjective and analyzed with aspects of implementation model the essence of *halal*, namely MUI regulations regarding *Halal* Certification, Producer Aspects in *Halal* Essence, namely HR competence in the comprehension *halal* certification and General Obligations in Registration of *Halal* Certification As well as MSMEs Awareness efforts with Socialization

The model to implement the *halal* certification essence to MSMEs in East Java is explained by existence of regulations from government, in this case the MUI regulations, then aspects of producers, guidelines and supervision of *halal* MSMEs and awareness of MSMEs in having *halal* certification. *Halal* certification process is started by submits an implementation for *halal* certification to BPJPH by preparing the necessary documents, after receiving a receipt it is continued at inspection stage through a *halal* inspection agency. For documents on *halal* assurance system, templates can be seen at *Halal* MUI which is then uploaded to the MUI cerol. It produces *halal* pre-registration through LPPOM MUI by preparing business and product legality documents. The next step is payment of contract fees; this varies based on number of products and materials. Finally, after going through the pre and post audit processes, LPPOM-MUI issues *halal* certification.

To accelerate the development of real sector of Islamic economy, known as the *halal* industry, government needs to strengthen the entire *halal* value chain from upstream to downstream sectors, including by building *halal* industrial zones and *halal* relations in various regions according to the comparative advantages in each region. The intended *halal* area covers the definition of a *halal* area, role and function of a *halal* area, an environmentally friendly *halal* area, and a sustainable *halal* area, which are very meaningful for efforts to develop and growing the *halal* products.

The cooperatives office of Micro, Small, and Medium Enterprises (MSMEs) seriously foster the empowerment of the businesses under its auspices with various programs as a means to create competitive and superior entrepreneurs. Products from fostered businesses must meet the standards set by cooperatives office and (MSMEs), namely products from fostered businesses have good quality and are free of preservatives, are prohibited from using illicit goods such as pigs, dogs, carrion, blood or other ingredients, products must clean in production process, as well as food and beverage products shows a consumption limit called the expiry date. Based on standards set by Office of Cooperatives and SMEs in an effort to empower the businesses, it is studied with principles of Islamic business ethics, namely as a business actor must be honest, the goods are *halal*, not unlawful goods such as pigs, dogs or alcohol, blood and so on. Islam also teaches that every food eaten must be clean and in good condition, which is called *halalan toyyiban*.

The MSMEs *halal* certification has a process mechanism. Submission of *halal* certification can be done in two ways, namely directly to BPJPH or *Halal* Task Force in area and electronically using the *Halal* Information System (SI-HALAL). Law No. 11 of 2020 on Job Creation (Ciptaker) provides opportunities for micro, small and medium scale businesses to develop their business. Apart from providing corporate legal entities in form of individuals (PT Perorangan), Ciptaker Law also provides incentives for MSMEs to obtain *halal* certificates. To apply for *halal* certificates, MSEs must have a Business Identification Number (NIB) and be registered with Online Single Submission (OSS) at Investment Coordinating Board (BKPM). Submission of *halal* certification can be done in two ways, namely the implementation directly through BPJPH or the regional *Halal* Task Force. Second, electronic implementation submission using the *Halal* Information System (SI-HALAL).

The obligation to have *halal*-certified for SMEs that meet certain requirements is based on statements of MSMEs actors (self-declare) whose standards are set by BPJPH. This is regulated in PP No. 39 of 2021 on the Implementation of *Halal* Product Guarantee. The

obligation to have *halal*-certified for micro and small business actors must declare two criteria, namely save products or use *halal* materials; and production process is guaranteed to be *halal* and simple. The next process will continue with verification and validation of statements made by *halal* product process assistant (PPH Companion). PPH assistance can be done by Islamic social organizations/Islamic religious institutions with legal entities; universities, government agencies or business entities in partnership with Islamic organizations or Islamic religious institutions and/or universities with legal entities.

Halal certification involves 3 parties, namely BPJPH, LPPOM MUI as a *halal* inspection agency (LPH), and MUI. BPJPH implement *halal* product guarantees. LPPOM MUI checks the adequacy of documents, audits scheduling, conducting audits, holding auditor meetings, issuing audit memorandums, submitting minutes of audit results at MUI Fatwa Commission meetings. MUI through the Fatwa Commission determines product *halal* based on audit results and issues MUI *Halal* Decrees.

The companies must have implemented the *Halal* Assurance System (HAS) in accordance with government regulations and HAS 23000 before registering for *halal* certification. The companies should understand HAS criteria required in HAS 23000 for the proper implementation. LPPOM MUI provides the thematic HAS 23000 books for companies to understand deeply about the requirements of *halal* assurance system. Books are available in printed books and e-books. The companies can also take part in HAS training organized by competent HAS training institutions.

