

**HALAL LABELING AND CERTIFICATION EFFECT ON FOOD
PRODUCT'S COMPETITIVENESS TO ESTABLISH BUSINESS
RESILIENCE
(Study on Food Seller at Surakarta, Jawa Tengah)**

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ABSTRACT

Indonesian majority people are Muslim or Islamic followers. Halal problem phenomenon in a Muslim country is common problem; however it is still interesting to be studied further, especially about the society's behavior to choose food products with halal label. It is interesting to study its effect on food products competitiveness in the market. It will affect business resilience of the food products seller. The establishing of business resilience needs to be analyzed further relate to halal labeling and certification on food product and its relation with the product's competitiveness.

The research is using field research to describe society's phenomenon in choosing food products base of the halal label enclosed on the food products in Surakarta, and also halal labeling and certification of food products from Surakarta MUI and the business resilience of the food seller.

The research result is relation to the eight important points of halal labeling and certification process namely halal certification requirements and join SJH (*Sistem Jaminan Halal*) training held by MUI, applying SJH, preparing halal certification documents, registering halal certification (upload data), monitoring post-audit and paying the certification; auditing, gaining halal certification. The effect of halal labeling and certification relating to consumer's interest on food products is in time will imply food seller's business resilience in Surakarta.

Keywords: Halal labeling and certification, product's competitiveness, business resilience

INTRODUCTION

Indonesia state is a country with Muslim majority people; therefore it will not be overrated if a product's halal-haram becomes national problem. The problem is Muslim consumer sensitivity on halal food consumption in this Muslim majority country is quite low. This situation is surfacing due to two possibilities. First, good prejudice of all productions is halal. Second, this condition is starting due to the Muslim consumer's commonness especially about additional materials development and terminologies in food industry at the moment. People as consumer should be protected by the government. The protection is embodied in health matters and damages compensation. Consumer in this case people who use producer or company's products. It means a person should get good quality and proper service at personal and household level (Galdring, 1997: 1).

The effort to fulfill Muslim people expectation especially the halal of food production is conducted by *Majelis Ulama Indonesia* (MUI) with LPPOM MUI. It produces halal certificate recommendation for producers who intends to put halal label on their products' packs. It is also reassuring the consumer. The halal certification will avoid mixed-up of a product halal status. Halal certification should be given to food and processing industry, restaurant, slaughterhouse and producer's halal guarantee.

Other than MUI's effort to produce halal certification, the traders' awareness on their merchandises should also be considered. The traders should be aware of their surrounding society as consumers and their merchandises. The research subject is Surakarta people which majority is Muslim, with many Islamic boarding schools. It implies on the daily life pattern including daily food consumption. Halal label on food production's purpose is keeping the merchandise products competitiveness to be chosen by the consumers. The question is whether Surakarta's people will choose only the food with halal label or ignoring the halal label on the consumption's products. These matters interest the researcher relate to the effect of halal labeling and certification on food products competitiveness in establishing business resilience in Surakarta, Central Java.

The Problem's Descriptions

Base on the background above the problem's descriptions of this research are:

1. How is the halal labeling and certification process on food products in Surakarta?
2. What is the halal labeling and certification on food products competitiveness to establish business resilience in Surakarta?

Literature Review

There are several researches in Malaysia on the level of non-Muslim people preference of halal products. This research was conducted by Muhammad et al. (2009) on 525 respondents. The research's result shows 57% (299 people) considered halal products as very important, 30% (158 people) considered halal products is not important, and 13% (68 people) are abstain. Other research by Abdul et al. (2009) was conducted to find the consumer's awareness on halal labeling and certification; and also food's ingredients. The research subject is Malaysia's Muslim and non-Muslim people. The research result shows 95% respondents aware of the food halal label and ingredients when they shopped.

Another research is conducted by Abadi (2009) on 80 fast food restaurant's consumers. The result shows 97.5% (78 people) required halal certification of the fast food restaurant; other 2.5% (2 people) considered it as unnecessary. The research also shows 88% (73 people) considered halal certification provides security to the consumers, 8.4% (7 people) considered halal certification is consumer's right, 2.4% (2 people) considered halal certification's function is to attract more customers; and 1.2% (people) are abstain.

