


MODEL IMPLEMENTATION OF HALAL CERTIFICATION ESSENCE FOR MICRO, SMALL AND MEDIUM BUSINESS IN EAST JAVA

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 21 April 2023</p> <p>Accepted 18 July 2023</p>	<p>Purpose: This study aims to formulate an implementation model of <i>halal</i> certification essence to MSMEs in East Java.</p>
<p>Keywords:</p> <p>Essence <i>Halal</i> Certificate; Producers; SMEs.</p> <div data-bbox="172 920 480 1167" style="text-align: center;">  </div>	<p>Design/Methodology/Approach: This study uses qualitative methods with Husserl's phenomenological approach. This research takes the setting in East Java Province. The informants and research clusters from MSME industry group in East Java are selected by purposive sampling. The main informants are East Java MSME actors who are Muslim. Key informants are BPJPH, <i>halal</i> center, LPH and MUI. The data analysis uses Interactive Model Analysis from Miles and Huberman, the Husserl phenomenon approach and domain analysis.</p> <p>Findings: The MSMEs shows positive response to laws and regulations of <i>halal</i> certification but it is still not fully maximized to immediately register their products as an effort to get <i>halal</i> certification.</p> <p>Research limitations/Implications: The model implementation of <i>halal</i> certification essence to MSMEs in Java East in form of MUI regulations, MUI supervision, producer aspects and increasing awareness of MSMEs in <i>halal</i> essence in form of <i>halal</i> certification can supports the development of MSMEs</p> <p>Practical implications: The branding theory and strategy in development of MSMEs of this research results can be applied to development of strategic knowledge, especially for MSMEs.</p> <p>Social implications: East Java SMEs do not fully have awareness of <i>halal</i> essence so that there are still many who do not have <i>halal</i> certification so that they can follow government regulations in having <i>halal</i> certification to sell their products in Indonesia. This research also shows that SMEs need to prioritize obligations in meet <i>halal</i> certification to facilitate the business.</p> <p>Originality/Value: This is the research that examine the <i>halal</i> certification in the context of MSMEs in East Java.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i7.2646</p>

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MODELO DE IMPLEMENTAÇÃO DA HALAL CERTIFICATION ESSENCE PARA MICRO, PEQUENAS E MÉDIAS EMPRESAS EM JAVA ORIENTAL

RESUMO

Objetivo: Este estudo tem como objetivo formular um modelo de implementação de essência de certificação *halal* para MSMEs em Java Oriental.

Design/Metodologia/Abordagem: Este estudo utiliza métodos qualitativos com a abordagem fenomenológica de Husserl. Esta pesquisa toma o cenário na Província de Java Oriental. Os informantes e clusters de pesquisa do grupo industrial MSME em Java Oriental são selecionados por amostragem intensiva. Os principais informantes são atores MSME de Java Oriental que são muçulmanos. Os principais informantes são BPJPH, *halal* center, LPH e MUI. A análise de dados usa a análise de modelo interativo de Miles e Huberman, a abordagem do fenômeno Husserl e a análise de domínio.

Constatações: As MSMEs mostram uma resposta positiva às leis e regulamentos de certificação *halal*, mas ainda não está totalmente maximizado para registrar imediatamente seus produtos como um esforço para obter a certificação *halal*.

Limitações/Implicações da investigação: O modelo de aplicação da essência de certificação *halal* às MSMEs em Java East, sob a forma de regulamentos MUI, supervisão MUI, aspectos do produtor e uma maior sensibilização para as MSMEs na essência *halal*, sob a forma de certificação *halal*, pode apoiar o desenvolvimento das MSMEs.

Implicações práticas: A teoria da marca e estratégia no desenvolvimento de MSMEs destes resultados de pesquisa pode ser aplicada ao desenvolvimento de conhecimento estratégico, especialmente para MSMEs.

Implicações sociais: As SMEs de Java Oriental não têm plena consciência da essência *halal*, de modo que ainda há muitos que não têm certificação *halal* para que eles possam seguir os regulamentos governamentais em ter certificação *halal* para vender seus produtos na Indonésia. Esta investigação demonstra igualmente que as SMEs devem dar prioridade às obrigações de cumprir a certificação *halal* para facilitar a atividade.

Originalidade/Valor: Esta é a pesquisa que examina a certificação *halal* no contexto de MSMEs em Java Oriental.

Palavras-chave: Essência *Halal* Certificado, Produtores, SMEs.

MODELO DE APLICACIÓN DE LA ESENCIA DE CERTIFICACIÓN DE HALAL PARA MICRO, PEQUEÑAS Y MEDIANAS EMPRESAS EN JAVA ORIENTAL

RESUMEN

Objetivo: Este estudio tiene como objetivo formular un modelo de implementación central de certificación *halal* para los MSMEs en Java Oriental.

Diseño/Metodología/Enfoque: Este estudio utiliza métodos cualitativos con el enfoque fenomenológico de Husserl. Esta encuesta toma el escenario en la provincia de Java Oriental. Los informantes de las encuestas del grupo industrial MSME y las agrupaciones en Java Oriental se seleccionan mediante muestreo intensivo. Los principales informantes son los actores MSME de Java Oriental que son musulmanes. Los principales informantes son BPJPH, centro *halal*, LPH y MUI. El análisis de datos utiliza el análisis de modelos interactivos de Miles y Huberman, el enfoque Husserl y el análisis de dominios.

