

The Role of LP3H in Increasing The Economic Value through Assistance with Halal Certification

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Abstract

Indonesian government is targeting one million halal product certification in 2023. It is targeting that by the government is targeting that by 2024 all products in Indonesia will be halal certified. This certainly needs support from various parties. Indonesian government through the Halal Product Assurance Organizing Agency (BPJPH) appoints the Halal Product Process Assistance Agency (LP3H) which acts as an extension and assists business actors (micro - small) through assistance in the halal certification process. However, data on the halal information system shows that only 749,971 products have been declared halal in 2022 and there is still a need for massive socialization efforts so that government programs are realized. To support this program, LP3H Institute Technology and Business Ahmad Dahlan (ITB AD) conducts activities for prospective Halal Product Process (PPH) assistants to help verify and validate the halal process for business actors. The aim of the research is to disseminate basic information and knowledge to prospective PPH assistants regarding the legal basis, verification, validation, materials and processes for halal certification. The method used in this research is descriptive quantitative. Data collection was obtained from the results of the questionnaire. The results of this study show that on average 66% of the participants understand the information material related to the halal process and 79% are very satisfied with the presentation of the resource persons.

Keywords: BPJPH, Halal Certification, LP3H, PPH Assistants

INTRODUCTION

Background

Law Number 33 of 2014 regulates Halal Product Guarantee in Indonesia, explaining that products traded in Indonesia must be halal certified. At least halal products being traded are able to meet the needs of Muslim consumers in Indonesia, which currently reaches 237.6 million people or the equivalent of 86.7% of the total population (Bayu, 2022). But in reality, based on a halal information system, food products that meet needs and are spread in Indonesia are only around 749,971 in the 2019 - 2022 period where the government's target is one million products that are halal certified in 2023

(Indah, 2022). The figure below shows the average growth in halal certification from 2019-2022.

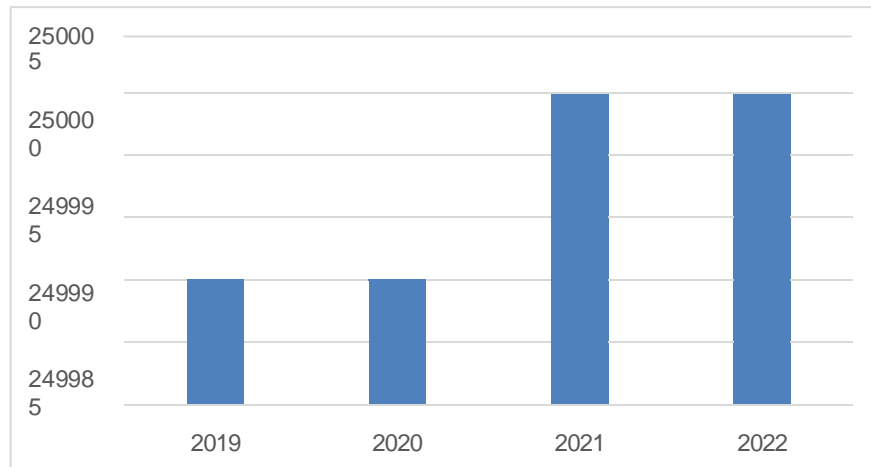


Figure 1. Average sertificate halal 2019-2022

Source: (Indah, 2022)

As Government Regulation Number 39 of 2021, the implementation of halal-haram issues in the production chain from Usaha Mikro Kecil (UMK) to consumers, involves multi-sectors, including the Halal Product Process Assistant (PPH). In order for the selling value of UMK products to be competitive and of good value, quality and consumer trust need to be labeled with a halal certificate. By expanding the halal label, consumers will be sure that the products being marketed are safe and halal to consume. Thus, the selling value and selling power will be higher which will add to the economic value of UMK's in Indonesia. The target of UMK who will get self-declare halal certification in Indonesia is 10 million business actors. In 2023 it has budgeted funding of 1 million halal certificates, previously in 2022 there were 349,834 halal certificates, in 2021 there were 15,000 halal certificates.