There is also a survey on halal product conducted by Indohalal.com, "Halalan Thoyyibah" foundation, and LPPOM MUI at the end of 2002. The result shows 77.8% respondents considered halal guarantee as the first

consideration to buy products of food, drink, cosmetics, and restaurant. 93.9% respondents agree on the enclosing of halal certification number and label. The Frontier survey in 2001 shows 57.9% consumers always consider halal label. 86% respondents are required producer to enclose halal label, and 83 % respondents expected strict sanction on business people who breaks the rules (Apriyanto and Nurbowo, 2003, 2004).

Literature review is used as starting point of knowledge on the researches of halal certification especially consumer's behavior relate to the availability of the consumption's halal label. The research will also develop and analyze the effect of the effort to establish business resilience.

Theoretical Framework

Labeling and Certification Description

Certification description is producing certificate for goods or service products which have been through various feasibility test and has fulfilled quality standard to gain the certificate. Labeling is producing label or sign in writing, picture, or a statement enclosed in the wrap or cover of the product, therefore explanation or information from the producer could be delivered from the producers to the consumers. Labeling is able to introduce products and/ or merchandises of a company to the society or potential buyers. Therefore the food label should consist of:

- a. Materials,
- b. Composition of the materials,
- c. Expired date, month, and year,
- d. Other clauses (Bramantyo, 2004: 23-24)

Halal Labeling Definition

Halal labeling is "halal" writing enclosed at the label or designation to guarantee the food halal for Muslim. The halal label shows the food is hall for consumption due to the absence of forbidden materials or elements or haram. The halal labeling enclosing by business people should gain approval from the previous Directorate General with initial petition. Halal labeling will be given to food products enlisted at the Department of Health. The approval or rejection on the products will be given after test. The acceptance is shown with halal reference letter and certificate. The halal certificate is prevailing for 2 (two) years and then should be refurbished.

The packaging food products with enclosed halal label could be categorized into three types, namely:

- a. Fake halal label or at will enclosing on food packaging
- b. Halal label with support of unexpired reference letter and certificate.
- c. Halal label with support of expired reference letter and certificate. (Kepmenkes RI No. 82 in 1996).

The enclosed halal label on food products will make consumers confident in consuming. The halal label will guarantee the consumption goods fulfillment especially packaging food and drink.

Halal Labeling and Certification Process

The halal of consuming food products for Muslim people is very important matter. Halal products are described as products which fulfilled halal requirement in Islamic shari'ah. First, it does not contain pork or products of

pork and alcohol as liberate additional ingredient. Second, the meat is derived from halal animal which slaughtered according to Islamic shari'ah. Third, all preserving places, processing selling place, managing place, and transportation are not used for pork. Whether it is used for pork or other non-halal material, it should be clean up according to shari'ah Islam rules. Fourth, all drinks are not contained with alcohol (Zuhdi, 1993: 161).

The problem is whether everybody knows which one is halal and which one is not? Due to the explanation above, the food, drugs, and cosmetics processing technology and science rapid development, has made halal of products difficult to be found out. In other word, Muslim will not find it out easily. It will need a lot of knowledge and technology in foods, drugs, and cosmetics; and also the knowledge of the basic of Islamic law.

The command of ALLAH SWT is clear and strict to avoid eating non halal food and bad food (QS Al-Maidah verse 88):

“And eat of the things which Allah has provided for you, lawful and good, and have Taqwa of Allah in Whom you believe.” (QS Al-Maidah: 88)

Considering most of Indonesian people are Muslim the verse application in daily life is highly needed. It means halal products consumption is unavoidable for Muslim. The problem is the products in the market and usually consume daily are mostly has doubt on halal status. Consumers' awareness and unawareness may happen due to the habit of consuming and using products without clear halal status. For example is baby food, candy, canned food, cake materials, cooking materials, and practical fast food. Are consumers got used to find out the certain halal status of the bought and eaten food?

