



Analysis Of MSME Interest Factors in Halal Certification in Madiun

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Abstract

Introduction: Halal certification is the process of obtaining a halal certificate through several stages to prove that the raw materials, production process and halal product assurance system of the company meet the established standards. Halal certification plays a role in realizing welfare, in accordance with Islamic teachings which require its followers to maintain the welfare of themselves and others. With halal certification, the guarantee of welfare for the community can be better maintained. The interest of Micro, Small and Medium Enterprises in participating in the halal certification program is an important factor in increasing competitiveness and consumer trust. This study aims to analyze the factors that influence the interest of Micro, Small and Medium Enterprises in Madiun City in managing halal certification. This study uses a qualitative approach with a case study method. Data were collected through in-depth interviews with Micro, Small and Medium Enterprises and analysis of related documents. Based on data from the Madiun City Manpower, Cooperatives and Micro Small Enterprises Office, the number of MSME in Madiun City continues to increase every year. In 2020 there were 23,545 units, in 2021 there were 23,618 units, and in 2022 it had reached 23,672 units, and in 2023 it increased to 23,768 units. However, this is quite worrying, the number of MSME actors who are halal certified in June 2024 was only recorded at 6% or around 4,147 MSME actors from the total number of MSME in Madiun City that have been halal certified. The results of the study indicate that knowledge factors, certification costs, ease of process, and government support play a significant

role in shaping the interest of business actors in participating in the halal certification program. In addition, awareness of the importance of halal certification for business sustainability is also a major driving factor. These findings are expected to be a reference for the government and stakeholders in designing policies that support the acceleration of halal certification for the interests of MSME.

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INTRODUCTION

Based on the report of The Royal Islamic Strategic Studies Center (RISSC) entitled The Muslim 500 2024, there are 2.07 billion people in the world who embrace this religion. This number is the largest in the ASEAN region. The Muslim population in Indonesia is equivalent to 86.7% of the total population in Indonesia ([Matsuki 2020](#)). As the country with the largest population in the ASEAN region, Indonesia should be able to become a role model and a mecca for the world's halal industry. A halal lifestyle by using halal-certified products is an important requirement for Muslims and provides an opportunity for Indonesia to become the largest producer of halal products and services in the world. The halal status of a product can generally be seen from the halal label on the product packaging, which is obtained through halal certification ([Rahmanita 2023](#)).

Halal certification is the process of obtaining a halal certificate through several stages to prove that the raw materials, production processes, and halal product assurance systems of a company meet the established standards ([Rohmah Maulida, Khusniati Rofi'ah 2024](#)). Therefore, regulations regarding halal product assurance are very important, as the majority of Indonesia's population is Muslim. This effort is made to provide protection and assurance regarding the halal status of products consumed by the public. The government has planned various legal products to accelerate the development of Indonesia's halal products, including Law No. 33 of 2014, which mandates that all production results comply with implementing regulations of Law No. 33 of 2014 concerning halal product assurance. This law strengthens previous regulations by shifting halal certification from voluntary to mandatory status, with a grace period of five years from its enactment. Since 2019, halal certification is no longer carried out by MUI (Indonesian Ulema Council), but by the Halal Product Assurance Agency (BPJPH) under the Ministry of Religious Affairs. The latest regulation regarding halal certification is the issuance of Government Regulation (PP) No. 39 of 2021 concerning the implementation of halal product assurance. The government also pays special attention to Micro and Small Enterprises (MSEs) by issuing a specific regulation through the enactment of Minister of Religious Affairs Regulation No. 20 of 2021 on Halal Certification for MSME ([Puspita Ningrum 2022](#)).

Every company that sells essential goods used by the public is required to have halal certification and display a halal label, including MSME. In Indonesia, micro and small

enterprises play an important role in the economy and contribute significantly to employment absorption (Primatami and Hidayati 2019). According to data from the Manpower, Cooperatives, and Micro Enterprises Office of Madiun City, the number of MSME in Madiun City continues to grow each year. In 2020, there were 23,545 units; in 2021, 23,618 units; in 2022, 23,672 units; and in 2023, the number increased to 23,768 units. However, this is quite concerning, as the number of MSME actors with halal certification as of June 2024 was only recorded at 6%, or around 4,147 MSME units, from the total number of MSME in Madiun City that have been halal certified (Dinas tenaga kerja 2023).

