

Challenging and encouraging halal certification in handicraft MSMEs



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ABSTRACT

Halal certification, a crucial aspect of the halal product industry in Indonesia, is mandatory for food and beverage products. However, awareness and understanding of halal certification remain low among Handicraft MSMEs (Micro, Small, and Medium Enterprises). This research explores the perceptions, understanding, awareness, and challenges Handicraft MSMEs face regarding halal certification. A qualitative approach with semi-structured interviews was employed as the data collection method, followed by NVivo software analysis. The results indicate that Handicraft MSMEs lack an understanding of the importance of halal certification and are unaware of the obligations and procedures involved. We identified insufficient socialization as a significant obstacle, underscoring the urgent need for more awareness campaigns and educational programs. The complexity of the certification process and lack of coordination among halal institutions are also significant obstacles. This research provides profound insights into the challenges and opportunities in implementing halal certification for Handicraft MSMEs, emphasizing the crucial role of the government in promoting and facilitating halal certification implementation for Handicraft MSMEs to support growth and competitiveness in the market.

Keywords: Halal certification, Handicraft MSMEs, NVivo

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INTRODUCTION

A halal certificate is a fatwa issued by the Indonesian Ulema Council (MUI) to determine whether a product complies with Islamic law. This halal certificate is also a requirement that must be met to obtain permission to use the halal label on product packaging. According to Law Number 33 of 2014, in 2019, the supervisory authority over Indonesian Halal Products was transferred to the Halal Product Guarantee Administering Agency (BPJPH) under the Ministry of Religion. The BPJPH oversees the halal certification process, from application to issuance, and ensures that all products bearing the halal label meet the necessary standards. MUI remains responsible for the data collection process. On the other hand, the Halal Inspection Institute (LPH) checks on the management and halalness of the product (Novie et al., 2022).

Law Number 33 of 2014 concerning Halal Product Guarantee (JPH) is the legal basis for the obligation to carry out halal certification in Indonesia. This law establishes procedures and standards that must be adhered to by producers and distributors to ensure that products circulating on the market comply with the principles of Islamic law. This law also creates a Halal Product Guarantee Organizing Agency (BPJPH) under the Ministry of Religion as an institution responsible for supervising and guaranteeing halal products. This law confirms Indonesia's commitment and attention to protecting Muslim consumers. It strengthens its position as one of the leading players in the global halal product industry.

Through the Ministry of Religion's Halal Product Guarantee Organizing Agency (BPJPH), the Indonesian government has set an ambitious target to achieve 10 million halal certifications by 2024. This strategic initiative is motivated by the vast potential of Indonesia's halal market, which is expected to reach US\$ 281.6 billion by 2025. The government has implemented various strategies to realize this

target, including the Free Halal Certification (Sehati) program for micro and small enterprises (UMK) in 2022. Through this program, BPJPH aims to speed up the halal certification process with six efforts, including training for halal product process assistance, halal canteen programs, strengthening partnerships with relevant ministries/institutions, facilitating regular halal certification, mandatory halal campaigns, and continuous supervision. In this way, the government hopes to trigger economic growth, especially for MSEs affected by the COVID-19 pandemic. This is a strategic step in making Indonesia a significant player in the world's halal industry (Yana, 2023).

In more detail regarding halal certification, it is explained in the Decree of the Minister of Religion Number 748 of 2021 concerning the types of products that must be Halal Certified, namely food, drinks, medicine, cosmetics, chemical products, biological products, genetically engineered products, consumer goods, slaughtering services, slaughtering services, processing services, storage services, packaging services, distribution services, sales services and presentation services (jdih.kemenag.go.id). Most research discusses halal certification for food and beverages, but other types of products also need attention in fulfilling halal certification, such as consumer goods. The Decree of the Minister of Religion explains that used goods include clothing, head coverings, bags, shoes, accessories, materials used to make up used goods, and others.

Almost every part of the animal can be used for various derivative products in an industrial principle that seeks to optimize product yields while reducing waste (Jumiono, 2022). For example, animal skin is used for goods such as bags, shoes, wallets, belts, etc. In the fashion industry, the use of animal skin as raw material for making bags, shoes, and wallets is a particular concern, especially in the context of halal certification. This is related to halal principles in Islam, which include the processing of raw materials from animals, cleanliness, and fairness from a religious perspective. Halal certification for animal skin raw materials includes several essential aspects. First, the process of slaughtering animals must be carried out by halal principles, namely by slaughtering the animal using methods permitted in Islam and supervised by trained personnel. This aims to ensure that the animal does not die due to torture or other causes that are not by religious teachings.