However, the description shows consumers difficulty in consuming food. Even though, consumers should gain protection from the government in health aspect and loss compensation. People as consumers in this matter, who use products from a company, could be considered as a person who gained the best quality and proper service in personal or household level (Galdring, 1997: 1).

Product's Competitiveness Theory

According to Lengyel, competitiveness is a general concept used in economics. It usually refers to commitment to market competition in companies case and the success in international competition in countries case to sell their products. Due to world economics globalization and free market competition, competitiveness is one of key concepts for the companies, countries, and areas to participate in trade globalization and world free market, as mentioned here: micro level the concept of competitiveness means the skill of position gain and self-maintenance in the market competition among companies, each other's competitors and –in respect of macro economy– among national economies (Lengyel, 2005 in Tambunan, 2010:4). Competitiveness has several characteristics such as potential and. It also distinguishes with long term orientation, controllability, relativity, and dynamics (Tambunan, 2010: 4).

Business Resilience Theory

Business resilience has close relationship with social resilience and economics resilience in national resilience theory aspects. According to

Sunardi (2004) national resilience is a state dynamics condition tenacity and durability. It has ability to develop national strength to face and solve every challenges, threats, obstacles, and disturbances from inside and outside which directly and indirectly will endanger self-integrity. Social resilience also means society's ability to hold up and restore the condition from various pressures such as environmental changes; social, economics and political commotion.

Society's social and economics resilience describes society internal ability in establishing consensus and managing sources and skill to anticipate external factor, therefore it will be able to change threat source into opportunity. Social and economics resilience has close relation with social capital availability, due to the prediction of its ability to affect society's social and economics resilience. The analogy is society's business resilience in this research has close relation with society's (consumer) behavior to choose the consuming food product, whether is should be has an enclosed halal label or not on the wrap. It will initially affect the food product's sale competitiveness.