To get to that stage, assistance is needed to business actors to help with certification requirements. PPH assistance is an activity to assist UMK actors in fulfilling the requirements for a product halal statement. PPH assistance is a series of activities to ensure the halalness of a product through a process of verification and validation of Halal statements by Business Actors (self-declare). In providing assistance, assistant officers carry out their duties objectively and openly. This activity for prospective PPH Assistants is the contribution of the Halal Center Institute Technology and Business Ahmad Dahlan (ITB AD) in ensuring the success of guaranteeing halal products in accordance with Government Regulation Number 41 of 2022 concerning the Determination of PPH Assistance Registration Numbers, the fault of which is the Ahmad Dahlan Jakarta Institute of Technology and Business.

LITERATURE REVIEW

UMK (Micro and Small Enterprise)

Law No. 20 of 2008 concerning UMK explains that there are three parts to business namely micro and small. Micro is an individual business on a micro scale. Small businesses are independent businesses owned by individuals or business entities. Micro business scale has a maximum wealth of IDR 50,000,000 and annual sales are less than IDR 300,000, while small business scale is not more than IDR 500,000,000 and annual sales are not more than IDR 2,500,000,000 (Feni Dwi Anggraeni, Imam Hardjanto, 2021).

One of the contributors to Indonesia's economic development is UMK. In the form of increasing national and even international investment, decreasing unemployment and increasing state income (Feni Dwi Anggraeni, Imam Hardjanto, 2021).

Halal Certification

One of the articles of PP No. 39 of 2021 Article 79 states that micro and small businesses must be halal certified and have a halal companion. Halal certification is a standard required by business actors to ensure that the products offered are halal safe in terms of materials and processes. Halal certification will increase consumer confidence and will increase product demand (Ramlan & Nahrowi, 2014). Business actors must have a halal supervisor or companion before applying for halal certification. It is the halal companion who will assist in the process of completeness of the used and validating it before it is submitted to the sihalal app. The decision on the halalness of the proposed product rests with the MUI (Ramlan & Nahrowi, 2014).

Previously a business actor must have the following requirements, namely having a low-risk NIB (Nomor Induk Berusaha), Micro or small business scale, KBLI according to the type of product in the Decree of the Head of BPJPH Number 33 of 2022, Having outlets and/or production facilities at most 1, Never received halal certificate facilitation from other parties, Using materials that have been confirmed as halal, Simple production process (home business not manufacturer).

Starting August 24, 2022, UMK can access the SIHALAL application through the ptsp.halal.go.id page to register for SEHATI Phase 2 facilitation applications which are carried out electronically. Creating a business actor's account, Update business actor data then submit.

Self Declare

Self-declare is a statement of product halalness by business actors. Business actors who meet the requirements can self-declare accompanied by a halal product process assistant (PPH) (Istianah & Dewi, 2022).

Halal Product Process Assistant (PPH)

PPH Assistants are individuals who have been registered and have the task of verifying and validating the halal products of business actors who meet the requirements (Adhan dkk., 2023; Setiawan, 2023). PPH assistants at least have knowledge related to the business world and are also registered as assistants (Ilham, 2022). PPH is a series of activities to ensure product halalness includes: Provision of materials, processing, storage, packaging, distribution, sales, presentation of products.

Halal Centre ITB AD

The ITB AD Center for Halal Studies is a strategic institution that has trusted competence in conducting studies, education, policy formulation, and assistance in the consumer and producer sectors of halal products in a science and technology-based sustainable manner with the vision and mission:

VISION: "Increasing economic growth through sustainable science and technology-based halal products/services that are rahmatan lil alamin."

MISSION: Conducting studies and dissemination of the importance of halal products for producers and consumers based on science and sharia; Conducting business assistance to increase the added value of halal products; Providing understanding and protecting Muslims from non-halal products; Contributing to improving the economy of a pluralistic and sustainable society (Pusat Kajian Halal ITB Ahmad Dahlan Jakarta, 2022).

Previous Research

Research (Ilham, 2022) explains that halal certification owned by business people will have more competitiveness against products without a halal certificate. What's more, these businesses comply with government regulations. The assistance that has been carried out from June - September 2022 in Makassar was attended by 40 business people. Socialization is still being carried out so that business people are aware of the good impact in the future due to halal certification. The obstacle that has been experienced by business people so far is the lack of technological knowledge in filling in data online. Research (Istianah & Dewi, 2022; Rafianti et al., 2022) also explains the same problem regarding knowledge of halal guarantees in business actors. This requires competent assistants and support from various parties to continue providing halal certification education (Faridah, 2019).