Hallazgos: Las MSMEs muestran una respuesta positiva a las leyes y reglamentos de certificación *halal*, pero aún no están plenamente maximizados para registrar inmediatamente sus productos como un esfuerzo por lograr la certificación *halal*.

Limitaciones e implicaciones de la investigación: El modelo de aplicación de la esencia de la certificación *halal* a las MSMEs en Java East en forma de reglamentos de la MUI, supervisión de la MUI, aspectos relacionados con el productor y una mayor conciencia de las MSMEs en la esencia *halal* en forma de certificación *halal* puede apoyar el desarrollo de MSMEs.

Consecuencias prácticas: La teoría de las marcas y la estrategia para el desarrollo de las MSMEs a partir de estos resultados de investigación pueden aplicarse al desarrollo de conocimientos estratégicos, especialmente para las MIPYME.

Consecuencias sociales: las SMEs de Java Oriental no son plenamente conscientes de la esencia *halal*, por lo que todavía hay muchas que no tienen certificación *halal* para que puedan seguir las regulaciones del gobierno para tener certificación *halal* para vender sus productos en Indonesia. Esta investigación también muestra que las PYME deben dar prioridad a la obligación de cumplir con la certificación *halal* para facilitar la actividad.

Originalidad/Valor: Esta es la encuesta que examina la certificación *halal* en el contexto de las MSMEs de Java Oriental.

Palabras clave: Certificado *Halal* Esencial, Productores, SMEs.

INTRODUCTION

The consumer demands for *halal* products are basically not only a religion issue in Islam, but have also become part of reality of business and trade (Borzooei and Asgari, 2013). MSMEs ignorance to obligation of *halal* certification will break the rules and their products cannot circulate in Indonesia. The response of MSMEs to laws and regulations that require *halal* certification has received a positive response but it is still not fully maximized to immediately register their products as an effort to get *halal* certification. Khalimy (2018) stated that the problem of *halal* certification for MSME producers are their reluctance to comply with *Halal* certification rules set by government through RI Law Number 33: 2014. The MSMEs feel that certification process will waste a lot of time, a procedure that difficult to understand. They do not want to process the certification even though free. This is reinforced by data from Deputy for Micro Enterprises of Cooperatives Ministry and MSMEs, Eddy Satriya explained that number of micro, small and medium-sized producers (MSMEs) in Indonesia only small portion have *halal* certificates. Data from BPS (2019) showed that from total 4,380,176 MSMEs in Indonesia, 96% did not have *Halal* Certificates (Kompas.com - 24/03/2021, 18:35 WIB). It means only 4% MSMEs 4 percent of MSMEs have business licenses or 168,161 MSEs have Patent/Copyright/IPR certificates and type of certificate they have. This requires research to explore further the obstacles of *halal* certification, and to find a solution on how best to have a concise but effective procedure to get a *halal* certificate. This research is important to do considering the important role of *halal* certification in supporting the national economy.

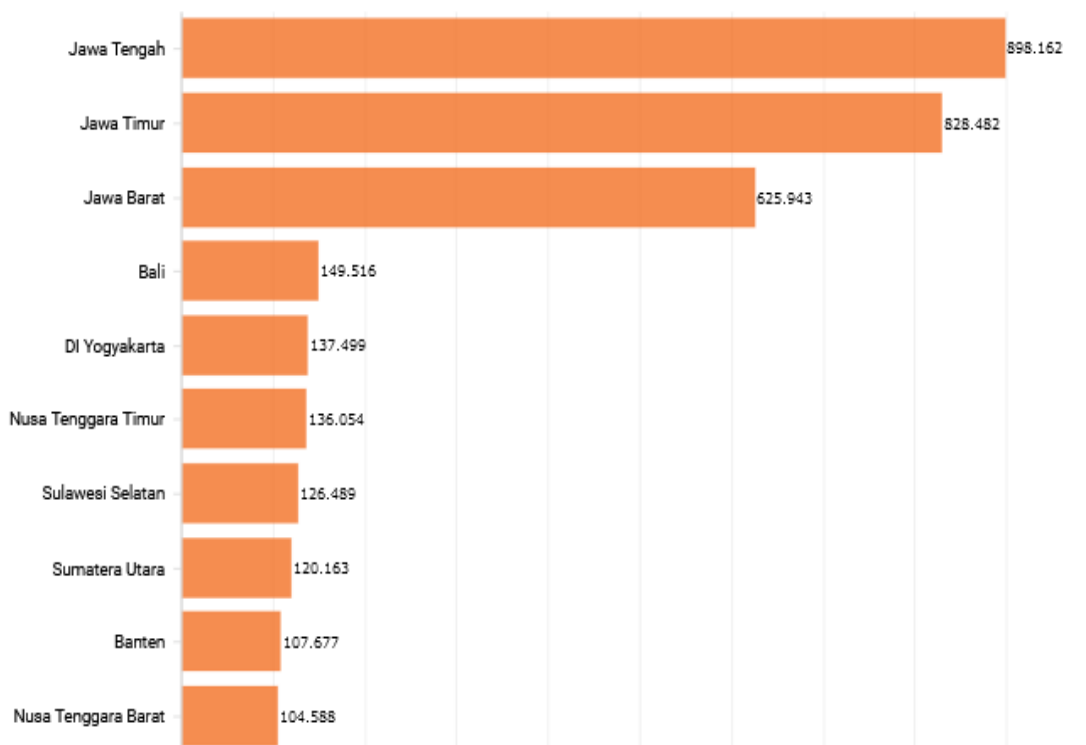
Halal certification is an obligation for producers in Indonesia because their consumers in Indonesia are 24 percent of world's Muslim population with a contribution of US\$2.2 trillion per year. This number is predicted to increase by 5.2 percent per year and reach US\$3.2 trillion in 2024. Indonesia as a country with largest Muslim population in world with a Muslim population of 299 million. It is the largest importer of *halal* products in world whose value reaches 167.9 billion US dollars. Data from 2020 Global Economy Report shows Indonesia does not have a large enough role in *halal* economy in world, where Indonesia's position is still below Malaysia, the United Arab Emirates, Bahrain and Saudi Arabia (Nursalikhah, 2020). *Halal* certification is very important for MSMEs in developing their products. The MSMEs need *halal* certification to develop a market share in Indonesia. This research is needed to be able to describe the potential or mapping in which areas already have MSME awareness to get *halal* certification. This study results should be able to see the constraints, obstacles and supporting factors in *halal* certification process in Indonesia.