Another important aspect is the leather tanning process, which must be carried out using halal ingredients and does not contain prohibited substances. According to Islamic views, the chemicals used in the tanning process must be clean from elements whose halal can be doubted. Furthermore, in the production process of bags, shoes, and wallets, it is also necessary to ensure that no additional ingredients are halal mixed when making the final product. For example, the adhesive or coating material must be free from haram ingredients such as pork gelatin or prohibited animal-derived ingredients. By paying attention to all these aspects, producers of fashion products made from animal skin can obtain halal certification, which reassures Muslim consumers about the halalness and cleanliness of their products. This is also important in building trust and a good reputation in a market sensitive to religious values.

Manufacturers who produce used goods include handicraft MSMEs in bags, shoes, clothes, hats, etc. These products are often used by society, and millennials are no exception. Hanifasari et al. (2024) research indicates several vital factors influence millennials' intention to purchase halal products. These include their knowledge of the halal supply chain, certification and logo, and religious beliefs. These findings indicate that when choosing halal products, knowledge about how the product is produced and trust in halal certification and labels are essential in influencing consumers' purchasing intentions. However, interestingly, concern for halal products did not succeed in moderating the influence of these variables on the intention to purchase halal products. This indicates that although consumers may have a high level of concern for halal products, this does not significantly influence the relationship between knowledge, certification, halal logo, and religious beliefs when purchasing halal products. Relating the results of this research to MSME Handicraft products, it can be said that MSMEs that produce halal products, such as products that do not contain haram ingredients or ensure that the production process complies with halal principles, can attract consumer interest, especially millennials who tend to have high levels of concern, towards halal products. Therefore, Handicraft MSMEs that pay attention to halal aspects in their production can increase consumer appeal and trust and expand their market share among consumers who care about halal products.

Other research by Sayogo (2018) shows that Muslim consumers in Indonesia consider tracking product compliance with halal principles valuable and essential. Unfortunately, trust in the validity of a halal product to comply with all halal principles is a challenge in a market that continues to grow due to information asymmetry. Other research conducted by Kurniawati & Savitri (2019) shows that halal awareness among Indonesian consumers is very high, with an index score reaching 94.91. This halal awareness is supported by a very high index score in terms of religious beliefs (96.61), health reasons (89.83), and logo certification (84.71), as well as an adequate index score in terms of information exposure (78.72). The findings from the research also confirm that the main factors influencing halal awareness in Indonesia are religious beliefs, health reasons, and logo certification. At the same time, exposure to information has a lower influence on increasing halal awareness.

Research conducted by Silalahi et al. (2022) found that religiosity, government support, and expectations of higher income have a positive and significant impact on SMEs' intention to implement halal practices; on the other hand, consumer demand and competitive intensity do not have a significant influence. Business actors accept the halal certification policy, but there is criticism about the level of knowledge and information they have about halal certification. Factors such as awareness of the importance of halal and perceived effectiveness of halal certification get the highest acceptance scores. In contrast, knowledge about halal and related information, religious behavior, individual background, and personal and social goals have the lowest acceptance scores (Darmalaksana, 2023).

Even though there has been much research on halal certification, there still needs to be more research on halal certification for Handicraft MSMEs. There are many discussions regarding halal certification in the food and beverage sector. So, the author wants to know more about halal certification for Handicraft MSMEs, which has been regulated by law but has yet to be implemented. Based on interviews conducted with the management of the Surabaya City government MSME center at Siola Mall Public Services, the halal certification has been implemented only in the food and beverage sector. In contrast, no handicraft MSMEs have halal certification in the handicraft sector. Therefore, the researchers raised the theme "Do MSME Handicraft Halal Certifications Be Needed? Encouraging Handicraft MSMEs to Fulfill Halal Certification" to determine the perception, understanding, and awareness of handicraft MSMEs towards halal certification. It also concerns the government's role in socializing halal certification according to Law Number 33 of 2014, which is not only for a few products.

LITERATURE REVIEW

Halal concept

Religion is an essential value in an individual's cognitive structure that can influence consumer behavior and attitudes. Religion is important in understanding consumers as it significantly influences consumption due to associated taboos and rules. Halal is a religious concept that shapes the feelings and attitudes to consumption of a Muslim while adding value to the product and providing consumer intentions (Annabi & Ibadapo-Obe, 2017).

Etymologically, halal refers to releasing, explaining, dissolving, solving, releasing, and allowing. However, in terms of terminology, halal refers to an object or action that, if prohibited, could cause harm, and Allah permits it. The Halal concept also describes something free from ingredients that are prohibited for Muslims to consume. With advances in science and technology, products are now processed from various raw materials using modern techniques and methods, making it difficult to trace their halalness. Therefore, halal inspection and certification are essential. Through the halal certification process, the halal status of a product can be ensured, ensuring that Muslim consumers can choose products that comply with the teachings of Islamic sharia. Halal certification also functions as a form of protection provided by the government to provide inner certainty to the community (Yulia, 2015).

In essence, halal refers to anything that complies with Islamic law. In other words, the halal concept can help Muslims determine which products or services are by the teachings and norms of the Islamic religion. This can increase awareness of the environment so that individuals become more concerned about nature and Allah SWT's creation. As a result, awareness of halal can encourage individuals to maintain morality in every action they take (Adinugraha & Sartika, 2019).