Products that have received halal certification can build a halal business in Indonesia to the international stage. Consumers also feel trusted and protected from non-halal products and business people also get benefits such as increased levels of trust and product demand (Warto & Samsuri, 2020).

METHODOLOGY

This study uses a quantitative descriptive method by collecting primary data in the form of a questionnaire. Secondary data collected in the form of documentation, observation and literature study. Purpose sampling was used in this study where this research was already known to the respondents. The results of the questionnaire are carried out in the analysis phase by processing the data, then presented in the form of a diagram to be discussed and concluded.

RESULTS AND DISCUSSION

This assistance aims to increase knowledge and insight to PPPH candidates regarding the legal basis for halal product guarantees, material knowledge, etc. related to PPH assistance in Indonesia. This activity is intended for prospective PPH companions consisting of lecturers, alumni, village scholars and ITB regulars Ahmad Dahlan, and the general public. This is so that assistants can efficiently and actively assist UMK in their respective areas. The training is packaged in the form of a workshop, which consists of presentation of material, questions and answers, tests and online field practice. The event which was held on 12-15 December 2022 was attended by 102 participants with various backgrounds. The report can be seen in the following figure:

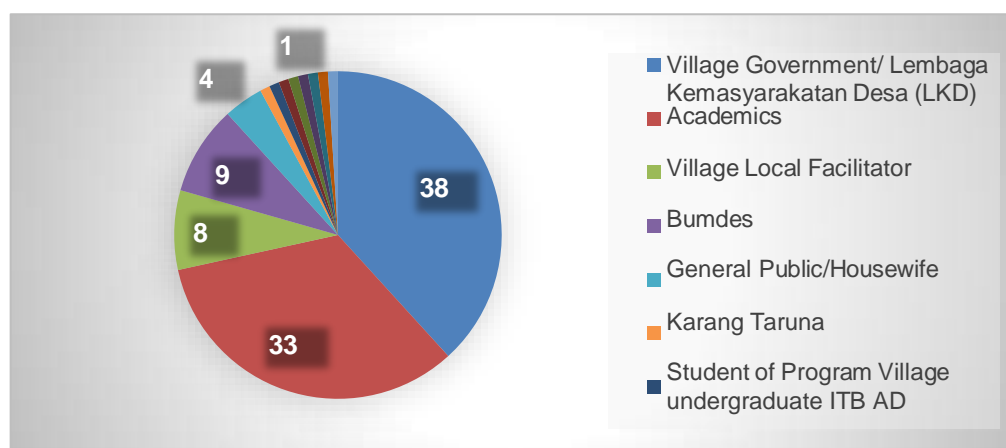


Figure 3. Background of the PPH companion participants Source: Processed data (2023)

As many as 38% or as many as 39 participants who took part in the PPH mentoring training came from the village government/community institutions, then 33% or 34 participants were academics, namely lecturers. This mentoring activity was also attended by village communities represented by BUMDES as much as 9% or 9 participants and local village assistants as much as 8% or 8 participants. There was also the general public who knew about this activity and participated as much as 4% or 4 participants attended. And other participants who took part in this activity came from various

different backgrounds such as Youth Organizations, ITB AD village undergraduate program students, Entrepreneurs, UMK and BPD.

Assessment of Presentation of Halal Certification Materials

Verification and validation (verval) is a method of checking the halalness of UMK products that meet the requirements as stipulated in PMA No. 20 of 2021. The implementation of verification and validation of product statements by business people is carried out by PPH Assistant candidates who come from small micro business community institutions to support the implementation of halal certificate obligations for UMK and increase the number of UMK products that are halal certified. Verval is carried out by PPH Facilitators certified in PPH companion training.

Based on the data obtained, almost all participants studied the material provided carefully. This can be seen in the chart below:

