

ENHANCING AWARENESS AND UNDERSTANDING OF HALAL PRODUCTS AMONG MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES (MSMES) IN PALU CITY

Nadia Nadia^{1*}, Desy Kristiane², Nurinayah Nurinayah³, and Riskiyani Kaida A Abdullah⁴

¹ State Islamic University Datokarama Palu, nadia@uindatokarama.ac.id

² State Islamic University Datokarama Palu, desykristiane@uindatokarama.ac.id

³ State Islamic University Datokarama Palu, nurinayah@uindatokarama.ac.id

⁴ State Islamic University Datokarama Palu, riskiyaniabdullah04@gmail.com

*Corresponding email: xxxxxxxxxxxxxxxx@xxx.xx

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) often serve as the mainstay of the local economy. However, MSMEs face various challenges in producing and marketing halal products. Despite various strategies being employed to address these issues, the level of awareness and initial understanding among MSMEs regarding halal products and halal certification remains significantly low. Therefore, the objective of this activity is to enhance the awareness and understanding of MSMEs concerning halal products. The activity adopts a participatory approach, involving 39 MSME entrepreneurs as participants. The activity took place at the BTN CPI 3 Hall on Dayodara Street, Talise Valangguni Village, Palu City. The activity process involved several stages, including situational analysis, preparation, focus group discussions, implementation, and evaluation. The results of this activity illustrate that out of the 39 participants involved, 35 of them successfully grasped the importance of halal products and the halal certification registration procedures after receiving the education and awareness-raising provided. This serves as concrete evidence that the program has been successful in increasing the awareness and understanding of MSMEs regarding halal products and halal certification.

How to Cite: Nadia, N., Kristiane, D., Nurinayah, N., & Abdullah, R. K. A. (2023). Enhancing Awareness and Understanding of Halal Products among Micro, Small, and Medium-Sized Enterprises (MSMEs) in Palu City. *Journal of Community Service: In Economics, Business, and Islamic Finance*, 1(1), 24–30. <https://doi.org/10.24239/jcsebif.v1i1.2471.24-30>

ARTICLE INFORMATION

History of the article:

Received:

10 November 2023

Revised:

12 November 2023

Accepted:

12 November 2023

Published:

13 November 2023

Keywords:

Awareness,
Understanding,
Halal Products,
MSMEs

INTRODUCTION

In a world marked by increasing globalization and growing diversity, the demand for various consumer goods and services has experienced exponential growth. Among the many facets of consumer choices, the demand for Halal products has emerged as a significant global trend. This demand is driven not only by religious requirements but also by a broader understanding of ethical and sustainable consumption. Halal products,

which adhere to Islamic dietary laws and principles, (Desy Kristiane, 2021) are not limited to the Muslim community; they attract consumers from diverse backgrounds who seek products aligning with their ethical and dietary preferences.

As the global Halal industry experiences remarkable expansion, Micro, Small, and Medium Enterprises (MSMEs) assume a significant role in satisfying the demand for Halal products (Hadi Sirat et al., 2020; Muhammad Nizar & Antin Rakhmawati, 2022; Putri et al., 2023). These businesses often serve as the linchpin of the local economy, making a substantial contribution to both employment and economic development (Abdin, 2019; Muliadi et al., 2020). However, they encounter various challenges in the production and marketing of Halal products, primarily due to a lack of awareness and understanding regarding the Halal certification processes, requirements, and consumer preferences (Amarul et al., 2019; Bachmid & Noval, 2023).

In response to this challenge, several strategic programs have been implemented. Firstly, by involving SMEs in halal product promotion and halal certification awareness campaigns (Puspaningtyas, 2021). Secondly, by educating SMEs about the benefits of halal certification, such as increased consumer trust and competitiveness (Oemar et al., 2022). Thirdly, collaborating with halal certification bodies can facilitate the certification process for SMEs and help them better understand the requirements (Hanim & Noorman, 2023). However, the awareness and understanding of SMEs regarding halal products and certification are still low due to the complex certification requirements, high costs, lack of guidance, and a limited understanding of the significance of halal certification (Atieqoh et al., 2023; Oemar et al., 2022). This underscores the need for further education and awareness campaigns in this regard (Amarul et al., 2019). Considering that increasing awareness and understanding of halal products among SMEs have the potential to provide numerous benefits, including improved market access, increased consumer trust, and expanded market opportunities for SMEs (Farah, 2021; Hasan et al., 2020; Pratikto et al., 2023).

