



Halal Certification and Production Support as Drivers of Competitiveness for Micro, Small, and Medium Enterprises

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DOI: <https://doi.org/10.61987/acsj.v1i2.1245>

Abstract:

This Community Service Program (PKM) aimed to assist MSMEs in Lembengan Village, Jember, in obtaining halal certification while improving production management to enhance competitiveness. The research employed an Asset Based Community-driven Development (ABCD) approach through discovery, dream, design, define, and destiny stages, involving local communities, village officials, students, and academics. Data were collected through interviews, observations, focus group discussions, and documentation, and analyzed descriptively. The results show that halal certification expands market access, strengthens consumer trust, promotes transparency, enhances competitiveness, and improves product quality and production processes. Village government support was crucial in addressing certification costs and administrative barriers. Theoretically, this study contributes to the discourse on halalan thayyiban, emphasizing both sharia compliance and producers' moral responsibility. Practically, this integrated mentoring model can be replicated for other MSMEs. Future studies should employ comparative and longitudinal approaches to assess the long-term impact of halal certification on MSME sustainability.

ARTICLE HISTORY

Received 19 Maret 2025

Revised 12 May 2025

Accepted 8 July 2025

KEY WORDS

UMKM Products, Halal Certification, Assistance, Public Trust

INTRODUCTION

Lembengan Village in Ledokombo District, Jember has two MSMEs that produce shrimp paste. Nationally, Indonesian MSMEs play a strategic role in the economy with a large contribution to gross domestic product and labor absorption. Indonesia is the country with the largest Muslim population in the world, around 87% of the population (Muntholip et al., 2025) so the demand for halal products is very high. National regulations also affirm the importance of halal certification, for example Law No. 33/2014 which requires all consumer products to have a halal certificate (Mellita et al., 2020) These demographic and policy conditions encourage the government to target the acceleration of halal certification (such as the free certification program for MSMEs) to position Indonesia as the center of the global halal industry. Thus, halal certification is a key instrument to increase consumer confidence 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., (Muntholip et al., 2025) reported that halal certification has a significant positive influence on consumer buying

interest and MSME sales. They concluded that halal certification serves as an effective marketing strategy that increases competitiveness and allows MSMEs to expand market share. The Salsabila et al. study(2025) on a food MSME 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 buyers. In addition, production management training has proven to be important: Handayani et al., (2021) noted that well-planned production management can increase the production volume and income of MSMEs. This finding is consistent with Hariani(2024) for MSMEs to receive training to improve human resource skills to strengthen their production processes. In other words, halal certification supported by good production management practices will strengthen the competitiveness of MSMEs 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 similar thing was also found by A Mohd Yunos et al., (2025) in the Malaysian context, namely challenges in managing certification documents and administrative costs, so that MSME actors need assistance and guidance throughout the application process. In Indonesia, Putri (2024) emphasized that although business actors understand the importance of halal certificates, many have not done so due to a lack of knowledge about certification procedures and a lack of socialization and incentives for MSMEs. These obstacles show the need for targeted interventions in the form of training, subsidies, and assistance so that more MSMEs can access halal certification.

Integrated assistance is very urgent considering the situation in the field. This PKM program comes with novelty because it integrates two aspects at once: halal certification process assistance 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) shows that the halal certification process encourages business actors to implement more structured production standards. Therefore, synergizing production training with halal certification is expected to create a double effect: improving product quality while meeting halal regulatory requirements. This initiative is considered innovative because it not only socializes the benefits of certification, but also improves the daily production practices of MSMEs at the same time.

The main goal of this PKM program is to help two MSMEs in Lembengan obtain halal certificates and improve their production process management. Thus, the fundamental problem that is overcome is the low knowledge of halal certification and the lack of optimal production system which has been limiting 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, the implementation of this activity will increase the capabilities of MSME partners as research contributions and are expected to be able to obtain halal certificates and implement more efficient production standards, so as to expand market access and increase sales. This integrated approach is also a model of mentoring that can be

replicated for other MSMEs, while supporting the goal of national economic recovery based on the strength of the real and halal sectors.

RESEARCH METHOD

This PKM research method uses an *Asset Based Community-driven Development* (ABCD) approach which focuses on exploring the local potential of Petulo Terasi MSMEs in Lembengan Village and encouraging active community participation. The stages include: *Discovery* (skill mapping, social networking, village support, local raw materials), *Dream* (formulating the goal of becoming a competitive halal shrimp paste producer), *Design* (training plan, document facilitation, packaging improvement), *Define* (setting realistic priorities on halal certification and production standards), and *Destiny* (implementation, monitoring, evaluation, and sustainability). The entire process involves the community, students, lecturers, and partners so that collaborative synergy is created.

Data collection was carried out through participatory interviews, *focus group discussions* with village officials, production observations, *transect walks*, *asset mapping*, and documentation. The data was analyzed using a descriptive-qualitative approach to find patterns of potential, constraints, and opportunities based on local assets. The validity of the data is guaranteed through triangulation of sources, methods, and *member checks* to MSME partners. Thus, the ABCD approach not only results in short-term halal certification, but also strengthens local capacity and builds a sustainable halal production culture in Lembengan Village.