DISCUSSION

1. Halal Certification and Labeling Process on Food Products in Surakarta

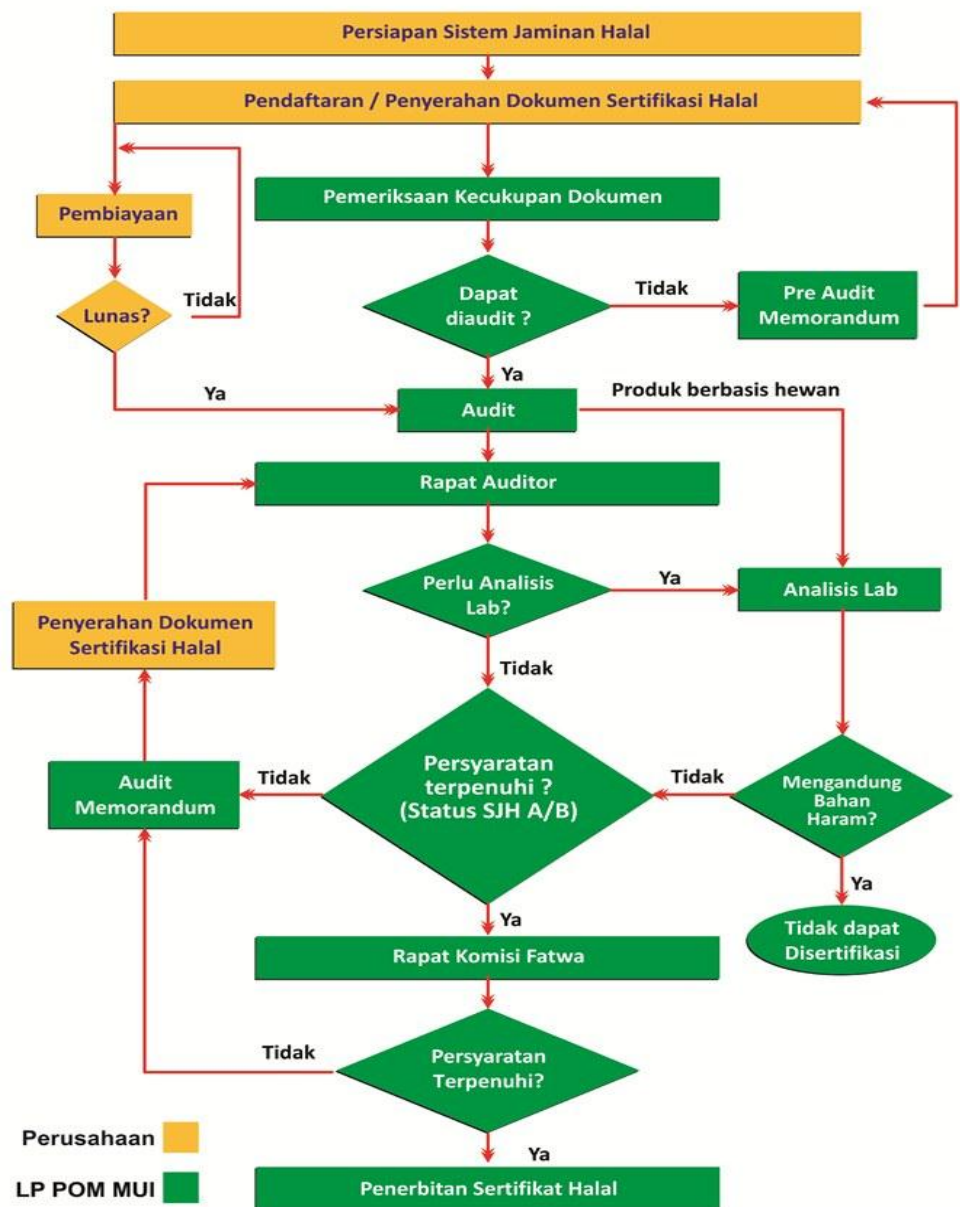
1.1 Halal Certification and Labeling

Halal food needs by the Muslim is very urgent. The halal food is standard food and fulfills the Islamic shari'ah provision. The halal standard consists of halal substance, halal obtaining, halal processing, halal saving, halal transportation, and halal serving (Departemen Agama RI, 2003: 17).

Halal certification actually will provide producer with many profits after receiving halal certificate from MUI due to large Muslim market in Indonesia. Producers need halal certificate should register at LPPOM MUI office with the documents of Processing, Restaurant, and Catering Industry; Animal Slaughtering House. Halal certificate is produced by *Majelis Ulama Indonesia* after it status is decided by the *Komisi Fatwa MUI*. This certificate is valid for 2 (two) years since the appointing date. Three months before the expired date the producer should require renewal for the certificate as the rules stated by the LPPOM MUI.

The halal certification process scheme for the producer is:

Picture 1. Halal Certification Process Scheme



(Source: halalmui.org, mui.or.id)

As mentioned in MUI web document above, Surakarta Chief of *Komisi Fatwa MUI*, Dr. Abdul Kholiq Hasan, MA, M.Ed said:

“Halal certification and labeling is conducted with stated procedure, producer register halal certification petition, completing all requirements. They are conducted by Central and Local MUI. Regency/ City MUI role is assisting, especially on halal certification and labeling education” (Abdul Kholiq Hasan, Interview on 5th August 2016).

The statement shows any producer could get halal labeling and certification with following the procedures from the local and central MUI. The research shows halal certification and labeling could not be produced by Regency/ city MUI although this MUI is close to society. This closeness

should make the producer or food producer register easier and closer for halal certification and labeling, with cheaper expense expectation.

The chief of Tsabita Cake and Bakery Store Solo, Evy explain the expense and easy procedure:

“Alhamdulillah the certification process is easy. We prepare the documents of the ingredients list, and then prepare for the survey. If I am not mistaken the last expense is 5 millions. The certificate should be renew in two years. We were just renewed the certificate in May. The MUI usually call us, then we send the related documents, such as the basic materials and other things” (Evy Tri Wahyuni, Interview on 31st July 2016).