Halal Supply Chain

The halal supply chain is a crucial component of the global halal industry, valued at trillions of dollars. It encompasses all halal product production and distribution phases, including raw material procurement, manufacturing, packaging, labeling, distribution, and retail. The management of these processes, along with the flow of information and documentation within the company and throughout the supply chain, must adhere to Sharia principles to prevent contamination and errors and meet Muslim consumers' expectations (Ibrahim & Kamri, 2014; Tieman et al., 2013). Developing a halal supply chain involves halal product production, processing and packaging, storage, transportation, terminals, and tasting processes. It also includes adding value through halal entrepreneurship, the halal industry, small-medium enterprises (SMEs), export promotion, comprehensive halal logistics, and related activities such as Islamic finance (Haleem & Khan, 2017). Several elements differentiate the conventional supply chain concept from the halal product supply chain. The halal product supply chain has tighter control over product circulation, from the production to distribution stages. Several studies have highlighted the importance of halal supply chain management in maintaining the integrity and authenticity of halal products. One main challenge is ensuring that all supply chain components comply with halal requirements, from raw material procurement to the final product. This requires the implementation of strict quality controls and establishing a halal certification system and regulatory framework (Hanifasari et al., 2024).

Mohamed et al. (2020) research focuses on Malaysia's halal food supply chain challenges. This study found that one of the main challenges is the lack of standardization and harmonization of the halal certification process, which can confuse stakeholders. This study recommends developing a standardized halal certification system and establishing a halal accreditation agency to oversee the certification process.

Halal supply chains contribute to enhancing product quality and addressing food integrity issues related to health, safety, and religious compliance. Four key dimensions of the supply chain must be considered: raw materials, production, services, and consumers (Ali & Suleiman, 2018; Manzouri et al., 2013; van der Spiegel et al., 2012). Additionally, developing comprehensive and suitable tracking and tracing technology is essential for maintaining the integrity of halal products and establishing a technological framework that supports the entire halal supply chain (Bahrudin et al., 2011).

Halal Certification

Halal certification is a process where a product or service is declared halal by Islamic law, which includes providing materials, processing, storage, packaging, distribution, sales, and product presentation (Ishak, 2019). Halal certification for micro businesses is necessary to meet Muslim consumers' demands. The meaning and importance of halal products are related to legal protection and consumer interests. Halal products are guaranteed to be halal, marked by a halal certificate and halal label, and are also a guide for Muslim consumers in choosing the product in question. Including a halal certificate on a product can provide a guarantee so that consumers can find information based on the information on the packaging or packaging of an item through halal writing or logos. That the product has received halal certification.

Indonesia enforces stringent regulations concerning halal certification. The government has created three key institutions responsible for testing halal products prior to the issuance of certification. These institutions comprise testing laboratories, the Indonesian Ulama Council (MUI), and the Halal Product Guarantee Agency (BPJPH). The legal framework governing halal certification is detailed in the table below (Hardiyanto et al., 2023).

Based on Law Number 33 of 2014 concerning Halal Product Guarantees, it is explained that every product that enters, circulates, and is traded in Indonesian territory is required to have a halal certificate. Based on the provisions of Article 135 of Government Regulation Number 39 of 2021, products that are required to have a halal certificate include food, beverages, medicines, cosmetics, chemical products, biological products, genetically engineered products, and consumer goods that are used, used or utilized (Al Mustaqim, 2023).

The procedure for applying for halal certification can be done by submitting it independently (self-declare). The process involves applying for halal certification, followed by administrative

verification by BPJPH; then, the process continues with inspection and testing of product halalness by the Halal Inspection Institute (LPH). After that, the MUI continued to determine the halalness of the product through a Halal Fatwa trial and, finally, the issuance of a halal certificate by BPJPH. Table 1 shows some regulation of halal products in Indonesia.

Table 1. Regulation of halal products in Indonesia.

Regulations	Information
Law Number 33 of 2014 concerning Halal Product Guarantees	This legislation establishes the criteria for ensuring the availability of halal products in Indonesia, offering assurances, and safeguarding the halal products consumed by the Indonesian populace, particularly the Muslim community.
Government Regulation Number 31 of 2019 concerning Implementing Regulations of Law Number 33 of 2014 concerning Halal Product Guarantees	This regulation provides guidelines for implementing the halal product guarantee law. It contains an explanation regarding implementing the Halal Product Guarantee (JPH), cooperation between institutions in implementing the halal product guarantee, the number of halal certification costs, and the stages of obligation for halal-certified product types.
Minister of Religion Regulation Number 26 of 2019 concerning the Implementation of Halal Product Guarantees	This regulation regulates procedures for implementing the Halal Product Guarantee, including how to obtain halal certification.
Decree of the Minister of Religion Number 982 of 2019 concerning Halal Certification Services	This document delineates the criteria and processes associated with halal certification services. It outlines the stipulations for halal certification during the transitional phase and elucidates the responsibilities of BPJPH, MUI, and LPPOM MUI in facilitating these services.
Government Regulation Number 39 of 2021 concerning the Implementation of the Halal Product Guarantee Sector	This regulation elucidates the execution of guarantees about halal products, encompassing the stipulations that business entities must adhere to to secure halal certification for their goods and services.

