
Upgrading Halal Industry Literacy in the Islamic Boarding School Business Community

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ABSTRACT

Based on the initial observation, it was found that some Micro, Small, and Medium Enterprises (MSMEs) within the Islamic Boarding School Business Community still do not have halal certification and are unaware of its importance. Therefore, the first step needed is to increase halal literacy within this community. This community service activity involves three methodological stages: preparation, implementation (workshop), and mentoring. The event was attended by 50 participants and held at the Al-Fatah Islamic Boarding School auditorium in Kartasura, Sukoharjo, Central Java. The event took place on Tuesday, May 30, 2023. The speakers, who provided the material, are competent in halal certification as they are certified as halal process facilitators. This community service activity (PKM) has made a real contribution to increasing halal literacy among MSMEs within the Islamic Boarding School Business Community. The enhancement of halal literacy is expected to impact awareness of halal and willingness to apply for halal certification. The tangible output of this activity is halal certification for MSMEs that have been assisted in the application process.

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economy, both in creating job opportunities and contributing to the Gross Domestic Product (GDP). MSMEs are crucial for Indonesia's economic growth, accounting for 99% of all business units. In 2023, the number of MSME operators reached approximately 66 million. MSMEs contribute 61% to Indonesia's Gross

Domestic Product (GDP), equivalent to IDR 9,580 trillion. MSMEs employ around 117 million workers (97%) of the total workforce (kadin.id, 2024).

For the predominantly Muslim population of Indonesia, the halal aspect of products and services is important. As the country with the largest Muslim population in the world, Indonesia has significant potential in developing the halal industry. This industry covers various sectors, including food, beverages, cosmetics, and Islamic financial services. With increasing consumer awareness about the importance of products and services that comply with Islamic principles, the demand for halal products is also rising (Mesta et al., 2022). Therefore, halal literacy is crucial, particularly for business communities in pesantren.

The business communities in pesantren fall into the MSME category. The level of halal literacy among MSMEs remains a serious concern. The lack of halal literacy among MSMEs may be due to several factors, including limited information, low access to training, and insufficient understanding of the halal certification process. This results in many MSMEs being unable to meet halal standards, whether in terms of raw materials, production processes, or final product handling (Muararifah & Wahyuningtyas, 2023). Consequently, MSMEs miss out on opportunities to expand their market, especially among increasingly selective Muslim consumers.

Moreover, low halal literacy can negatively impact MSMEs' reputations. Consumers who are unsure about the halal status of a product are likely to switch to other products that are certified halal (Hayati & Putri, 2021). Therefore, it is important for MSMEs to enhance their halal literacy through training, consultations, and certifications provided by authorized bodies. This will not only boost consumer trust but also open opportunities for MSMEs to enter international markets with high demand for halal products. The number of products with halal certification has been steadily increasing year by year, as shown in the following diagram:

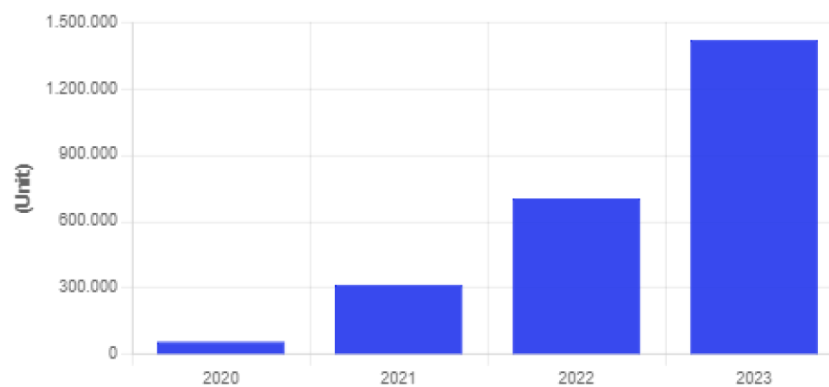


Figure 1. Development of the Number of Halal Certified Products

Source: SiHalal, 2023.

Increasing halal literacy among MSMEs in the long term can serve as a catalyst for the growth of the Islamic economy in Indonesia. Therefore, support from the government, financial institutions, and the business community is essential to provide better access to information and resources for MSMEs in understanding and implementing halal concepts in their businesses (Putri et al., 2021). Hence, community service aimed at enhancing halal literacy and assisting with halal certification for MSMEs within pesantren business communities is crucial.

2. METHOD

This community service activity consists of a workshop aimed at improving halal literacy, specifically tailored for the Pesantren Business Community. The workshop was attended by 50 participants from various pesantren in the Kartasura area, including Pondok Pesantren Al-Fatah, Pondok Pesantren Darussalam, and Pondok Pesantren Istiqomah. The event took place on Tuesday, May 30, 2023, in the auditorium of Pondok Pesantren Al-Fatah Kartasura. The community service activity was carried out in three stages: preparation, workshop execution, and MSME support for halal certification applications. The preparation phase involved coordinating with the Pesantren Business Community and the management of Pondok Pesantren Al-Fatah, the host institution.