Henceforth, the endeavors in education and promotion of Halal products and the procurement of Halal certificates become crucial. In this context, the Sharia Economic Law (Muamalah) Program at the Faculty of Sharia collaborates with the Datokarama Halal Center of Datokarama State Islamic University in Palu, is firmly committed to actively enhancing awareness and comprehension of Halal products among the small and medium-sized enterprises (SMEs) in the city of Palu.

METHODS

The activity was held at the BTN CPI 3 Hall, located on Dayodara Street, Talise Valangguni Village, Palu City, on June 4, 2022, spanning one day. The event boasted the participation of 39 individuals, all of whom were entrepreneurs residing within the confines of Talise Valangguni Village. The methods employed during this event encompassed:



Figure 1. Phase of Community Service Activities.

The initial phase of this endeavor encompasses site selection, situational analysis, and permit preparation. Subsequently, the next phase involves a Focus Group Discussion, during which pertinent content is delivered by the designated team. The implementation stage is further divided into an educational segment concerning halal products and a tutorial for halal certification registration, which will be conducted by Desy Kristiane, and Nurinayah. They are faculty members of the Sharia Economic Law (Muamalah) Program within the Faculty of Sharia, as well as the dedicated team at the Datokarama Halal Centre of UIN Datokarama Palu. The delivery of information will be facilitated through a combination of lectures and interactive discussions with the participants.

The final phase involves an evaluation process encompassing reporting, dissemination of pertinent information, and self-assessment. The participatory approach is the fundamental basis throughout this program, enabling business owners to engage actively and contribute to the enhancement of their understanding of halal products and their respective business solutions.

RESULTS AND DISCUSSION

Participant Characteristics

The one-day community service activity, spanning 8.5 hours, took place at the BTN CPI 3 Hall on Dayodara Street, within the Talise Valanguni Village of Palu City. It engaged 39 participants who exhibited diverse characteristics. These participants hailed from various economic sectors, with the majority being concentrated in the fields of food processing (44%) and services and trade (31%). Additionally, there were participants involved in businesses related to handicrafts (13%), garment manufacturing (2%), and livestock (10%). Interestingly, the majority of these participants have been operating their businesses for a period exceeding five years, reflecting a wide range of experience in their respective entrepreneurial endeavors. With such a diverse array of participant profiles, this community service initiative bears substantial potential to significantly enhance awareness and knowledge regarding halal products, encompassing both their production processes and the intricacies of halal certification registration.

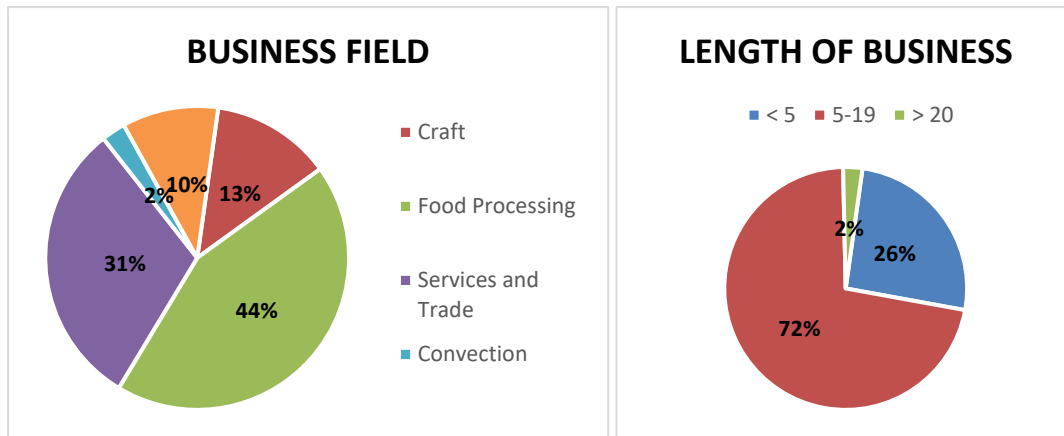


Figure 2. Participant Characteristics

Description of the Activity Execution

The execution of the activity began with a thorough screening process and the selection of the program's location. Once the location was decided, the implementation team conducted a situational analysis by visiting Talise Valanguni Village and coordinating with the local authorities to plan and obtain the necessary permits for community service activities. The preparation phase continued as the team worked in cooperation with the local authorities to set the date for the activity.