Nur (2020) explained that regulation of *halal* certificates in Indonesia according to Law on *Halal* Product Assurance shows great concern from government and guarantees that all products circulating in society must have a *halal* certificate from MUI in order Muslim consumers feel satisfied and get legal protection. The implementation of *halal* certification arrangements is a form of legal protection for consumers of halal-certified food products in society by providing outreach to community from an early age, to general public (Triasih, et al, 2016).

The *halal* certificates were given to food products that were voluntary before 2014. Law No: 33 of 2014 oblige the issuance of *halal* certificates. Producers who violate will be subject to sanctions (Triasih, 2016). Nur (2020) and Dharu et al (2016) examined the basic essence of government order for producers to have *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.

This research was conducted on SMEs in East Java based on development of SMEs in East Java. Figure 1 explained by position the MSMEs in Indonesia.

Figure 1. Development of MSMEs in Indonesia



Source: Central Bureau of Statistics (BPS), 2020

Central Statistics Agency (BPS) noted the number of micro and small industries (IMK) in Indonesia in 2020 was 4,209,817 businesses. Central Java is the province with highest number of IMK, namely 898,162 businesses. East Java is in second place with a total of 828,482 businesses. Followed by West Java with a total of 625,943 businesses. Next, the number of IMK in Bali was recorded at 149,516 businesses. Meanwhile in DI Yogyakarta, the number of IMK is 137,499 businesses. Meanwhile, the province with least number of IMK is West Papua, namely 4,558 businesses. North Kalimantan and Papua have 4,963 businesses and 12,094 businesses respectively.

There are more than 65 million MSMEs spread throughout Indonesia. If only 1 percent, it means that around 650,000 have *halal* certification. Table 1 shows the *halal* certification for MSMEs in Indonesia.

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

No	Province	MSMEs	Percentage of <i>Halal</i> Certification	Certified SMEs
1	Jawa Tengah	898.162	30%	269.449
2	Jawa Timur	828.482	20%	157.412
3	Jawa Barat	625.943	22%	125.189
4	DI Yogyakarta	139.499	25%	34.875

Source: Processed Data

Table 1 shows MSMEs with *halal* certification in Java island province. The most MSMEs with *halal* certification are Central Java at 30% of total MSMEs. It is followed by DI Yogyakarta at 25%. The lowest *halal* certification 25% of number of MSMEs.

Data from MSMEs shows East Java has lowest has *halal* certification for MSMEs. East Java has a *halal* industrial area. This is one reason research was conducted in East Java. In addition, the Government of Republic of Indonesia through the Ministry of Industry issued a Decree of Minister of Industry No. 17 of 2020 on Procedures for Obtaining a Certificate in Context of Establishing a *Halal* Industrial Area.

Halal MSMEs in East Java have obstacles to growth and development. Basically, product halalness is not only an issue associated with religion, especially Islam, but has also become part of reality of business and trade (Borzooei and Asgari, 2013). There are several cases related to complaints about product halalness

The research on *halal* certificates is urgent because there is no in depth discussion on the *halal* essence from producer's point of view. The purpose to regulate the implementation of *halal* certification can be realized in future and to bring up a proposition about *halal* certification in East Java. *Halal* certification can shape consumer purchasing power and can

supports to increase the added value for producers. Comprehensive and in-depth research on *halal* essence from various stakeholder perspectives on *halal* certification is important. This research is focused on MSME's understanding of *halal* certification, MSME mapping and model implementation the *halal* certification essence to MSME in East Java