Halal certification registration begins with submitting an implementation for STTD to BPJPH. Information on implementation for STTD and documents required by BPJPH can be found on website www.halal.go.id. Furthermore, companies should choose LPPOM MUI for product *halal* inspection. Online registration to LPPOM MUI uses CEROL-SS23000 system through the website www.e-lppommui.org. The companies need to fill in registration data, facility data, product data, material data, and material vs product matrix data, and upload the required documents. Documents that need to be uploaded by company for product *halal* inspection process

Every producer who has submitted an implementation for *halal* certification is required to fill out a form or guidelines for filling in a *halal* product audit. This guideline facilitates producers to set up a *halal* system and LPPOM MUI team to conduct audits at producer's location. This guideline only covers the *halal* production methods, and does not cover details on how to produce properly.

This guideline was prepared to makes the inspections have uniform views and methods in conducting audits at producer locations. It is possible to add a necessary item during the inspection process. MSME business actors who agree with obligation of *halal* certification should obey and comply with rules made by government. In addition, products product certified have a high selling value in market, so that businesses can reap large profits. Society is smart and critical and will choose the products that clearly have proven *halal*. While the reason for those who disagree with obligation of *halal* certification is that *halal* certification is voluntary and not an obligation. *Halal* certification obligation makes business actors, especially small business actors, will burdened, especially in terms of costs. In addition, *halal* certification is not a guarantee that product is truly *halal*. There are cases of products that have been certified *halal* but later proven to be non-*halal*.

MSME business actors who support the obligation of *halal* certification as stated in Article 4 of JPH Law hope that government will immediately stipulate sanctions for business actors who do not certify their products *halal*. It may administrative sanctions by revocation of business licenses or criminal sanctions. The business actors only agree that types of products that must be *halal* certified are limited to food, medicine, medicine and cosmetics. The reason is the *halal* certification for product traded in Indonesia territory can limit the movements of business actors to work. MSME business actors must understand and fulfill the requirements for *halal* products as stated in JPH Law in an effort to develop their business.

This research results on implementation model consistent with Ratanamaneichata and Rakkarnb's research (2021) where *halal* certification recognizes safety and quality guarantees. That means the product prepared must meet standards which also include hygiene. Security and quality guarantees ensure that *halal* products are also clean, safe and well-maintained with good and right presentation and good quality for everyone. Adversely, this study results are inconsistent with Tayob (2021) which conceptually proposes a model for accepting *Halal* products by non-Muslim consumers. The model is proposed by examining consumer behavior theories, such as the theory of planned behavior (TPB), Triandis model (TRIANM), and model of acceptance of *Halal* Products for religious communities (HPAM). The antecedents of non-Muslim acceptance of *Halal* food products are determined together with a moderator construct. The inner perspective, credibility and custom of *Halal* logo are treated as antecedents. Introduction of acculturation in model as a moderator variable will provide a comprehension of how non-Muslim consumers receive *Halal* food products. Studies on non-Muslim consumers in *Halal* industry are scarce and there is a need for further research related to non-Muslim

consumers, both empirically and non-empirically. Since the research is conceptual in nature, only the proposed model is presented in paper. All supports, fields or raw data are not included in paper.

This study model to implement *halal* certification cannot be applied to non-Muslim MSMEs. The environmental arrangements require the maintenance of traditional culture and/or acquiring new cultural features of host country through interaction and participation (acculturation) (Laroche et al., 1999). Non-Muslim consumers tend to use their ideals in making their food choices and negotiate their ideals against the host country (Ayyub, 2015). It is highly likely that they will capitalize their aspirations to consider the concept of *Halal* food offer in *Halalan-Tayyiban*. It means healthy and safe to eat coupled with certified hygienic and safety production processes (eg HACCP Certification and JAKIM *Halal*) provide both quality assurance and marketing tools for *Halal* food products.

CONCLUSIONS AND RECOMMENDATIONS

The data analysis produces following conclusions. First, the comprehension the essence of *halal* MSMEs in East Java is explained by results of transcendental Husserl phenomenological phenomenon with 4 elements, namely 1) Intentionality; 2) Noema and Noesis, 3) Intuition, and 4) Intersubjective. The element of intentionality of East Java MSME awareness in applying the essence of *halal* is still minimal. The elements of Noema and Noesis in attitude of MSMEs are not yet optimal in dealing with *halal* certification. The element of intuition relates to institutional and rationality element of MSME thinking about the importance and advantages of *halal* certification. Second, the model for implementation of *halal* certification essence to MSMEs in East Java in MUI regulations, MUI supervision, and aspects of producers and increasing awareness of MSMEs in essence of *halal* in form of *halal* certification supports the development of MSMEs. This model increase MSME awareness toward supervision and dissemination of *halal* certification.

The suggestion of this research can be stated as follows. First, local governments should conduct training or coaching on positive mental strength, financial management, financial management literacy, risk management training, promotion and marketing strategy training and tourism management training. These trainings need to be done in order MSMEs have the competence and the comprehension on *halal* certification as one of capabilities of a good promotion strategy and marketing strategy. Second, the training pattern should use a mentoring system by involving academics. The training to MSMEs should be done routinely. Training

should be maintained properly at intervals, coordination and cooperation between the government and entrepreneurs.

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