The subsequent phase in this endeavor is the Focus Group Discussion, during which the implementation team convenes to deliberate on the selection of media for use in the educational and socialization processes. The implementation stage is further divided into two segments, with the initial phase entailing the dissemination of education regarding halal products. This content is delivered by Desy Kristiane, who holds a position as lecturer in the Sharia Economics Law (Muamalah) Program at the Faculty of Sharia, employing the lecture method.



Figure 3. Presentation of Material on the Halal Product Process
Source: Author's Documentation 2022

The second phase entails the provision of tutorials on halal certification registration to 39 micro, small, and medium-sized enterprises

(UMKM) entrepreneurs, conducted by Nurinayah, a member of the Datokarama Halal Centre of UIN Datokarama Palu.

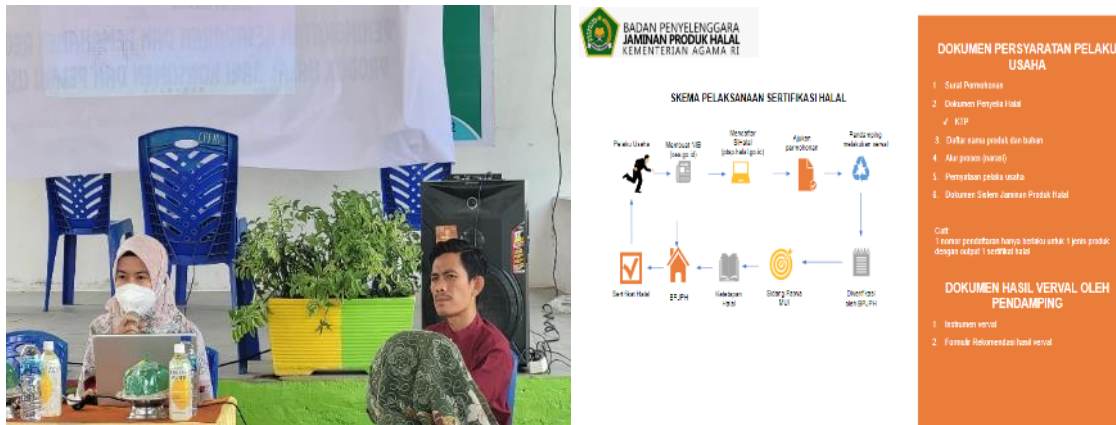


Figure 4. Provision of Halal Certification Registration Tutorial
 Source: Author's Documentation 2022

In this ultimate phase, evaluation assumes a pivotal role. The implementation team initiates this stage by conducting a structured question-and-answer session with the participants. The objective of this session is to assess the extent of the participants' comprehension regarding the significance of halal products, encompassing both the halal product production process and the intricacies of halal certification registration. The outcomes of this session reveal that out of the total of 39 participants, as many as 35 have demonstrated a clear understanding of the importance of halal products, as well as the requisite procedures for halal certification registration. This observation signifies that following their exposure to educational and awareness initiatives, the participants have achieved an enhanced level of consciousness and knowledge on the subject.



Figure 5. Question-And-Answer Session
 Source: Author's Documentation 2022

Following this, the team will present the program's results to our partners in a comprehensive report, which will then be distributed to relevant stakeholders. Additionally, relevant information will be

disseminated to serve as a knowledge resource for business operators in the city of Palu.

CONCLUSIONS

The initial level of awareness and understanding among micro, small, and medium-sized enterprises (UMKM) concerning halal products and halal certification was considerably limited. This can be ascribed to various factors, including intricate certification prerequisites, elevated expenses, insufficient support, and a fundamental lack of comprehension regarding the significance of halal certification. However, through the execution of this initiative, the implementation team has adeptly surmounted these impediments and has notably heightened the participants' comprehension and awareness of the subject matter.

The evaluation results demonstrate that, among the 39 participants, a noteworthy 35 individuals have exhibited a sound understanding of the significance of halal products and the intricacies of halal certification registration, after their engagement in educational and awareness initiatives. This concrete evidence underscores the efficacy of the community service program in augmenting the level of awareness and comprehension among micro, small, and medium-sized enterprises (UMKM) concerning halal products and the associated certification processes. Nevertheless, it's important to remember that this community service program has been limited to a specific subset of UMKMs within Palu City. Thus, there exists a pressing need for more expansive and sustained outreach efforts, complemented by intensified support from relevant stakeholders. Such comprehensive endeavors are crucial for expediting the elevation of awareness and understanding among UMKMs about halal products and the requisite halal certification procedures.