RESULT AND DISCUSSION

Market Access Opportunities

Halal certification has been proven to open up wider market share opportunities, both local and regional. The head of Lembengan village, Mr. Soefijandi, said that "*Halal certification is able to help MSMEs in providing halal confidence and assurance to consumers so that MSMEs can compete with the products of large companies*" (Interview, August 27, 2025). This is in line with research that affirms halal certification as a strategic instrument in expanding the MSME market (Andini & Efendi, 2025; Salamatul maufiroh & Mohammad hamim sultoni, 2025)



Figure 1 and 2. Interview with the Head of Lembengan Village and Observation of Petulo Terasi Production

Increase Consumer Trust

Halal labels have been proven to increase consumer preferences. Respondent Anisaul Hanif stated, "*I prefer products that have halal certification because I believe that the product is produced according to religious rules*" (Interview, August 27, 2025). This is

consistent with studies that found halal certification was able to increase public trust in MSMEs (Rahman, M., & Nurhayati, 2022; Wulandari et al., 2025).

Information Transparency

MSMEs that have been halal certified tend to be more open in presenting information related to raw materials, certificate numbers, and halal status of products. Buk Galang said, *"We try to provide clear and transparent information regarding the status of halal certification of our products"* (Interview, August 23, 2025). These results are in line with studies that emphasize the importance of information disclosure in building halal awareness (HS et al., 2025; Novianti, 2025)



Figure 3. Product Name DNA Composition

Increased Competitiveness

Halal certification provides significant differentiating value. Buk Galang said that *"MSME products that have halal certification certainly have a differentiating value compared to other products"* (Interview, August 23, 2025). This is in accordance with research that found halal certification as a differentiating factor and increasing the competitiveness of MSMEs (Armyandita, 2025; Nurul Qisthi & Nurul Ekawati, 2025)

Improving Product Quality and Production Process

To meet halal standards, MSMEs make improvements in terms of cleanliness, the use of raw materials, and the control of the production process. Mr. Iwvahyudi Fanani as the product owner, said that equipment modernization and workforce training were also carried out so that production was more hygienic and in accordance with standards (Interview, August 27, 2025). These findings support the literature that states halal certification drives managerial transformation and production quality (Juliana et al., 2025; Karima, 2025).

Discussion

The results of this study show that halal certification not only has a religious function, but also has economic, social, and cultural impacts. Previous research has confirmed that halal certification is able to increase product added value and open up new market opportunities (Yasenia, 2025) This field study confirms these findings by adding a local dimension, namely the role of village governments in facilitating the cost and administration of halal certification. The active role of the village government is very important in providing support to MSME actors to access halal certification, so that they can strengthen the competitiveness of their products in the market. Thus, the support of the village government in the halal certification process can help MSMEs overcome the challenges faced, while increasing consumer confidence in their products (Sinta et al., 2024)

In addition, consumer trust places halal as a symbol of product quality and

authenticity. In this study, it is shown 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 the implementation of halal certification can increase consumer confidence in MSME products, which in turn contributes to the sustainability of their business. The effective implementation of halal certification can also help MSMEs in increasing market access and competitiveness in an increasingly competitive industry. Halal certification provides assurance that products meet halal standards, which are important to attract Muslim consumers and increase the competitiveness of MSMEs in the global market (Almaniq & Riyanto, 2022)

The information transparency aspects found in this study support the findings (Wibowo et al., 2022) about the importance of halal education and producer openness. The importance of transparency in halal product information must continue to be encouraged to ensure consumers can make informed and informed choices. 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 business and the increase of halal awareness among Muslim consumers, especially. 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 proven to drive managerial transformation. This supports the study of Juliana et al. (Juliana et al., 2025) which highlights halal as a global standard for the food industry, and Karima (Karima, 2025) which emphasizes that certification can improve the quality of the MSME production process.



Figure 4. Halal Certification Issuance Flow

However, this study also found cost constraints and administrative complexity as complained by MSME actors. This is similar to that reported by Armyandita (Armyandita, 2025) but this study adds evidence that village government facilitation is able to

overcome these barriers significantly. Despite the challenges, collaboration between village governments and MSME actors can strengthen support for the development of micro, small, and medium enterprises at the local level (Agustina & Yunita, 2024). Therefore, it is important for local governments to continue to improve facilitation and training programs to support the sustainability of MSMEs in facing existing challenges.

Theoretically, these results broaden the understanding of the concept of *halalan thayyiban*, which not only emphasizes the sharia aspect, but also food safety, hygiene, and the moral responsibility of producers to consumers. The importance of applying the concept of *halalan thayyiban* can increase consumer awareness of product quality and safety, as well as 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 that halal certification plays a strategic role 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, thereby strengthening the position of MSMEs in an increasingly competitive market.

From a theoretical perspective, this research adds to the literature on the implementation of the *halalan thayyiban* concept, which emphasizes the alignment between sharia compliance, quality, hygiene, and the moral responsibility of producers. From a practical perspective, 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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