Several previous studies related to halal certification in Madiun Regency have been conducted. Ririn Tri Puspita Ningrum, in her research, concluded that there are several issues in carrying out halal certification, namely the lack of knowledge and information about existing regulations, the limited facilities owned by business actors, and the mindset of MSME entrepreneurs who assume that halal certification is only intended for large businesses (Puspita Ningrum 2022). Meanwhile, according to Anita Larasati and Ach. Yasin, the level of understanding among MSME entrepreneurs regarding halal certification is still relatively low. Therefore, it is important to provide further education and outreach on halal certification, as well as for the government to make efforts in offering support and easier access for micro, small, and medium to participate in the halal certification program (Devi 2023).

Based on several previous studies, no research has been found that examines the factors influencing the interest of micro small, and medium enterprise, actors in the halal certification program, particularly in the Madiun City area. This study aims to identify the internal and external factors that affect the interest of micro small, and medium enterprise actors in Madiun City in participating in the halal certification program. Theoretically, the results of this research are expected to contribute to the knowledge and understanding of the obligations and urgency of halal certification, as well as to serve as learning material for future researchers. In addition, this study is also expected to serve as an evaluation tool for the government to improve the implementation of halal certification and to raise awareness among business actors about the importance of halal certification.

RESEARCH METHOD

This study employs a qualitative approach, which is a research and understanding process based on methodologies aimed at exploring social phenomena and human behavior in depth. According to Bogdan and Taylor, qualitative methodology is a research procedure that produces descriptive data in the form of written or spoken words from people and observed behavior. The type of research used in this study is descriptive qualitative research. According to Whitney and Moleong, the descriptive method is an effort to discover facts accompanied by proper interpretation. Descriptive research aims to systematically, factually, and accurately describe the facts and characteristics of a particular population or area (Sugiyono 2008).

This descriptive qualitative research focuses on gaining an in-depth understanding of the problems occurring in society, including prevailing customs, specific social situations,

human relationships, activities, attitudes, perspectives, and ongoing processes. Moreover, this study aims to identify the effects of the observed social phenomena. This approach seeks to produce a comprehensive description of speech, writing, and/or behavior of individuals, groups, communities, or specific organizations in their daily lives, studied from a holistic and comprehensive point of view of the research subjects (Sugiyono 2008). In this study, the researcher conducted direct interviews with MSME in the Madiun City area. The number of MSME actors interviewed was six informants, representing three regions within the city of Madiun. The criteria for the informants interviewed were MSME actors who use halal certification and those who do not use halal certification. The aim is to obtain relevant data, both in oral and written form, according to the needs of the research.

In this study, the researcher used the primary data type. Primary data refers to data collected directly from the field through interviews and observations. The interview data were obtained from in-depth interviews with MSME actors in three sub-districts within the city of Madiun. Observations were conducted by directly observing the MSME actors during and after the implementation of the halal certification program.

To ensure data accuracy in qualitative research, the researcher must conduct a validity check to verify the truthfulness of the data. This is important because if the data collected is inaccurate, it will lead to incorrect conclusions. Therefore, the techniques used to test data validity in this study include credibility testing, transferability testing, and confirmability testing.

RESULT AND DISCUSSION

Data on Interests of Micro, Small and Medium Enterprises

Based on data from the Department of Manpower, Cooperatives and Micro Small Enterprises of Madiun City, the number of MSMEs in Madiun City continues to increase every year. In 2020 there were 23,545 units, in 2021 there were 23,618 units, and in 2022 it had reached 23,672 units, and in 2023 it increased to 23,768 units. However, this is enough to confirm that the number of MSME actors with halal certification in June 2024 was only recorded at 6% or around 4,147 MSME actors from the total number of MSMEs in Madiun City that have been halal certified (Dinas tenaga kerja 2023). The following is the number of MSMEs in Madiun City from 2020 to 2024:

Table 1. Number of Micro, Small and Medium Enterprises in Madiun City 2020 – 2024

Data Elements	2020	2021	2022	2023	2024
Agriculture	1554	1554	1554	1555	1555
Mining and Quarrying	26	26	26	26	26
Processing industry	1238	1288	1342	1367	1425
Electricity, Gas and Water	0	0	0	0	0

Data Elements	2020	2021	2022	2023	2024
Construction	42	42	42	42	42
Trade, Hotels and Restaurants	14654	14677	14677	14738	14738
Transportation	2111	2111	2111	2111	2111
Finance	98	98	98	98	98
Services	3822	3822	3822	3831	4025
Total	23545	23618	23672	23768	24020