The fatwa on halal certification emphasizes the importance of standardizing halal products and improvements in the process (Mabkhot, 2023). This phase enhances product quality, safety, and manufacturing processes to comply with halal certification standards. Also, halal certification fosters consumer trust and confidence in halal products. The fatwa serves not only as a means of granting halal certification but also as a recognition of products as reliable and ethical (Mabkhot, 2023). Halal certificates are regarded not merely as a heritage from an Islamic viewpoint but also as a mechanism to foster consumer confidence and leverage the growing recognition of halal certification as a significant quality. Furthermore, halal certification can have a substantial and beneficial effect on financial outcomes. (Urumsah & Puspitasari, 2021). The growth of innovation in the halal industry cannot be separated from market expansion to meet the increasing demand for halal products.

Halal certification's role for Muslim consumers positively influences business operational performance in improving business financial performance (Alfarizi, 2023). Apart from that, halal certification plays a role in increasing awareness of halal products circulating in society (Aslikhah & Syu'aibi, 2023).

Several factors influence the implementation of halal certification by business actors. Internally, these include their knowledge, understanding of relevant regulations, and the perceived necessity of certification based on their business location. Externally, the costs of obtaining halal certification also play a significant role. Apart from that, business actors are hampered by application procedures, which are considered complicated. Even though there are alternatives that can be done online, this is limited due to the need for more capacity of business actors (Rahmanita et al., 2023).

Animal Material Handicraft Industry

The term craft originated in the colonial period in Indonesia. Dutch people use the term handicraft (English) or 'kunstnijverheid' (Dutch) to refer to 'craft.' The term 'craft' comes from 'handicraft' (English), an expert or craftsman with unique skills. Craft arts are often considered as arts that have a practical or helpful function in their form or as an addition to the beauty of a particular form (Gie, 1976).

Leather crafts are one of the oldest crafts in human history. Since ancient times, humans have recognized and used animal skin as a multifunctional natural material to improve the quality of life. Like other natural materials such as wood, stone, and iron, leather has an essential role in developing the quality of human life. The unique properties of leather, such as strength, resilience, flexibility, and various textures, make it a particular material. In today's technological developments, types of leather have varied dramatically in quality, texture, and use, making it one of the world's best and most sought-after natural materials. From its initial use as a body warmer to its development into various products such as footwear, bags, and various leather crafts with various designs and functions, leather remains a unique and precious material because manufacturing is time-consuming but produces superior quality (Nugraha, 2018).

Using animal skins has been integral to various human activities since ancient times. This is closely related to the type of animal that is the source of the skin. Certain animals have become the primary source of leather used in various industries, from fashion to the production of other leather goods. One of the most common examples is cows. Cowhide is used in various leather products, such as bags, shoes, jackets, and other accessories. Cowhide is known for its strength and durability, making it a popular choice in the leather industry. Apart from that, goat skin is also often used, especially for leather products that require certain flexibility and softness, such as gloves or clothing materials.

In the Islamic view, the use of animal skin for goods is permitted with certain conditions. According to Imam Syafi'i, animal skin processed through tanning becomes holy and halal for use and use. This allows individuals with creativity and skills to develop their businesses by utilizing animal skins, except for skins from dogs and pigs. Types of skin that can be used include carcass skin from cows, buffalo, deer, goats, tigers, snakes, and others. Carcass skin can be processed by skinning and equalizing it, and breeders can even develop businesses to breed these animals to take the skin. This applies especially to animals haram for consumption, such as tigers, snakes, crocodiles, etc. Apart from providing new business opportunities, this can also open up employment opportunities for the community (Sari & Syatar, 2021).

RESEARCH METHOD

Design

This research adopts a field research approach to explore the phenomenon of halal certification for consumer goods. Researchers use qualitative analysis to gather in-depth insights on poorly understood topics that have never been validated (Taylor et al., 2015). The aim is to interact directly with the research subjects, allowing for a nuanced understanding of the topic's complexities. Qualitative analysis provides insights into various aspects that are still unexplored or lack validation in existing literature (Alam, 2020).

