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HALAL CERTIFICATION AND PRODUCTION ASSISTANCE OF LEMBENGAN VILLAGE, JEMBER UMKM IN IMPROVING COMPETITIVENESS

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Abstract:
This Community Service Program (PKM) aims to assist MSMEs in Lembengan Village, Jember, in obtaining halal certification while improving production management to strengthen competitiveness. The method used is Asset-Based Community-Driven Development (ABCD) through the stages of discovery, dream, design, define, and destiny, involving the community, village officials, students, and academics. Data were collected through interviews, observations, FGDs, and documentation, then analyzed descriptively qualitatively. The results show that halal certification opens wider market access, increases consumer trust, encourages information transparency, strengthens competitiveness, and triggers improvements in product quality and production processes. The role of the village government has proven significant in overcoming the cost and administrative constraints of certification. Theoretically, this study expands the study of halalan thayyiban, which emphasizes sharia compliance and the moral responsibility of producers. Practically, this integrated mentoring can serve as a replication model for other MSMEs. Further research is recommended to conduct comparative and longitudinal studies to assess the long-term impact of halal certification on MSME sustainability.

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INTRODUCTION

Lembengan Village in Ledokombo District, Jember, has two MSMEs producing petulo shrimp paste. Nationally, Indonesian MSMEs play a strategic role in the economy, contributing significantly to gross domestic product and employment. Indonesia is the world's most populous Muslim country, accounting for approximately 87% of the population. Muntholip et al., (2025), so the demand for halal products is very high. National regulations also emphasize the importance of halal certification, for example, Law No. 33/2014, which requires all consumer products to have halal certification(Mellita et al., 2020). These demographic and policy conditions have prompted the government to target accelerated halal certification (such as the free certification program for MSMEs) to position Indonesia as a global halal industry hub. Thus, halal certification is a key instrument for increasing consumer trust and the competitiveness of MSME products at the national level.

Various studies support the role of halal certification and production management in improving the performance of MSMEs. Muntholip et al., (2025) reported

that halal certification has a significant positive impact on consumer purchasing interest and MSME sales. They concluded that halal certification serves as an effective marketing strategy that increases competitiveness and enables MSMEs to expand their market share. A study by Salsabila et al. (2025) A study of a food SME in Medan found that halal certification builds consumer trust, strengthens brand image, and encourages the implementation of more structured production standards and operational efficiency. M. Topit Hidayat & Sri Rahma Witta (2024) also showed that halal certification supports business operational continuity and contributes to revenue growth by attracting more customers. Furthermore, production management training has been shown to be important: Handayani et al., (2021) noted that well-planned production management can increase production volume and MSME revenue. This finding is consistent with Hariani, (2024). This is to ensure that MSMEs receive training to improve their human resource skills and strengthen their production processes. In other words, halal certification, supported by good production management practices, will strengthen MSMEs' competitiveness in the halal market.

However, the implementation of halal certification and the development of MSMEs face a number of obstacles. Muqtafin Kalamillah et al., (2024) reported that many MSMEs consider the halal certification process complicated and expensive. The main obstacles include relatively high certification costs, lengthy administrative processes, and lack of access to technical information. A Mohd Yunos et al. found similar findings (2025). In the Malaysian context, there are challenges in managing certification documents and administrative costs, so MSMEs require assistance and guidance throughout the application process. In Indonesia, Putri (2024) emphasized that although business actors understand the importance of halal certification, many have not yet implemented it due to limited knowledge of certification procedures and a lack of outreach and incentives for MSMEs. These obstacles highlight the need for targeted interventions in the form of training, subsidies, and mentoring to enable more MSMEs to access halal certification.

Integrated mentoring is urgently needed given the situation on the ground. This PKM program is novel because it integrates two aspects simultaneously: mentoring the halal certification process and production management training for two petulo shrimp paste MSMEs in Lembengan Village. This kind of holistic approach is relatively rare. Research by Tati et al., (2024) Studies have shown that the halal certification process encourages businesses to implement more structured production standards. Therefore, synergizing production training with halal certification is expected to create a dual effect: improving product quality while simultaneously meeting halal regulatory requirements. This initiative is considered innovative because it not only promotes the benefits of certification but also simultaneously improves the daily production practices of MSMEs.