Source: Dinnakerkop UKM Madiun City 2024

With the increasing number of MSME each year, it is natural for Muslims to question the halal supply chain of MSME products in Madiun City. This concern is especially relevant in an era where many raw materials circulating in the market are not yet certified halal. Moreover, Madiun City is now nicknamed the Pahlawan Street Center (PSC), which features miniature icons of the world. Therefore, it is crucial to pay attention to whether the products produced have been halal certified and follow a halal supply chain. Based on the results of the research, here is the data on the interest of MSME actors in Madiun City in using halal certification:

Table 2. Madiun City Institutions and Agencies

Data on MSMEs that have Halal Certification	
Institutions and Agencies	Amount
Ministry of Religion of Madiun City	4035
Madiun City Food Security and Agriculture Service	112
Amount	4.147

Source: Kemenag and DKPP Madiun City

Based on the research findings, here is the data of MSME that are interested and not interested in participating in the halal certification program:

Table 3. Participate in Halal Certification Program

No.	Name	Business	Address
1	Wiwit Lestari	Rumah Potong Unggas (RPU)	Jl. Timbangan No 12B Kelurahan Banjarejo Kecamatan Taman Kota Madiun
2	Sukma Kurniasih	Berry Bola Tahu Bakso	Jl Sri Dara Gang Mawar No 1 Kanigoro Kecamatan Kartoharjo Kota Madiun
3	Diyah Sri K D	Cireng Ayam	Jl. Asahan No 36 Rt 13 Rw 5 Kecamatan Taman Kota Madiun

Source: Research observations 2025

Table 4. Not Following the Halal Certification Program

No.	Name	Business	Address
1	Sukarno	Soto Ayam	Jl. Panglima Sudirman Gg.Jambe No 2 Rt 37 / Rw 12, Kecamatan Taman Kota Madiun
2	Hasmawati	Bebek Rempah	Graha Nirwana Asri blok B no 9 Kecamatan Kartoharjo Kota Madiun
3	Lasmini	Warung Ayam Bakar	Jl. Merbabu no.8, pangongangan Kecamatan Manguharjo Kota Madiun

Source: Research observations 2025

The Factors Affecting the Interest of MSME in Madiun City towards Halal Certification

There are two factors that influence the interest of MSME actors in participating in the halal certification program in Madiun City: first, internal factors, which include motivation, administrative readiness, and cost constraints. Second, external factors, which are related to influences from outside that affect MSME actors' interest in participating in the program. Several aspects of this factor include government support and applicable regulations, the influence of market trends and consumer demand, as well as easy access to information and good guidance from relevant institutions, which make these actors interested in the halal certification program organized by the Madiun City government. Based on research conducted on MSME in Madiun City, it was found that they have a positive view of halal certification. Interviews revealed that MSME are aware of the importance of halal certification. However, many of them still face obstacles in the process of applying for the certification.

Micro, small and medium enterprises already understand the obligation to have halal certification. They also realize that halal certification is a process of issuing certificates that can increase consumer confidence and be proof that the products sold have been proven halal. However, in general, many MSME do not understand the procedure for obtaining this certification. They consider halal certification to be very important for their business. This is based on the understanding that all processes in their business must use materials and methods that are in accordance with Islamic teachings. (Furqon 2024) From the data above, it is in line with the theory that has been explained in chapter II that the factors influencing interest according to Siti Rahayu Haditomo, have factors that influence it, and are grouped into two main factors, namely:

1. Internal Factors:

- a. Motivation: Micro, small and medium enterprises have internal motivation that halal certification is an important aspect for their business and products. Therefore, they are interested in participating in the free halal certification program.
- b. Business administration and management readiness: Micro, small and medium business actors who want to participate in the halal certification program must meet several file requirements. Because they are ready with these requirements, the actors are interested in participating in this program.