This research development was done by previous researchers to produce a more complete, comprehensive and broader update. The research gap appears on the *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 that the essence or fundamental meaning or awareness of importance of *halal* products or product *halal* certification from a consumer perspective is one of things that can qualitatively increase the competitiveness of businesses for MSMEs group. Wibowo and Ahmada (2016), Bulan (2016), Najmaei et al. (2017) found that *halal* issues recognize safety and quality guarantees which mean the products prepared must meet standards which also include hygiene in order to contribute to a strategic approach to information systems. Where religious views are an important part of organizational structure from perspective of government and institutions and influence the 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 apply *halal* certification to their products in order to increase sales. The obligations of producers and imposition of sanctions for violators, and essence of implementation and regulation of *halal* certification obligations is regulated government. But Ansia et al. (2018), Hasan (2021), Rasyid (2021) found that the study on *halal* certification is a separate perspective between the producer's point of view. The *halal* certification essence in Indonesia can be seen from purpose of Article 3 of Law of Republic of Indonesia number 33 year 2014. It requires a comprehensive understanding of *halal* certification by combining studies from consumer, producer and government side to found right pattern or concept.

The producer's perspective discusses the desires of consumers who want goods to fulfill their needs at prices as economical as possible and meet health, safety and benefit standards in context of *Halal* Certification. The results of exploration of producer's perspective on *halal* certification can be used as material for further observation and exploration of *halal* certification essence based on producer's perspective. This exploration results from producer's

perspective are indispensable when conducting observations and interviews with producers to strengthen the observations, interviews and data processing based on Husserl's phenomenology. This research problem examines the implementation model of *halal* certification essence for MSMEs in East Java. This study purpose is to formulate an implementation model of *halal* certification essence to MSMEs in East Java.

LITERATURE REVIEW

Islamic Branding

Islam commercialization much less likely to happen because of nature and teachings of Islamic faith itself. There are clear and strict conditions that must be complied before a company can get on vehicle of religious marketing. The brands cannot comply with Sharia until they fulfill many conditions related to ingredients, logistics, impact and intention. The results of this fulfillment produce what is called "halal" or healthy products. The religion plays an active role in transforming business into an ethical entity whose goal is to increase sales and revenue (Alserhan, 2010).

Islamic branding is needed to change the west oriented mindset toward awareness among religious people, especially Islam to implement Islamic law in everyday life. Islamic branding offers a philosophy and a way of life that ends in one concept, namely obedience to Allah SWT. Islamic branding must also prioritize quality. There is no term "in name of God" then do not think about product quality (Zainal, 2016).

Islamic branding must be followed by Islamic marketing. Islamic Shari'a guides marketers by prioritizing noble moral values. Islamic marketing must pay attention to several things, including namely products should not contain elements or raw materials that are forbidden, pricing should not contain gambling, gharar, and usury, promotion should not use fraud, perjury, and sex appeal in displaying product advertisements, the selling place should not in prohibited places such as mosques or at prohibited times such as prayer times. Even though there are various prohibitions related to Islamic branding, Islam does not curb the creativity of its followers. (Ranto, 2013).

Implementation of *Halal* Essence

The existence of *halal* certificates is a government policy for MSMEs. Mazmanian and Sabatier in Leo Agustino (2008: 139) defined the implementation as "Implementation of basic policy decisions, usually in form of laws, but can also take the form of important executive

orders or decisions of judiciary. The decision typically identifies the problem addressed, clearly states the goals or objectives to be achieved, and various ways to structure or manage the implementation process.

There are various models implementation of *halal* certification. Views on implementation model of *halal* essence. The existence of regulations regarding *halal* is still the basis for Muslims to get legal certainty for food products circulating in society. However, in practice 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* (statement) of Indonesian Ulema Council (MUI) which certifies the halalness of a product in accordance with Islamic shari'a. The validity period is 4 years and must be renewed when expired. The purpose of *halal* certification is formal legal recognition that products issued comply with *halal* requirements.

RESEARCH METHODS

The research method is qualitative. The paradigm used is non-positivist, especially critical theory. This research is limited to disclose the *halal* certification essence elements understood and implemented by consumers, producers, business partners and policy holders, especially in East Java Province. This research takes a setting in East Java Province as one largest provinces in Indonesia which has many industrial areas so it is very supportive in determining informants and research clusters based on MSME industry groups

The informants are selected based on purposive sampling, with following criteria.

1. The main informants are East Java MSME actors who are Muslim.
2. Key informants know and have various basic information needed in research.

Key informants include BPJPH, *halal* center, LPH and MUI.

A domain analysis is done to get the classification of results of each research result according to purpose. The qualitative research process starts from a very broad matter, then focused and expanded again. There are stages of data analysis done in qualitative research, namely domain, taxonomy and componential analysis.

RESULTS AND DISCUSSION

Implementation Model of *Halal* Certification Essence in MSMEs

The implementation of *halal* certification essence to MSMEs in East Java is done into three stages, namely preparation for *halal* certification, *halal* certification process, and post-*halal* certification. Preparation for *halal* certification is a very important point as the key success to next stage. Likewise, the post-*halal* certification process is clear.