The primary objective of this Community Service Program (PKM) is to assist two small and medium enterprises (SMEs) producing petulo shrimp paste (terasi) in Lembengan in obtaining halal certification and improving their production process management. This program addresses the fundamental issues of low knowledge of halal certification and suboptimal production systems, which have limited the competitiveness of their products. Theoretically, this program is expected to enrich the literature on MSME development strategies based on halal certification and production management. Practically, this program will enhance the capabilities of MSME partners: they are expected to be able to obtain halal certification and implement more efficient production standards, thereby expanding market access and increasing sales. This integrated

approach also serves as a model for mentoring that can be replicated by other MSMEs, while supporting the goal of national economic recovery based on the strengths of the real and halal sectors.

RESEARCH METHODS

This PKM research method uses an Asset Based Community-driven Development (ABCD) approach that focuses on exploring the local potential of Petulo Terasi MSMEs in Lembengan Village and encouraging active community participation. The stages include: Discovery (mapping skills, social networks, village support, local raw materials), Dream (formulating the ideal of becoming a competitive halal petulo terasi producer), Design (training plans, document facilitation, packaging improvements), Define (setting realistic priorities for halal certification and production standards), and Destiny (implementation, monitoring, evaluation, and sustainability). The entire process involves the community, students, lecturers, and partners to create collaborative synergy.

Data collection was conducted through participatory interviews, focus group discussions with village officials, production observations, transect walks, asset mapping, and documentation. Data were analyzed using a descriptive-qualitative approach to identify patterns of potential, constraints, and opportunities based on local assets. Data validity was ensured through triangulation of sources and methods, as well as member checks with MSME partners. Thus, the ABCD approach not only resulted in short-term halal certification but also strengthened local capacity and built a culture of sustainable halal production in Lembengan Village.

RESULTS AND DISCUSSION

Based on interviews, observations, and documentation at the Pettulo Terasi MSME in Lembengan Village, several main findings were obtained:

1. Market Access Opportunities

Halal certification has been proven to open up broader market opportunities, both locally and regionally. Lembengan village head, Mr. Soefijandi, stated that "Halal certification can help MSMEs provide confidence and halal assurance to consumers, enabling them to compete with products from larger companies" (Interview, August 27, 2025). This aligns with research confirming halal certification as a strategic instrument in expanding the MSME market.(Andini & Efendi, 2025; Salamatul Maufiroh & Mohammad Hamim Sultani, 2025).



Figures 1 and 2: Interview with the Head of Lembengan Village and Observation of Petulo Shrimp Paste Production

2. Increasing Consumer Confidence

Halal labels have been shown to increase consumer preference. Respondent Anisaul Hanif stated, "I prefer products with halal certification because I believe they are produced according to religious rules" (Interview, August 27, 2025). This is consistent with studies that found halal certification can increase public trust in MSMEs (Rahman, M., & Nurhayati, 2022; Wulandari et al., 2025).

3. Information Transparency

Halal-certified MSMEs tend to be more transparent in providing information regarding raw materials, certificate numbers, and product halal status. Buk Galang stated, "We strive to provide clear and transparent information regarding the halal certification status of our products" (Interview, August 23, 2025). These findings align with studies that emphasize the importance of information transparency in building halal awareness (HS et al., 2025; Novianti, 2025).



Figure 3; product name and composition

4. Increasing Competitiveness

Halal certification provides significant differentiation value. Buk Galang stated that "MSME products with halal certification certainly have a differentiating value compared to other products" (Interview, August 23, 2025). This aligns with research that found halal certification to be a differentiating factor and increases the competitiveness of MSMEs (Armyandita, 2025; Nurul Qisthi & Nurul Ekawati, 2025).

5. Improving Product Quality and Production Processes

To meet halal standards, MSMEs are making improvements in hygiene, raw material use, and production process control. Mr. Ivwahyudi Fanani, the product owner, stated that equipment modernization and workforce training are also being implemented to ensure more hygienic and standard-compliant production (Interview, August 27, 2025). This finding supports the literature that suggests halal certification drives managerial transformation and production quality (Juliana et al., 2025; Karima, 2025).