Data collection

Qualitative research is described as a natural method of inquiry that aims to gain a deep understanding of social phenomena in their context. Therefore, collecting data through interviews, interactions, observing phenomena, and analyzing linguistic material is the primary qualitative data collection method. Qualitative research is a popular approach to data collection because interviews are considered a form of "talking," which is a natural way to obtain information. This research conducted semi-structured interviews with Academics, Practitioners, and Regulators. According to DeJonckheere & Vaughn (2019), semi-structured interviews are an effective data collection method when researchers want to:

1. Collect qualitative and in-depth data.
2. Explore participants' thoughts, feelings, and beliefs about a topic.
3. Delve into deep and sometimes sensitive personal issues.

Through this semi-structured interview, researchers examined the existence of halal certification obligations for consumer goods and the respondents' viewpoints regarding this matter.

Table 2. List of respondents.

No	Name	Representative	Affiliations
1	Taufik	Handicraft MSMEs	Collection of Jackets and Bags
2	Anam	Handicraft MSMEs	Abimanyu MSMEs
3	Luluk Insiyah	Handicraft MSMEs	UD Cahaya MSMEs
4	Sidiq	Handicraft MSMEs	Animal Leather Craftsmen
5	Adistiary Prayoga, S.EI., MM	Halal & Academic Institutions	Unair Halal Center
6	Mohamad Afif Fauzi, S. Ag.,M.Pd.I	Regulators	BPJPH East Java Regional Office
7	Dr. Mochamad Soleh, S.E., M.EI.	Academics	Airlangga University

The list of respondents in Table 2 were carefully selected to represent a variety of perspectives and backgrounds relevant to the research topic. The list of respondents includes micro, small, and medium enterprise (MSME) practitioners in the handicraft industry around Surabaya, representatives from regulatory bodies (Regulators), and academics. This diverse group of participants facilitates a comprehensive and holistic understanding of the halal certification process for consumer goods.

Interview sessions were conducted to learn about the respondents' experiences. Interviews are considered an effective way to gain an in-depth understanding of a research topic based on the viewpoints and backgrounds of the participants. The questions asked in the interview were respondents' understanding regarding the importance of halal certification for used goods, awareness of the obligation to have halal certification, challenges and obstacles in fulfilling halal certification requirements, as well as the role of the government and halal certification institutions in supporting Handicraft MSMEs to fulfill halal certification.

Detailed insights were gathered in a two-month data collection phase without compromising participants' personal information or identity. This research uses triangulation techniques to ensure the data's validity and reliability. Triangulation involves collecting data from multiple sources, including practitioners, regulators, and academics, thereby enriching the analysis with diverse perspectives and ensuring the credibility of the findings. By involving participants from various fields, researchers can obtain diverse and holistic points of view regarding halal certification of consumer goods.

Data Analysis

The data collected, consisting of interview transcripts and observation notes, underwent a rigorous analysis process using NVivo, qualitative data analysis software. NVivo was chosen for its efficiency in managing and analyzing qualitative data due to its accuracy, ability to generalize across settings, and efficient handling of complex data sets (O'Neill et al., 2018). The representation tools in NVivo convey to researchers a clear picture of the research themes that emerged during note-taking, coding, and analysis.

Analysis begins with data preparation, and transcripts are uploaded and compiled on the NVivo platform. Next, the data undergoes coding, a process in which thematic codes are applied to relevant text segments. These codes originate from research questions and aims, such as statements about the importance of halal certification, awareness of halal certification obligations, obstacles in fulfilling halal certification requirements, and the role of the government in fulfilling halal certification obligations. Next, code the units of analysis based on specific themes that emerge in the interview transcripts. Following the coding process, themes were organized and synthesized to identify overarching patterns and insights in the data. NVivo software facilitates exploring relationships between themes and visualizing emerging patterns, enabling comprehensive qualitative data analysis.

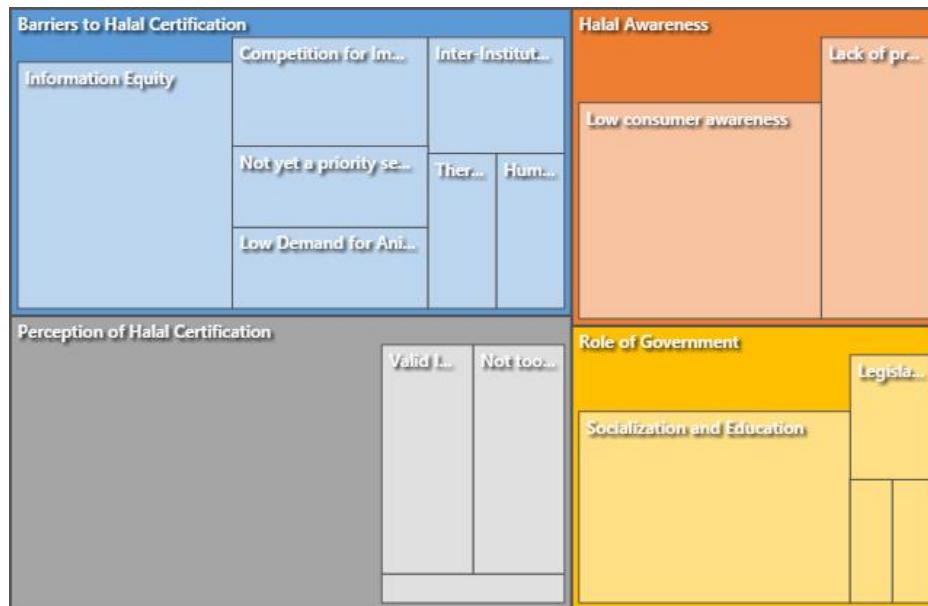


Figure 2. Node classification map.