The model implementation of *halal* certification essence to MSMEs in East Java uses qualitative analysis with Miles and Hubberman's analysis to explore the results of interviews with informants. The model implementation was obtained from research conceptual framework which was developed with several aspects and units of Husserl's Transcendental Phenomenology analysis, namely 1) Intentionality; 2) Noema and Noesis, 3) Intuition, and 4) Intersubjective which analyzed with aspects of model implementation the *halal* essence, namely MUI regulations regarding *Halal* Certification, Producer Aspects in *Halal* Essence, namely HR competence in understanding *halal* certification and general obligations in registration of *halal* certification and MSMEs awareness efforts with socialization

The implementation model of *halal* certification essence to MSMEs in East Java is explained by existence of MUI regulations, aspects of producers, guidelines and supervision of *halal* MSMEs and awareness of MSMEs to get *halal* certification. The findings of the implementation model of *halal* certification essence for MSMEs in East Java are explained below.

The implementation of *halal* certification essence to MSMEs in East Java for products that are not labeled as *halal* makes Muslim consumers worry about the product halalness. They difficult to choose which products are truly guaranteed to be *halal* according to Islamic law. Government is very concerned about the products that are truly halal; therefore Law Number 33 of 2014 concerning Guarantees for *Halal* Products was issued.

The implementation of *halal* certification essence is explained from results of a qualitative analysis using Husserl aspects. Table 2 shows the analysis results of *halal* certification essence from producers perspective at MSMEs in East Java.

Table 2. Analysis Results of *Halal* certification essence

No	Aspect	Results of Analysis
1	Deliberation element	This aspect explains MSME awareness of the importance of <i>halal</i> certification, sources of information on <i>halal</i> certification, beliefs, function of <i>halal</i> labels, <i>halal</i> certification registration process but the <i>halal</i> certification essence is still lacking because of reason that MSMEs are not aware for the importance of <i>halal</i> certification

2	Noema noesis	The analysis results of <i>noema noesis</i> aspect as indicated by attitudes of MSMEs regarding <i>halal</i> certification, motivation, consumer doubts about producers, the advantages of <i>halal</i> certification, how to convince consumers and responsibility of MSMEs towards the rules, show that <i>noema noesis</i> aspects regarding the <i>halal</i> essence in MSMEs are still not can increase the meaning of <i>halal</i> certification for MSMEs.
3	Rationality	The thoughts of each producer on <i>halal</i> certification are explained by advantages of having <i>halal</i> certification in consumer confidence in consuming food. It is profitable for business actors who have <i>halal</i> certification
4	Intersubjective	There is a tendency for MSMEs to the meaning of <i>halal</i> essence by applying a logo that must be <i>halal</i> certified and ownership of <i>halal</i> certificate

Source: Processed Data

Table 2 shows that *halal* certification essence from producers perspective in MSMEs in Java is still relatively low level because there are still many actors not have certificates even though they understand importance of *halal* certificates for MSMEs. It explains that theoretically regarding *halal* and *haram* certificates refers to first basis established by Islam, namely the origin of something created by Allah is *halal* and permissible.

The implementation of *halal* essence also concerns on the importance of *halal* label as contained in *Halal* Product Guarantee Act, namely to provide comfort, security, safety, and certainty of availability of *halal* products for public in consuming and using products and increasing added value for MSMEs to produce and selling *halal* products.

Certification is the process to acknowledge the halalness of a product in according to UUJPH issued by *Halal* Product Guarantee Agency (BPJPH) based on a written *halal* fatwa issued by MUI. *Halal* certification is an obligation for all business entrepreneurs. Article 4 UUJPH states that products that enter circulate, and trade in Indonesian territory must be *halal* certified. The obligation to certify *halal* in UUJPH has been in force since October 17, 2019. Business actors must put a *halal* label on their products that have been certified *halal* by MUI and if they do not comply with this provision, the consequences will be in form of administrative sanctions and even criminal sanctions for violations with a threat of a maximum of 5 (five) years) or a fine of up to IDR 2,000,000,000.00 (two billion rupiah) (Articles 41 and 56 UUJPH).

The analysis results on implementation of *halal* essence from producers perspective with Husserl's phenomenology is based on element of intentionality, noema noesis, rationality and intersubjectivity in Husserl's phenomenological conception. It is a simple concept or approach. The philosophical assumption that underlies phenomenology is an in-depth discussion of all forms of human experience. The philosophical assumptions held lead to same argument that phenomenology is rooted in study of one's life experience, the experience

explored is "conscious" and development of a description of essence, is not an explanation or analysis.

Deeper philosophical assumptions of phenomenology explain the humans life experiences in an awareness (Hasbiansyah, 2008). This approach begins with subjective openness. That is, the subject opens himself to various things that appear or appear. The subject allows the phenomenon to flood his mind. Then the subject dives deeper into what comes to him through his consciousness. This process can only be done by conducting intersubjective dialogue.