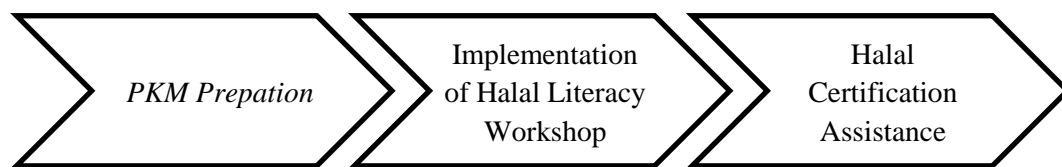


Figure 2. Flow of Community Service Activities

The implementation of the activity included bringing in competent speakers who hold certification as halal product process advisors (PPH). The material covered the importance of halal certification and the process of applying for halal certification. The activity was followed by support for participants who did not yet have halal certification; these participants were assisted by the community service team in applying for certification and navigating the process.

3. RESULTS AND DISCUSSION

The community service activity was divided into three stages: (1) preparation, (2) workshop implementation, and (3) assistance. The preparation stage involved coordinating with the team and the management of Pondok Pesantren Al-Fatah. This was followed by observation and interviews with potential participants, namely MSMEs within the pesantren business community. Observations revealed that many MSMEs were still unaware of and indifferent to the importance of halal certification.

Halal certification is issued by the Food, Drug, and Cosmetic Assessment Institute of the Indonesian Ulema Council (LPPOM MUI). Initially, halal certification applications were voluntary. However, following the enactment of Law of the Republic of Indonesia Number 33 of 2014 on Halal Product Guarantee, halal certification has become mandatory. This is in accordance with Article 4, which states that products entering, circulating, and traded in Indonesia must have halal certification. The provisions were to be enforced 5 years after the law was enacted, meaning that by 2019, all products were required to have halal certification (Agustina et al., 2019).

Research indicates that halal certification has the power to influence purchasing decisions because when a product has been certified halal by an authorized body, consumers have greater trust in the product. Producers can also provide halal verification for their products. Halal certification is essential to help consumers, particularly Muslims, identify or recognize halal products, ensuring they feel secure and comfortable using them (Hayati & Pramesti, 2021).

Other studies highlight several benefits of halal labels on products, including: 1) Consumer trust in making informed choices, 2) Enhanced product competitiveness, especially in Muslim-majority countries, 3) Increased consumer confidence in product quality, and 4) A means for auditing and monitoring halal food (Hasibuan et al., 2017).



Figure 3. Implementation of Halal Literacy Workshop

Halal literacy refers to the ability to distinguish between permissible (halal) and forbidden (haram) goods and services, based on a better understanding of Islamic law (sharia). Muslim consumers are guided by strict commandments in their consumption behavior. However, individual adherence to these commandments can vary. This variation in adherence can be explained by differences in halal literacy among individuals (Salehudin, 2010).

A hadith from the Prophet Muhammad (peace be upon him) states, “Halal is clear and haram is clear; between them are ambiguous matters (shubhat) about which people are unsure whether they are halal or haram...” This hadith is a fundamental basis for conceptualizing Halal Literacy for Muslim consumers. According to this hadith, everything can be categorized as permissible (halal) or forbidden (haram) under Islamic law, while the remaining matters are considered ambiguous (shubhat). Shubhat issues are those about which people are uncertain whether they are halal or haram. Therefore, to eliminate doubt, knowledge is required (Hayati & Putri, 2021).



Figure 4. Halal Certification Assistance

The final stage of the community service activity is providing assistance to MSMEs within the pesantren business community. This assistance involves supporting MSMEs in applying for halal certification if they do not yet have it. The goal of this assistance is to ensure that these MSMEs obtain halal certification promptly and enhance their capabilities. As proposed by Nobel laureate Amartya Sen, capability is crucial for enabling individuals (or MSMEs) to enhance their market value and remain competitive (Hayati & Khasanah, 2019).

Supporting MSMEs is a strategic step that can boost their competitiveness in both national and international markets. With proper assistance, MSMEs can address various challenges they face, such as limited capital, lack of innovation, and low digital literacy. Therefore, it is essential for the government, private institutions, and non-governmental organizations to continuously strengthen support programs for MSMEs to promote inclusive and sustainable economic growth in Indonesia.

4. CONCLUSION

The community service activity (PKM) significantly contributes to enhancing halal literacy among MSMEs within the Pesantren Business Community. The goal is to raise awareness about halal and encourage MSMEs to apply for halal certification. Consequently, the next step in this community service initiative is to assist in the halal certification application process, with the ultimate output being halal certificates for MSMEs.

Applying for halal certification is a process that takes time and is not instantaneous. Therefore, even though the community service period may end, support will continue. Many MSMEs that did not receive assistance faced difficulties and often gave up. Given that the government's target for 2024 is for all products to have halal certification, this goal must be supported by all sectors, including academia, through programs like this one.

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