- c. Cost constraints and limited resources: Micro, small and medium enterprises complain about the difficulty in conducting halal certification independently because the high costs are not comparable to the turnover obtained. As a result, many micro, small and medium enterprises are reluctant to participate in the halal certification program. However, after the free halal certification program, the interest of micro, small and medium enterprises has increased rapidly because this program provides a solution to the cost constraints they face.
2. External factors:
 - a. Government support and applicable regulations: Micro, small and medium enterprises stated that the government fully supports the halal certification policy for micro, small and medium enterprises in Madiun City. With the pressure to require such certification, micro, small and medium enterprises are now more enthusiastic about participating in the program.
 - b. Influence of market trends and consumer demand: In this case, micro, small and medium enterprises are encouraged to participate in this program to remain competitive amidst the rapid development of market trends and increasingly stringent regulations. In addition, consumer demand is also one of the main factors that encourages them to participate in the program.
 - c. Access to information and assistance from institutions: Micro, small and medium enterprises are aware of the free halal certification program organized by the Madiun City Government through official social media. The ease of access to information has an impact on their interest in participating in the program. After participating, micro, small and medium enterprises feel very helped by the assistance from related institutions. These factors influence the interest of micro, small and medium enterprises in participating in the halal certification program in Madiun City.

Low Interest of Micro, Small and Medium Enterprises in Halal Certification

Although halal certification plays an important role in increasing consumer confidence and expanding the market, the interest of MSME to take care of the certification is still relatively low. Several factors that influence this include a lack of in-depth understanding of the procedures and benefits of halal certification, the assumption that their products are naturally halal, and concerns about the costs and complexity of the process. In addition, limited socialization from the authorities is also one of the causes of the lack of awareness of MSME regarding this obligation. Therefore, a joint effort is needed between the government, supporting institutions, and MSME associations to provide more intensive education and assistance so that business actors are more motivated to carry out halal certification. From the results of the interviews conducted, there are several aspects of the low interest of micro, small and medium business actors in the Madiun city area.

The statements made by Ms. Lasmini, Ms. Hasmawati, and Mr. Sukarno reflect the diverse perceptions of micro, small and medium enterprises regarding halal certification. First, Ms. Lasmini highlighted the importance of halal certification as a guarantee of consumer trust

and wider market access. However, she also pointed out that certification costs are a major obstacle, especially for small-scale or new micro, small and medium enterprises. This shows that the financial aspect is still a significant obstacle in the implementation of halal certification policies. Second, the statement from Mrs. Hasmawati revealed an information gap among micro, small and medium business actors. She admitted that she did not know that there was a free halal certification program provided by the Madiun City Government. This confirms that the government's socialization efforts have not been evenly distributed and have not optimally reached micro, small and medium business actors. This lack of information can lead to low participation of micro, small and medium businesses in the halal certification program, even though the program has actually been facilitated. Third, Mr. Sukarno's perspective reflects a fairly common view among micro-entrepreneurs, namely the belief that the products they make are definitely halal because they know the ingredients and processes themselves. This view shows a personal and informal understanding of the halal concept, which is different from the standards and legality set by official institutions. Although personal beliefs are valid, in the broader context of trade, especially exports and modern retail, the legality of halal certification remains an important requirement.

Overall, the low interest in halal certification is influenced by three main factors: cost constraints, lack of information and socialization, and subjective perceptions of product halalness. Therefore, a more effective communication strategy, ongoing assistance, and incentives or convenience in the certification process are needed so that businesses are more encouraged to take care of halal certification as part of strengthening their business competitiveness. Based on interviews and data presentations, it was concluded that the low interest of micro, small and medium enterprises in halal certification was caused by three main factors, namely: cost constraints, lack of information or socialization from the government, and the perception that their products were already halal personally so that they did not require official certification. Therefore, a more effective communication strategy, ongoing assistance, and ease in the certification process are needed to increase awareness and participation of micro, small and medium enterprises in the halal certification program.

The Impact of Halal Certification on Sales Turnover of Micro, Small and Medium Enterprises

The implementation of halal certification for micro, small and medium enterprises in Madiun City has a significant impact on various aspects, especially economic, social, and business operations. From an economic perspective, halal certification plays a strategic role that can increase product competitiveness amidst tight market competition. Consumer trust in halal-certified products opens up opportunities for micro, small and medium enterprises to reach wider market segments, both domestically and internationally, thus potentially increasing turnover significantly. In addition, access to business partners, such as modern retail and export platforms, becomes easier due to the halal guarantee that complies with regulations. Thus, halal certification not only functions as a label of compliance with religious standards, but also as a business strategy that supports the sustainable growth of micro, small and medium enterprises.