A phenomenologist must be open to all realities. Phenomenologist always tries to get a deep understanding, and then make sense of that reality. It would be difficult to use phenomenology as a truth-seeking approach, if the individual has closed the minds. The openness of a phenomenologist will prevent him from quickly evaluating or concluding. The phenomenologist postpones his justification of a reality in advance. The openness of a phenomenologist is an extension of philosophy without prejudice, as expressed by Stewart and Mickunas (Creswell, 2015). The previous theories, preconceptions or assumptions are set aside first. This was named the epoch by Husserl. Justification is made when reality is saturated or when reality repeats what has been revealed before. This is the natural process of phenomenological approach.

These philosophical assumptions are related to conscious intentionality and rejection of subject-object dichotomy. Conscious intentionality refers to phenomenological focus that directs awareness to objects. The researched object is a phenomenon. Phenomenological studies will focus on uncovering the subject's experience of a phenomenon and how the subject experiences that experience. Kamayanti (2016) calls it "To "I-an"" the subject. Furthermore, phenomenology is based on philosophical assumptions to reject the subject-object dichotomy. The reality of objects is only understood in terms of individual experience (Creswell, 2015). Reality cannot be separated from subject. Phenomenology talks about the subject's awareness when experiencing a phenomenon. Stewart and Mickunas also said that a writer who writes or uses phenomenology does not forget to review the philosophical assumptions that underlie the phenomenological approach.

This study results are consistent with Ester et al (2020) which explained that understanding of *halal* certification means a written MUI fatwa declaring the halalness of a product in accordance with Islamic law through detailed examination by Research Institute for Food, Drugs and Cosmetics, the Indonesian Ulema Council (hereinafter abbreviated as LPPOM

MUI). The regulation for users of *halal* products in Indonesia has two interrelated issues, namely certification and labeling. Labels in Government Regulation Number 69 of 1999 concerning Labels and Advertisements are any information regarding food in form of pictures, writing, a combination of both or other forms that are attached to food, inserted in affixed to or are part of food packaging which is easy to see and read.

The findings shows that *halal* certification essence in terms of producer's perspective on MSMEs in East Java are based on behavioristic theory which focuses on role in explaining human behavior of MSME owners and occurs through stimulus to create a reactive behavior relationship (response) in mechanistic laws. This theory explains that *halal* certification essence in terms of producer's perspective on MSMEs in East Java depends on behavior of MSME owners, who most importantly believe that *halal* certification is needed in development of their business.

Implementation Model of *Halal* Certification Essence for MSMEs in East Java

The implementation model is mechanisms and processes that can be applied to MSMEs to explain the following aspects.

MUI Regulation on *Halal* Certification

The *halal* essence model for MSMEs is based on existence of *Halal* Product Guarantee regulations, Law Number 33 of 2014 on *Halal* Product Guarantees and Law Number 11 of 2020 on Job Creation mandates in Government Regulation. PP 39 of 2021 on Implementation of Guarantees for *Halal* Products is a regulation to implement the mandate of Law Number 33 of 2014 on Guarantees for *Halal* Products and Law Number 11 of 2020 on Job Creation.

Based on results of interviews with informants, it was found that three informants said that MUI regulations regarding *halal* certification were regulations made by MUI to declare whether food products were *halal* or not, moreover food products. MUI recommendations request that inclusion of *halal* certificates on product packaging be an obligation for MSME producers, not just a voluntary effort. Apart from satisfying consumers, on other hand they can also improve the quality of their products in local and international markets. Having a *halal* certificate and sign can be a standard measure of quality of food products for producers. The hope of consumers is that after seeing the label they can perceive whether the product is in accordance with their wishes and is safe for consumption, and also does not violate the norms or teachings of belief (religion).

Producer Aspects in *Halal* Essence

The *halal* essence model for MSMEs is inseparable from role of producers. MSMEs (Micro, Small and Medium Enterprises) are a very productive special unit that is useful and can be tried by individuals or business entities in every field of economy. The growth of MSMEs continues to be rapid in city of Jombang which makes MSME players have to be able to compete in market. MSMEs can be an alternative choice for community to improve the economy, by trying small businesses. Industrial growth in Indonesia is one that regional government is trying to improve the national economy, considering that its business activities cover almost all business fields. The government has imposed mandatory *halal* certificates for products that enter, circulate and trade in Indonesia.

The implementation model of *halal* certification essence to MSMEs in East Java in producer aspect includes the competence of MSMEs and obligations of producers as follows.

1) HR competence in understanding *halal* certification

HR is not only production tools, but motors and final results implementation of production and organizational activities. HR has an important role in ensuring the development of every organization, where HR is a vital asset in a large and small scale organization. HR in every organization is a determining factor for success of organization. Likewise with micro businesses, HR competencies also have an important role in development of these businesses including *halal* certification for MSMEs.

2) GENERAL Obligations in Registration of *Halal* Certification

MSME business actors are defined as individuals or business entities in form of legal entities or non-legal entities that carry out business activities. While the industry is defined as the activity of processing or processing goods using facilities and equipment. When combined with word "food and drink", the food and beverage industry is the activity to process food and drink using facilities and equipment.