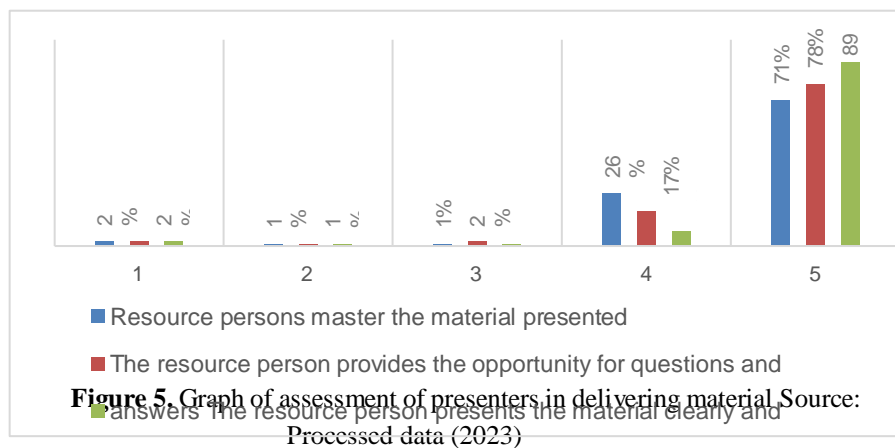


Figure 4. Graph of PPH assistance material assessment Source: Processed data (2023)

The material presented by the presenters was in accordance with the needs, with responses from 23% of participants agreeing and 73% strongly agreeing. And as many as 33% of participants answered that they agreed that the information conveyed was also easily accepted and applicable and strongly agreed with this statement with a percentage of 58%. The material was also explained very clearly and structured so that all participants could understand it. This can be seen from the results of data collection as much as 28% answered agree and 68% strongly agreed. On average, 66% of participants strongly agreed that the material presented was proper, clear and applicable.

Assessment of Sources in the Presentation of Halal Certification Materials

The interest of the participants in participating in the workshop can be seen from how the presenters deliver the material. Which is shown in the image below:



The picture above shows that the speakers are very competent in the material presented with a percentage of 71% strongly agree and 26% agree with the statement. Not only the material delivery session, but there is a question and answer session so that participants know more about the process of assisting halal certification in depth. The session was answered directly by the presenter and the participants were satisfied with the answers given. As can be seen in the picture above, 78% of the participants strongly agreed that the speakers provided a question and answer opportunity and immediately gave answers. The presenters gave answers that were straightforward, clear and coherent and were well received and understood by the participants. This can be seen from the assessment of participants who strongly agree with the statement. On average, 79% of participants strongly agreed that the presenters really understood the material presented by giving a question and answer session and answering questions clearly and easily.

Discussion

Utilization of increasingly advanced knowledge and technology makes the product processing industry also develop from time to time. The basic ingredients in product processing are mixed from various sources, one of which is animal extraction, which makes the product classified as halal or non-halal. To find out these differences, related multidisciplinary studies and knowledge are needed as well as an understanding of Shari'a (Warto & Samsuri, 2020).

As a developing country with the largest Muslim majority in the world, the distribution of halal and non-halal products is a paramount concern for its consumers (Warto & Samsuri, 2020). Access to information, which is currently

more open, allows the public to clearly know the composition of existing products (Abdi, 2019). The products offered are the responsibility of the businessman and should be guaranteed for their health and halalness (Abdi, 2019). But often, information on the composition of halal is not considered important by business people. Thus, the government provides alternatives and protection to consumers through halal certificates on products (Warto & Samsuri, 2020).

Halal-certified products make the global economy have quality and international standards so that consumers from various countries can trust them. International trade has a very large influence on the economies between these countries which creates a conducive climate that is mutually beneficial from reciprocal trade, as well as more efficiency in production and marketing. (Warto & Samsuri, 2020). Profitable international trade can increase economic value, With business people having an important role in boosting the economy with the initiative and skills needed to generate new ideas and be successful in global markets. The large number of business people in Indonesia means that there will be more jobs, which will reduce unemployment (Abdi, 2019; Laksono & Soleh, 2022).

It is important to manage human resources to improve business performance as high as possible (Abdi, 2019). Capable human resources certainly need to have entrepreneurial skills and be able to perform good business management (Laksono & Soleh, 2022).

CONCLUSION

This training was conducted to provide insight regarding halal certification and how PPH assistants validate every business person who applies for a halal certificate. To assist business people in the halal process, a mentoring process is needed so that it can run according to the government's mandate. The results of this study prove that good HR management can provide good feedback. On average, 66% of participants understood the material presented and an average of 79% of participants were satisfied with the presentation of the halal certification process from credible presenters. Assistance educational activities like this are important to continue because there will be more and more business people who need assistance in the halal certificate labeling process to gain consumer trust. Of course, this activity cannot be separated from the support of related parties in the success of the government program which targets all halal-certified products in 2024.

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