The results of the data presentation obtained from the interviews contain several aspects that are presented for analysis:

1. Changes in turnover and market expansion opportunities

Changes in turnover refer to fluctuations in the total gross income earned from the sale of goods or services in a given period. Turnover reflects revenue before deducting production, operating, or other expenses. Thus, changes in turnover can indicate an increase or decrease in the sales effectiveness of a business in a given period. Market expansion opportunities are opportunities for a company to expand its reach by entering new markets or increasing market share in existing areas. Market expansion can involve creating new markets, expanding facilities, hiring employees, and increasing economic activity. The main objectives of market expansion are to achieve sustainable business growth, increase sales and profits, and strengthen the company's position in the market.

Based on the results of interviews and data presentation, it can be concluded that the halal certification program has proven to have a positive impact on consumer trust and increased sales turnover. Consumers tend to be more confident in products that have halal certification because they are considered more guaranteed in terms of quality and halalness. This reflects that the aspect of trust is an important factor in purchasing decisions. In addition, halal certification also opens up opportunities for wider market expansion, including to modern stores such as minimarkets. With clearer and more reliable standards, products have a greater chance of being accepted by larger retail networks, thereby increasing competitiveness and market penetration.

2. Changes in consumer perception

Changes in consumer perception refer to shifts in how consumers view or evaluate a product, brand, or company due to various factors, such as new information, personal experiences, or external influences. Consumer perception is the process by which individuals know, remember, interpret, and selectively choose an object, which is subjective and preceded by the process of sensing. Based on interviews and data presentation, it can be concluded that consumer perception of halal products refers to awareness of the importance of halalness which still intersects with economic factors and individual preferences. Although many Muslims understand the urgency of consuming halal products, in reality, price differences are often a determining factor in decision making. Lack of information or education about the production process also contributes to the misunderstanding that all products labeled halal are definitely guaranteed to be halal, whereas errors in processing can change the halal status of a product. In addition, there is also a consumer segment that prioritizes taste over halal aspects, indicating that further efforts are still needed to increase public awareness of the importance of halal aspects not only in terms of labels, but also in the entire production process to consumption.

3. Long-term benefits of business sustainability

Long-term benefits of business sustainability refer to the benefits that companies gain through implementing sustainable business practices, not only in economic but also social and environmental aspects. By integrating sustainability principles, companies can achieve stable growth, enhance their reputation, and attract investors seeking long-term and responsible investments.

Based on interviews and data presentations, it was concluded that the halal certification program has a positive impact on business actors, especially in increasing self-confidence and expanding market access. This statement shows that halal certification is not just a formality, but also a strategic factor in business development. With certification, the products produced have higher competitiveness because they have met widely recognized halal standards. This reflects that consumers, especially in markets that are sensitive to halal aspects, are more likely to choose products that have official halal guarantees. In addition, halal certification can also increase business credibility, so that business actors are more confident in opening outlets and expanding marketing networks.

CONCLUSION

Based on the results of the research and discussion it can be concluded as follows:

1. Factors that influence the interest of micro, small and medium business actors in Madiun City to participate in the halal certification program are influenced by internal and external factors, especially from self-motivation and also the needs of their business. There are also actors who are interested because their knowledge regarding halal certification is important for the sustainability of their business. For micro, small and medium business actors who do not participate in the halal certification program, it turns out that there is a lack of educational literacy and understanding regarding halal certification, therefore there are still many micro, small and medium businesses that do not have halal certification and do not participate in the free halal certification program held by the city government.
2. The low interest of micro, small and medium enterprises in Madiun City towards halal certification is caused by three main factors, namely cost constraints, minimal information and socialization from the government, and subjective perceptions that their products are already halal without the need for official certification. The results of interviews with several micro, small and medium enterprises show that although they are aware of the importance of halal certification to expand the market and increase consumer confidence, many are still not moved due to these obstacles. Therefore, strategic efforts are needed from the government and related institutions to improve education, provide assistance, and facilitate access to halal certification so that the participation of micro, small and medium enterprises can increase significantly.
3. The halal certification program has a positive impact on business actors and consumers. For consumers, halal certification increases trust and encourages increased sales because it is considered to guarantee the quality and halalness of the product. This certification also

opens up wider market access, such as modern retail. However, consumer perception is still influenced by economic factors and personal preferences, such as price and taste, as well as a lack of education about the halalness of the product. For business actors, halal certification is not just a formality, but a business strategy to increase credibility, competitiveness, and business sustainability.

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