MSMEs Awareness with Socialization

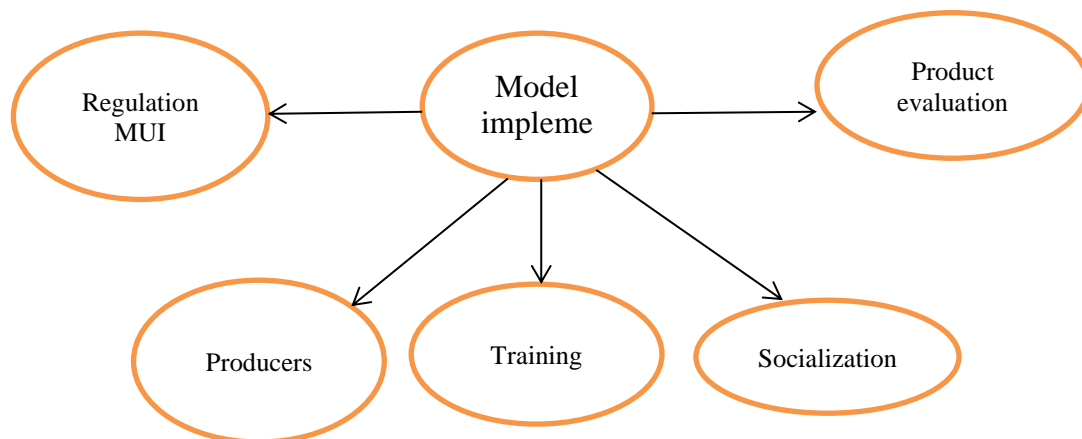
The dissemination of *halal* products by government to MSMEs was explored from various interview in field. LPPOM MUI East Java Province continues to disseminate *halal* certification to Micro, Small and Medium Enterprises actors. This is done as an institution's responsibility to remind and provide understanding to producers and business actors, and the general public as consumers about the importance of consuming *halal* food. Especially with Law No. 88 of 1999 on consumer protection for what they consume

Table 3. Results of Classification Analysis Model for Implementation of MSME *Halal* Certification.

No	Domain	Classification Result
1	MUI Regulations on <i>Halal</i> Certification	MUI Regulations on <i>Halal</i> Certification MUI regulations on <i>halal</i> certification are made by MUI to declare whether food products are <i>halal</i> or not, moreover food products
2	Producer Aspects in <i>Halal</i> essence	The HR competence that is most constrained is the IT skills of MSME actors GENERAL Obligations in Registration of <i>Halal</i> Certification GENERAL Obligations in Registration of <i>Halal</i> Certification GENERAL Obligations in Registration of <i>Halal</i> certification
3	Awareness for MSMEs awareness in socialization	Specialization Socialization from MUI, POM Agency, Health Office, to Department of Industry and Trade Socialization material Executor of socialization Outreach program Socialization problems Act socialization Prospects of <i>halal</i> certification Positive thinking about certification Relevant MUI procedures
4	Evaluation of fostered products	MSME product standards MSME product deviations Standard deviation of preservatives <i>Halal</i> certification facility
5	MSME Training	MSME training on <i>halal</i> certification MSME development rules

Source: Processed Data

The classification of analysis results is explained in Figure 2 below.

Figure 2. Classification of Analysis Results of *Halal* Certification Implementation Model

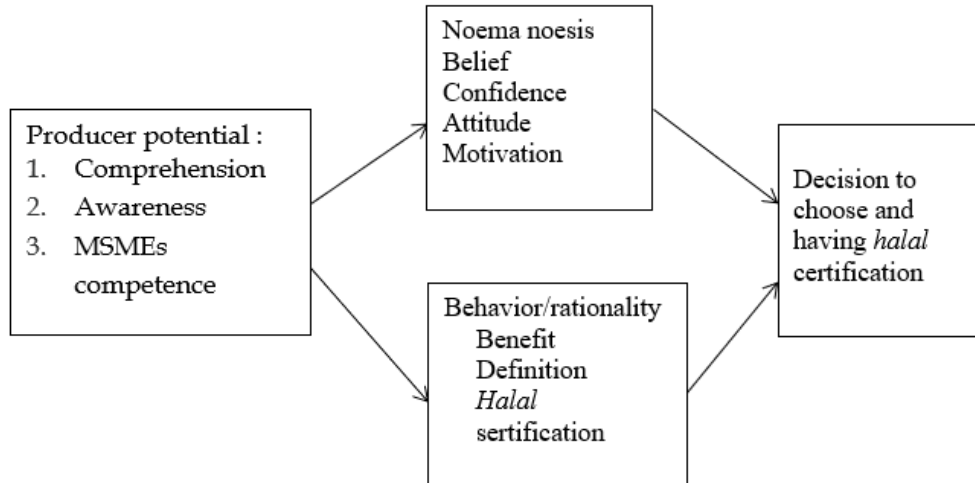
Source: Processed Data

MSMEs registered with LPPOM MUI *halal* products in East Java Province are food and beverage products such as meatballs, bread and sponge cakes, restaurants, bottled drinking water, coffee and tea drinks. There are 197 MSMEs in East Java Province that have been certified, with details of 92 MSMEs have expired and 105 that are still valid. For MSMEs that

do not carry out an extension generally due to financial problems and indeed considers that it is no longer necessary to do it again on pretext that they have done certification before.

The implementation model of *halal* certification as the research output is shown in Figure 3 below.