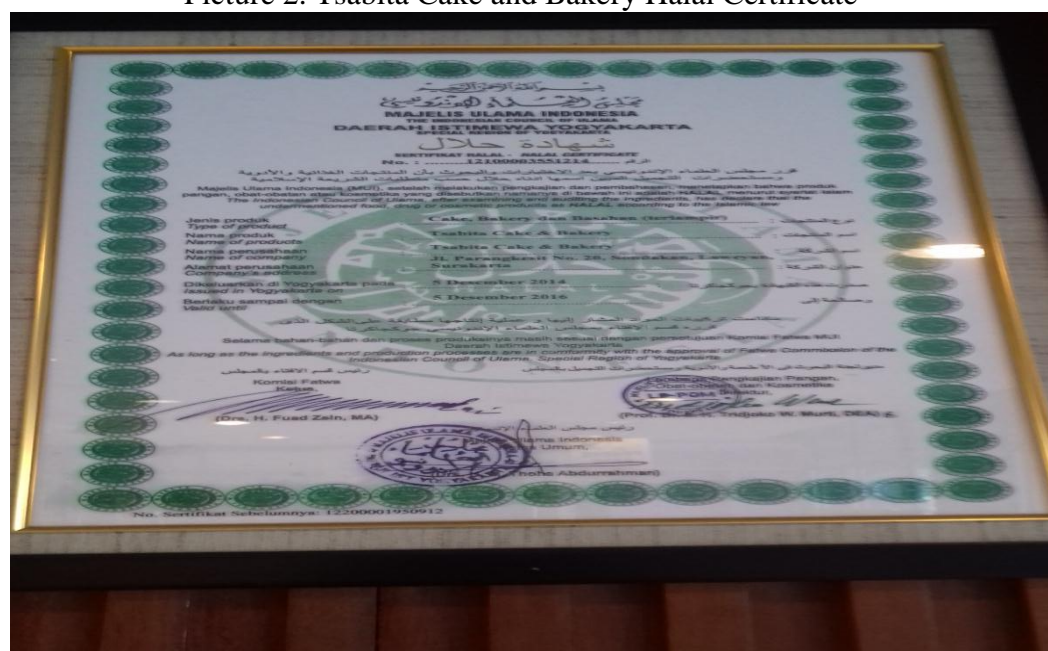
In general, Evy explained the process of halal certification is without obstacle, conducted smoothly, the last process expense is about 5 millions. However when she explained about the expense, she said the Tsabita cake and bakery does not make issue of the expense, it dues to the store’s philosophy which has commitment to gain halal certificate and label for their products. The store also highly respect consumer’s right and educate society, especially Muslim people who consider halal certificate and labeling is important, therefore they have right to require and know it.

1.2 Halal Certification and Labeling

Base on the producer finding mention at point 1 above shows there are 8 important steps of halal certification and labeling. Those 8 points are fulfilling the halal certification’s requirement and joining the halal warrantee training (SJH), applying SJH, preparing halal certification documents, registering halal certification registry (data upload), monitoring pre-audit and paying certification contract; auditing, monitoring post-audit, receiving halal certificate.

After the process, producer has the right to enclose MUI halal label and logo on the product’s wrap. The certificate and logo are shows below:

Picture 2. Tsabita Cake and Bakery Halal Certificate



Picture 3. Halal MUI Logo



In the field there are many food products without MUI logo above.

Picture 4. Halal product without halal label



There are also food products with MUI halal label and halal label only (not in the line with MUI halal logo).

Picture 5. Food product with halal MUI label (left) and non MUI (right)



This finding shows there are producers and traders who do not care about halal label enclosed on the selling food products. It is regretted due to the importance of halal label for Muslim people in buying food products. Therefore there is problem in society considering food producer low awareness in halal certification and labeling.

2. Halal Certification and Labeling Effect on Food Products Competitiveness to Establish Surakarta Business Resilience

2.1 Halal Certification and Label Effect on Food Product's Competitiveness in Surakarta

The halal certification and labeling is not only is not the only halal criterion for a food product to be consumed, however it will affect products' competitiveness.