Source : NVivo 12 (2024)

Furthermore, perceptions and understanding of halal certification illustrate the extent to which MSMEs consider certification essential and have a deep understanding of it. Researchers also examined halal awareness among MSMEs regarding the products sold and consumer awareness of the goods purchased and used. Finally, the research highlights the government's role in encouraging halal certification and its implementation among MSMEs and society.

Handicraft products

Some of the products produced by handicraft MSMEs, as seen in Figure 3, include bags, shoes, sandals, jackets, and various other products. Research conducted on several micro, small, and medium enterprises (MSMEs) in the handicraft sector found that they produce superior products using leather's primary raw material. These raw materials are processed with particular expertise to produce high-quality products, which are then marketed to consumers. However, even though these products have good selling value in the market, there is still a lack of awareness and implementation of halal certification for consumer goods products among MSMEs. Halal certification, which is an essential aspect of ensuring halal products, especially for Muslim consumers, is still often neglected by MSMEs.



Figure 3. Figure of handicraft.

Perception and understanding of handicraft MSMEs regarding the importance of halal certification

Halal certification is closely related to halal awareness, namely understanding and knowledge of halal principles (Hamdani et al., 2021). Many handicraft MSMEs have different perceptions and understandings. Based on the interviews conducted at 4 MSMEs, 2 stated that their understanding and perception of halal certification was only for food and beverages. In contrast, 2 others stated that they had heard about halal certification for consumer goods but needed to fully understand it due to the government's lack of information and socialization regarding this policy. They added that halal certification for consumer goods is not very important because many consumers do not ask about it, and it does not impact increasing income.

Hanifasari et al. (2024) stated in their research that halal certification policies are generally accepted by business actors, although there is criticism regarding knowledge and information regarding halal certification. This is also supported by other research from Hasibuan & Rahmayati (2024), which shows that MSME actors in Medan still do not know anything about the importance and obligation of all products in circulation to have halal certification.

Mochamad Soleh, an academic from UNAIR, and Adis from the UNAIR Halal Center said that the understanding and perception of halal certification still needs to improve for MSME Handicraft goods. Halal certification of these goods is the lowest priority, and the main focus is on food and beverages. He also said halal certification for animal raw materials is essential for consumer goods. This is because haram goods can affect the halalness of other products that come into contact with these haram goods. Even the government, represented by Fauzi (BPJPH East Java Province), said that many MSMEs in East Java still need to be made aware of the existence of regulations regarding the obligation to provide halal certification for goods made from animal raw materials. Even though there has been outreach, the awareness and understanding of halal certification must be increased significantly.

Based on the results of perceptions and understanding from various sources, the author created a short procedure to identify halal handicraft products. The procedure to identify the halal status in the production of handicrafts begins with mapping all the raw materials used in the production process. Raw animal materials, such as leather, glue, or dyes, must be traced back to their sources to ensure they meet halal standards. Additionally, it is essential to pay attention to the tools and equipment used during the production process, ensuring no cross-contamination with haram or impure materials. Any raw materials or equipment that comply with halal principles should be substituted with alternatives.

The second step is to ensure that the entire production process, from raw materials to the finished product selection, is conducted by halal standards. This includes maintaining cleanliness in the workplace, proper storage of raw materials, and the correct handling and packaging of the final product. Handicraft MSMEs should also conduct training and socialization for all workers on the importance of maintaining the halal status of the products. Once all these steps are completed, the MSME can apply for halal certification from the relevant authorities as proof that their handicraft products meet the established halal standards.

Awareness of handicraft MSMEs regarding halal certification

Halal awareness is measured by a Muslim's understanding of halal, knowledge of the correct slaughtering process, and their priority towards consuming halal food (Saputra & Jaharuddin, 2022). According to Ambali & Bakar (2014), halal awareness reflects an individual's interest in owning products based on experience or sufficient knowledge about halal food, drinks, and products. This level of awareness varies among individuals. The role of halal awareness in shaping consumer purchasing intentions has been emphasized by Nurhayati & Hendar (2020). For consumers who prioritize halal products, the existence of halal certification is very vital. Most halal consumers trust halal-labeled products, considering them authentic and reliable.