Figure 3. Model Implementation of *Halal* Essence



Source: Processed Data

Manufacturers can also know exactly what the preparations to get *halal* certification. MSMEs must know about access to information related to *halal*. MSME owners have a fairly complete picture of how to carry out *halal* production and how to go through the *halal* certification process. The next preparation is comprehension to *halal* requirements, but then registering for *halal* certification. Other preparations are preparing *halal* materials, preparing *halal* product facilities, preparing a *halal* guarantee system and costs.

Apart from implementation of statutory mandates in realizing product *halal* protection, *halal* certification is also one of efforts in business development. Thus, education about *halal* certification for MSEs is important; bearing in mind that *halal* certification will be easier to do when there is *halal* awareness and a good understanding of *halal* certification among MSEs.

The MSMEs *halal* certification mechanism has a process where MSMEs obtains *halal* certification. Submission of *halal* certification can be done in two ways, namely the direct application through BPJPH or the regional *Halal* Task Force 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), the Ciptaker Law also provides incentives for MSMEs to get *halal* certificates. MSMEs must have a

Business Identification Number (NIB) and be registered with Online Single Submission (OSS) of Investment Coordinating Board (BKPM) to apply for *halal* certificates. 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).

Halal certification involves 3 parties, namely BPJPH, LPPOM MUI as a *halal* inspection agency (LPH), and MUI. BPJPH checks the implementation of *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 halalness based on audit results and issuing MUI *Halal* Decrees.

MSME business actors who support the obligation of *halal* certification as stated in Article 4 of JPH Law require government to immediately stipulate sanctions for business actors who do not certify their products. The expected sanctions can administrative sanctions by revocation of business licenses, and criminal sanctions. Based on types of products that must be *halal* certified, business actors only agree if the products that are required to be *halal* certified are limited to food, medicine, medicine and cosmetics. The reason is, if all products in general that are traded in territory of Indonesia are required to be *halal* certified, it is feared that this will 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.

The research results on model implementation support the results of Ratanamaneichata and Rakkarnb's research where *halal* certification recognizes safety and quality guarantees. That means the product preparation must meet standards which also include hygiene. Security and quality guarantees ensure that *halal* products are also clean, safe and well-maintained with good presentation and presented in right way, and are of good quality for everyone so that *halal* certification is very important for producers.

The awareness of MSMEs on importance of *halal* certification has two differences. MSMEs that aware the benefits of *halal* certification will immediately take care of *halal* certification for their products, but for those who do not have *halal* certification, they delay the arrangement due to various obstacles they face. The awareness of MSMEs to understand importance of *halal* certification interprets the awareness of MSMEs in obtaining *halal* certification for their products.

The attitude of MSMEs towards *halal* certification is explained by actions to get *halal* certification. It arises when there is a change that is liked by public towards something. The attitude of MSMEs towards *halal* certification is measured by motivation to get *halal* certificates and doubts of consumers towards producers, the attitude of business actors towards *halal* certification, how to convince consumers and responsibility of MSMEs.

East Java MSMEs thought that *halal* certification should be prioritized. *Halal* ingredients are crucial in *halal* product chain. The availability of *halal* raw materials cannot be provided without the involvement of industrial world and *halal*-oriented producers. Moreover additional materials and auxiliary materials have been imported from abroad (imported) to meet the needs of domestic industry.

The interviews show that informants agreed to get permission first to put the *halal* logo on packaging, and most important thing was that they get *halal* certificate. The issuance of KMA Number 519/2001 put LPPOM MUI as the only institution with authority to examine and granting the *halal* certification in Indonesia. This decision is valid since November 31, 2001 until now.

The implementation model of *halal* certification essence to MSMEs in East Java is explained by existence of MUI regulations on the aspects of producers, guidelines and supervision for *halal* MSMEs and awareness of MSMEs in having *halal* certification. MSMEs that do not carry out an extension generally due to financial problems and indeed considers that no longer need certification based on pretext of previous certification.

CONCLUSION

models implementation of *halal* certification essence to MSMEs in East Java are in form of MUI regulations, MUI supervision, producer aspects and increasing awareness of MSMEs in *halal* essence in form of *halal* certification that supports the development of MSMEs. With this model, supervision and dissemination of *halal* certification will increase MSME awareness

There are three theoretical implications of research results on understanding and applying the *halal* essence of MSMEs in East Java. First, the results show that understanding the *halal* essence is explained by awareness, attitude and mapping of MSMEs in *halal* essence so that theoretically the *halal* essence is related to Islamic branding theory where *halal* certification also increases consumer confidence. Second, this study results also show that understanding and implementation of *halal* essence hold Islamic religious values in producing based on Islamic religious teachings regarding *halal* food and beverages. Third, the basic idea

of research is based on branding theory and strategy in development of MSMEs so this research results can be applied to development of strategic knowledge, especially for MSMEs.

The practical implication of this study results is that East Java SMEs do not fully have awareness of *halal* essence so that there are still many who do not have *halal* certification so that they can follow government regulations in having *halal* certification to sell their products in Indonesia. This research also shows that SMEs need to prioritize obligations in meet *halal* certification to facilitate the business.

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