Klewer market food seller said there are two things initially asked by consumers or potential buyers namely the products' halal label and expiration date. It is as mentioned by Wagiyem "the consumers always ask the halal status on the label and the expiration date" (Wagiyem, interview on 24th July 2016). It was also mentioned by Sri Rahayu, also Klewer's market seller. She said:

"Buyers today ask a lot. Where are the product coming from, made in factory or personal, halal or not, last long or not, only then they bought. There is product without halal label however the buyers believe it is halal such as this *intip*, the buyer believe it is as halal even it does not have halal label. However other foods such as *enting*, *brem* will not be believed without halal label" (Sri Rahayu, interview on 24th July 2016).

It is similar as the Tsabita Cake and Bakery store's chief Evy Tri Wahyuni said:

"Alhamdulillah there is effects after halal labeling. The cause is Muslim people beginning to understand and find more information. They used to eat cake for snack but now they choose from Muslim and also halal" (Evy Tri Wahyuni, Interview on 31st July 2016).

The data above show the halal label existence has effect on food products competitiveness. It is shown by consumers curiosity or potential buyers when buying will be consumed food products, people are getting more critics and cautious in choosing. It made food products enclosed with halal and expiration date label, have higher competitiveness in selling than the ones without.

2.2 Halal Certification and Labeling Effect on Business Resilience

In the line with halal certification and labeling effect on competitiveness, the product's competitiveness enhancement will also enhance income and sales. Income and sales enhancement will affect business resilience of the business people. It said by Suti and Dani who considered halal label will affect their business resilience. This affects both business people due to more modern society characteristics who more careful in choosing products.

It is also mentioned by Abdul Kholiq Hasan with slightly different perspective:

"Actually it is impossible the society suddenly aware. It needs education which shows Solo people have higher level and characteristics than other people. It is due to many Islamic preaching, especially for the ladies. There are several ladies groups which like to shop and want to maintain Islamic commitment. On the preaching meeting we often remind them to avoid non-halal food and choose halal food instead. Whoever we are able to remind or appeal. We have commitment to use our products, and also enhancing the economics, the native people economics. Muslim people will slowly together push the national economic

development” (Abdul Kholiq Hasan, Interview on 5th August 2016).

Abdul Kholiq Hasan, the chief of Surakarta *Komisi Fatwa MUI* explained society awareness on halal products, especially Muslim people as Indonesian majority, will have systematic effect on business economics. Therefore the business will be sustainable. It needs sustainable education in various activities such as Islamic preaching, seminar and others. The society will gradually become aware the importance of respect in others, such as between consumer and producer. It also needs the maintenance of each other right to support product’s production and consumption. This will establish business resilience for food producer.

CONCLUSION AND RECOMMENDATION

Conclusion

Basically, halal certification and labeling in Surakarta is able to be conducted by very business people or producer. The things to be attended to are halal certification requirements and join SJH (*Sistem Jaminan Halal*) training held by MUI, Applying SJH, preparing halal certification documents, registering halal certification (upload data), auditing, monitoring post-audit and paying the certification, gaining halal certification, and enclosing halal label on the product’s wrap. The important thing is the authority institution in halal certification and labeling is Central MUI and Province MUI, therefore the halal certification and labeling at Surakarta is conducted by Jawa Tengah Province MUI.

Halal certification and labeling affects the food product’s competitiveness. It is shown on consumer or potential buyers’ higher awareness and criticism by asking about food product’s halal status and expiration date. More consumers bought products with MUI halal label and clear expiration date. Therefore, society’s trend to choose product with halal label will affect on business people sales and income. In time, it will protect the wheel of commerce stability and establish business resilience for the food business people at Surakarta.

Recommendation

- a. Society should be more critical and cautious to choose food products; especially Muslim people should choose products with halal label.
- b. Business people or producer should give more respect to consumer’s right by providing information whether the food is halal or not. It could be conducted with registering or petitioning halal labeling and certification at MUI.
- c. MUI should educate and making easier procedure to enhance producer awareness on halal labeling and certification.
- d. MUI should create new policy which allowing Regency/ City MUI to produce halal labeling and certification. It makes easier process for the producers to gain halal labeling and certification. It also helps lower the cost with assumption closer than Central MUI or Province MUI in gaining halal labeling and certification.

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