The results of interviews conducted by researchers show that awareness of handicraft MSMEs regarding halal certification still needs to improve regarding requirements and procedures. Several sources emphasized that this awareness is still minimal among Handicraft MSMEs because, so far, no consumers have asked about the halalness of their products. The lack of halal certification for Handicraft MSMEs shows that producers and consumers are unaware of halal certification. Mochamad Soleh says

that awareness of handicraft MSMEs to carry out halal certification will benefit them from exporting their products to countries with standardized halal certification.

Adis from the UNAIR Halal Center added that awareness about halal certification for producers and consumers is needed to prepare the halal industry in Indonesia to compete with other countries. Rustandi & Marlina (2022) found that knowledge about halal certification significantly influences the decision to obtain it. This means that the greater an individual's understanding of the importance of halal certification, the higher their likelihood of following the process. Other research conducted by Darmalaksana & Aziz (2022) also shows that the halal certification label for consumer goods is not just a sign or labeling but also a protection measure for consumers and a strategy for producers to strengthen customer loyalty.

Obstacles and challenges faced by handicraft MSMEs

Certification remains a significant challenge for the industry and must be taken seriously. Halal certification is a necessary operational step to meet the needs of Muslim consumers, but the process remains challenging and complex (Muhammad et al., 2020). The obstacles and challenges MSMEs face, as mentioned by one MSME, are that the certification process, which is complicated and requires costs, is the main barrier. There needs to be clearer socialization from the government regarding the procedures and benefits of halal certification for consumer goods. They also get raw materials from distant places because they are not available in their area; consumers never ask about the halalness of these raw materials. Confirmed by other MSMEs, they admit that the main obstacle is a need for more understanding of the halal certification process and requirements. The complexity of the certification process and high costs are also challenges for Handicraft MSMEs.

This aligns with findings by Yuanitasari et al. (2024) that MSMEs still need to be improved in financial aspects and the use of technology for halal certification. These obstacles are due to unstable income and lack of knowledge in using technology by MSMEs. Apart from that, in terms of accessibility, there is a lack of complete management and socialization regarding the importance of halal certification.

From the academic side, Mochamad Soleh and Adis also highlighted the coordination problem between related institutions such as the Ministry of Religion, MUI, and halal centers in academic institutions, which still needed to be optimal. Mas Adis said the main obstacle is the lack of awareness and adequate information about halal certification for non-food products among Handicraft MSMEs. Other factors include changes in government policy, a lack of support in terms of education, and the subsidization of halal certification costs.

The role of government and certification bodies

The government and certification bodies are essential in supporting MSMEs in obtaining halal certification. In facilitating and making regulations, the government regulates laws related to halal certification and the institutions authorized to issue them. Mr. Fauzi, from the BPJPH East Java Province, also conveyed that the existing regulations and rules are numerous and clear. It is just that there are obstacles to clear regulations and the implementation of rewards and punishments to ensure compliance.

Apart from that, from the academic side, Mr. Sholeh also added that there is a need for outreach and education to increase awareness of halal certification. Because only a few producers are aware and alert regarding halal and haram issues. Moreover, consumers still do not fully care whether a product is halal or haram, especially consumer goods. This is reinforced by research conducted by Herianti et al. (2023), which states that the internal obstacle faced is the low level of halal awareness in Indonesian society. The level of knowledge, understanding, and religiosity of the community related to halal awareness is also considered low. Therefore, efforts need to be made to provide the public with an understanding and awareness of the halal lifestyle, especially regarding the consumption of halal products.

Additionally, coordination between related institutions must be improved to establish synergy in the same direction, whether from lower command or at the same level. Quite a few institutions or agencies have authority and are interested in this issue, including the MUI, Ministry of Religion,

BPOM, Ministry of Health, and other government agencies or institutions. So that some tasks and roles overlap with each other (Afronyati, 2014). The actors hope they will be given financial and technical convenience to support MSMEs in obtaining certification. This is also in line with what Mr. Fauzi said: MSMEs can take advantage of the free halal certification facilitation service program (SEHATI) provided by BPJPH for certification in the self-declare category.

The development model for increasing halal certification

After examining the perceptions, understanding, awareness, obstacles, challenges, and role of the government regarding halal certification for MSME Handicrafts for used goods from the interviewees, researchers identified several main problems faced by halal certification stakeholders. The government, halal institutions, and MSMEs need help increasing their halal certification roles. These problems include a lack of information dissemination and socialization of halal certification (Muhlshatin, 2020), low understanding and awareness about halal certification (Agustina et al., 2019), lack of competent human resources in the halal sector (Muhlshatin, 2020), lack of strict regulations regarding incentives and sanctions, as well as a lack of coordination between the halal center and the government (Warto & Arif, 2020). Researchers have compiled a development model chart to improve halal certification and strategies that can be implemented (see Figure 4).