The results of this study demonstrate that halal certification not only serves a religious function but also has economic, social, and cultural impacts. Previous research has confirmed that halal certification can increase product added value and open up new market opportunities (Hasanah et al., 2024; Yasenia, 2025). This field study confirms these findings by adding a local dimension, namely the role of village governments in facilitating the costs and administration of halal certification. The active role of village governments is crucial in supporting MSMEs in accessing halal certification, thereby strengthening their product competitiveness in the market. Therefore, village government support in the halal certification process can help MSMEs overcome the

challenges they face while increasing consumer confidence in their products (Sinta et al., 2024).

Furthermore, consumer trust places halal as a symbol of product quality and authenticity. This study shows that halal is not just a commercial label, but also a social contract that builds the moral legitimacy of MSMEs in the eyes of consumers. This indicates that implementing halal certification can increase consumer trust in MSME products, which in turn contributes to the sustainability of their businesses. Effective implementation of halal certification can also help MSMEs improve market access and competitiveness in an increasingly competitive industry. Halal certification provides assurance that products meet halal standards, which is essential for attracting Muslim consumers and increasing MSME competitiveness in the global market (Almaniq & Riyanto, 2022).

The aspect of information transparency found in this study supports the findings. The importance of halal education and producer transparency. Transparency in halal product information must continue to be promoted to ensure consumers can make informed and informed choices (Wibowo et al., 2022). The use of social media by MSMEs in Lembengan Village can be understood as a form of trust-based marketing that strengthens halal legitimacy in the digital realm. The importance of this transparency- and trust-based marketing strategy is increasingly relevant in the context of the development of sharia businesses and increasing halal awareness among Muslim consumers, in particular. This strategy not only increases product visibility but also helps MSMEs build stronger relationships with consumers, in line with sharia business principles that emphasize transparency and fairness (Sari & Ronaldo, 2024).

Furthermore, halal certification has been shown to drive managerial transformation, supporting the study by Juliana et al. (2025) which highlights halal as a global standard for the food industry, and Karima (2025) which confirms that certification can improve the quality of MSME production processes.



Figure 4: Halal Certification Issuance Flow

However, this study also found that MSMEs complained about cost constraints and administrative complexity. This is similar to what Armyandita (2025). However, this study adds evidence that village government facilitation can significantly overcome these obstacles. Despite the challenges, collaboration between village governments and MSMEs can strengthen support for the development of micro, small, and medium enterprises at the local level (Agustina & Yunita, 2024; Muhaeminah & Munawwaroh (2025). Therefore, it is crucial for local governments to continue improving facilitation and training programs to support the sustainability of MSMEs in facing existing challenges.

Theoretically, these results broaden understanding of the concept of halal thayyiban, which emphasizes not only sharia aspects but also food safety, hygiene, and producers' moral responsibility to consumers. The importance of implementing the halal thayyiban concept can increase consumer awareness of product quality and safety and encourage producers to be responsible in managing their businesses.

CONCLUSION

The halal certification and production management mentoring program for Petulo Terasi MSMEs in Lembengan Village, Jember, successfully demonstrated the strategic role of halal certification in increasing competitiveness, expanding market access, building consumer trust, and encouraging transparency and managerial transformation. Halal certification is understood not only as a regulatory obligation but also as a social contract that strengthens the moral legitimacy of businesses in the eyes of Muslim consumers. Furthermore, production management training has been proven to support improvements in product quality and production processes, thus strengthening the position of MSMEs in an increasingly competitive market.

From a theoretical perspective, this research enriches the literature on the implementation of the halal thayyiban concept, which emphasizes the alignment of sharia compliance, quality, hygiene, and the moral responsibility of producers. Practically, the research findings emphasize the importance of collaboration between village governments, academics, and MSMEs to overcome cost constraints, administrative complexity, and limited knowledge in the halal certification process. From a policy perspective, the research findings indicate the need for ongoing facilitation and mentoring programs from local governments to ensure the sustainability of small businesses in the halal sector.

For further research, it is recommended to conduct comparative studies between MSMEs that have received halal certification and those that have not, as well as longitudinal research to assess the long-term impact of halal certification on business sustainability and MSME economic performance. Thus, the results of this study not only provide a conceptual contribution to the study of halal certification but also offer an integrated mentoring model that can be replicated by other MSMEs in various regions.

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