REFERENCES

- Abdin, M. J. (2019). Role of Micro, Small and Medium Enterprises in Economic Development. *SSRN Electronic Journal*, 1(1), 1–7. <https://doi.org/10.2139/ssrn.3438925>
- Amarul, A., Sukirno, S., & Kurnia, D. (2019). Understanding the Awareness of the Importance of Halal Labels to Business Actors Based on Range of Long Business Variations. *Business and Management Research*, 8(1), 17. <https://doi.org/10.5430/bmr.v8n1p17>
- Atieqoh, S., Waseso, H. P., & Hamidi, A. L. (2023). Halal Certificate and Public Trust Local Food and Beverage Business Development. *Proceedings of the 3rd International Conference on Halal Development (ICHaD 2022)*, 246, 74–89. https://doi.org/10.2991/978-94-6463-188-3_9
- Bachmid, S., & Noval, N. (2023). Moderate Role of Halal Awareness in The Relationship of Purchase Intention, Personal Norms and Muslim Buying Behavior. *BISNIS : Jurnal Bisnis Dan Manajemen Islam*, 10(2), 247. <https://doi.org/10.21043/bisnis.v10i2.16653>
- Desy Kristiane. (2021). Labelisasi Halal Dan Haram. *Tadayun: Jurnal Hukum Ekonomi Syariah*, 2(1), 59–74. <https://doi.org/10.24239/tadayun.v2i1.21>
- Farah, M. F. (2021). Consumer perception of Halal products: An empirical assessment among Sunni versus Shiite Muslim consumers. *Journal of Islamic Marketing*, 12(2), 280–301. <https://doi.org/10.1108/JIMA-09-2019-0191>

- Hadi Sirat, A., Hadady, H., Apriyadi Hadi Sirat, M., bin Padli, J., & Khaerun Ternate, U. (2020). Mapping And Identifying Halal Products Of Micro, Small, And Medium Enterprises (MSMEs) In Ternate City, Indonesia. *Journal Of Archaeology Of Egypt/Egyptology*, 17(4), 3294–3305. <https://archives.palarch.nl/index.php/jae/article/view/3940>
- Hanim, L., & Noorman, M. S. (2023). *Implementation of Halal Certification for Micro, Small and Medium Enterprises (MSMES) in an Effort to Provide Halal Product Guarantee in Indonesia* (pp. 308–320). Atlantis Press. https://doi.org/10.2991/978-2-38476-074-9_37
- Hasan, H., Sulong, R. S., & Tanakinjal, G. H. (2020). Halal Certification Among the SMEs in Kinabalu, Sabah. *Journal of Consumer Sciences*, 5(1), 16–28. <https://doi.org/10.29244/jcs.5.1.16-28>
- Muhammad Nizar, & Antin Rakhmawati. (2022). Tantangan dan Strategi Pemasaran Produk Halal di Indonesia. *Malia: Jurnal Ekonomi Islam*, 13(1), 123–140. <https://doi.org/10.35891/ml.v13i1.2872>
- Muliadi, M., Darma, D. C., & Kasuma, J. (2020). MSMEs as Mediation in the Effects of Investment Credit, Interest Rates, and Labor on Economic Growth. *International Journal of Finance & Banking Studies* (2147-4486), 9(2), 01–12. <https://doi.org/10.20525/ijfbs.v9i2.702>
- Oemar, H., Prasetyaningsih, E., Bakar, S. Z. A., Djamaludin, D., & Septiani, A. (2022). Awareness and intention to register halal certification of micro and small-scale food enterprises. *F1000Research*, 11, 170. <https://doi.org/10.12688/f1000research.75968.1>
- Pratikto, H., Agustina, Y., & Mutiara, T. (2023). Readiness and Interest in Halal Certification: Evidence of the Importance of Self-declare Literacy and Types of Business of Indonesian MSMEs. *3rd International Conference on Halal Development (ICHaD 2022)*, 193–200. https://doi.org/10.2991/978-94-6463-188-3_20
- Puspaningtyas, M. (2021). Is halal certificate socialization effective in increasing the number of MSMEs in the food sector to register for halal certificates? In *Halal Development: Trends, Opportunities and Challenges* (pp. 69–74). <https://doi.org/10.1201/9781003189282-12>
- Putri, D. C., Siregar, J., Ekonomi, F., Islam, B., Syari'ah, Uin, A., & Utara, S. (2023). Analisis Kelayakan Bisnis pada Usaha Produksi Tempe Rumahan dalam Perfektif Islam. *JIKEM: Jurnal Ilmu Komputer, Ekonomi Dan Manajemen*, 3(1), 1637–6125. <https://ummaspul.e-journal.id/JKM/article/view/5816>