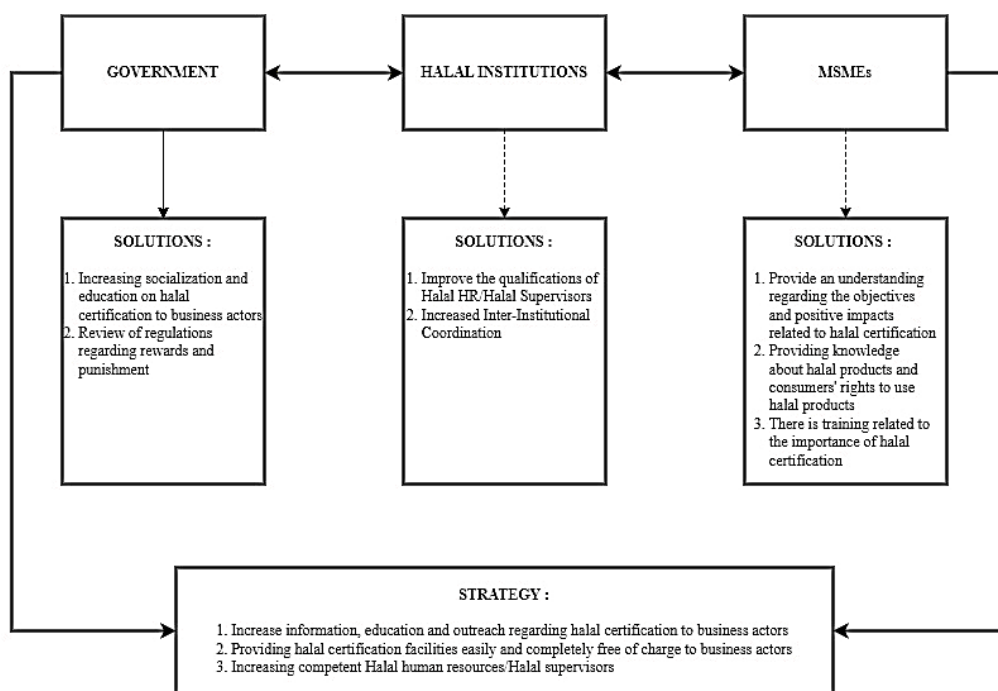


Figure 4. Model development.

This problem can be overcome with various solutions. As the primary stakeholder in halal certification, the government can disseminate information through comprehensive outreach and education to MSMEs (Pujiono et al., 2018). It is also necessary to review regulations related to incentives and sanctions (reward and punishment). Halal institutions, such as BPJPH, LPPOM, and MUI, can improve HR competency in the halal sector and strengthen coordination between institutions (Perdana & Kartika, 2018; Pujiono et al., 2018). Consumer goods MSMEs also need clear information about the aims and benefits of halal certification (Perdana & Kartika, 2018). Training regarding halal certification, knowledge about halal products, and consumer rights in halal products must be improved (Qomaro et al., 2019). It is hoped that these efforts can strengthen understanding, awareness, and implementation of halal certification among MSMEs, thereby supporting the development of the halal industry as a whole.

Based on this research, researchers formulated several strategies to increase halal certification for handicraft MSMEs for used goods. First, information, education, and outreach to business actors

should be increased through various social media platforms. Second, facilitating halal certification with a simple administrative process and providing free certification to all business actors equally. Lastly, increasing the number and quality of halal human resources will provide assistance and supervision to business actors so that they can fulfill the established halal certification requirements. These strategies are expected to accelerate the adoption of halal certification among MSMEs, strengthen their understanding of the importance of halal certification, and ensure compliance with halal standards.

CONCLUSION

Handicraft MSMEs' awareness and understanding of halal certification is still low, with the majority of Handicraft MSMEs still needing to realize or understand their obligations regarding this matter. Handicraft MSMEs face many challenges in the process of obtaining halal certification. These challenges include a lack of information and socialization regarding halal certification requirements for consumer goods, limited human resources in halal education, inadequate coordination between related institutions such as the Ministry of Religion, MUI, and the Halal Center, complexity in the halal certification process, and the absence of sanctions, which is transparent for MSMEs that have not obtained halal certification. This research highlights the need for joint efforts from various parties to increase understanding and implementation of halal certification in the food and beverage industry and non-food products such as consumer goods handicraft MSMEs. This will help strengthen consumer confidence, increase market access, and promote the growth of the halal industry as a whole. This research has several limitations, namely the small number of observation samples and research locations. The author hopes future researchers will increase the observation sample and develop it in other areas, using more complex methods such as ANP and adding respondents with expertise related to halal product certification. This research implies the importance of joint efforts from the government, halal certification institutions, and Handicraft MSMEs to increase awareness, understanding, and implementation of halal certification. They are increasing broader socialization, providing technical and financial assistance, simplifying administrative processes, and increasing the number and quality of halal human resources. In this way, Handicraft MSMEs can more easily fulfill halal certification requirements, strengthen consumer confidence, and support the growth and competitiveness of the halal industry as a whole.

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