

## STRENGTHENING THE DEVELOPMENT OF PERFORMANCE AND COMPETITIVENESS OF MSMEs THROUGH THE BTN SYARIAH HALAL CERTIFICATION FACILITATOR PROGRAM IN JEMBER REGENCY

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**Abstract:** *The existence of MSMEs as one of the drivers of a country's economy is not in doubt. The contribution of MSMEs as a stimulus for the community in developing themselves and being able to create massive employment opportunities in the midst of society. So that this attracts the government in improving the performance and institutions of MSMEs in accordance with the national programs provided. The halal certification program is one of the mandatory programs for business actors to obtain halal certification management services for free. However, this is unable to fulfill the number of business requests that increase every year. For this reason, the need for a halal certification facilitator program facilitated by relevant agencies to support the inclusion of the halal industry in Indonesia. BTN Syariah Jember is one of the facilitating institutions that provides halal certification voucher services for business actors. Through this program, it can indirectly affect the performance and competitiveness of MSMEs in Jember Regency. The results of this study show that the contribution of the facilitator program runs optimally and is able to provide vouchers for the benefits of halal certification for 35 businesses. So that it indirectly has an impact on improving the performance and competitiveness of MSMEs after halal certification. However, this is still a major challenge for MSMEs to improve digital transformation to support online marketing media in the development of halal-certified MSME products.*

**Keywords:** Development, Performance, Competitiveness, Msmes, Facilitator, Halal Certification.

### 1. Introduction

The development of MSMEs has shown significant progress from year to year. It can be said that MSMEs are among the pillars of the Indonesian economy. It can be said that MSMEs are the mainstay of entrepreneurial motivation for the community, especially the millennial generation. The potential of MSMEs has the potential to create opportunities to utilize local human resources according to their expertise and experience. The Ministry of Cooperatives and MSMEs states that MSMEs are a productive small business scale capable of employing more than 107.6 million people ([kemenkop.go.id](http://kemenkop.go.id)). The participation of MSME performance has successfully contributed to increasing gross domestic product by 60.6%. In addition, MSMEs can be considered capable of increasing the value of local potential and turning the wheels of the economy in each region.(Muarif et al., 2023). Despite this potential,

MSMEs in Indonesia face numerous challenges. Some of the obstacles identified revolve around limited facilities and infrastructure, the level of business competition, and the lack of complete legal documentation.

Regarding legality, Law No. 34 of 2014 on Halal Product Management (JPH) stipulates that all products distributed and traded in Indonesia must be halal certified. Fulfilling the halal certification obligation is not limited to large companies with products already operating in various regions.(Rosita et al., 2023)However, this also applies to small businesses and MSMEs. Therefore, based on this law, fulfilling and processing halal certification for businesses is mandatory (Nur, 2023).

In line with the fulfillment of the obligation to have halal certification, the Government has launched a free halal certification program (SEHATI) as a national program under the auspices of the Halal Product Guarantee Agency (BPJPH) (Ariska et al., 2024). This program is expected to increase business participation in registering their products for halal certification. The SEHATI program, which runs from early 2020 to 2024, demonstrates the growth of the halal industry in Indonesia. Data from the Indonesian Halal Product Development Agency (BPJPH) indicates that 2.9 million products were halal-certified as of October 2024 (Bpjph.go.id). The number of certified products is shown in the table below, based on business scale.

Table 1. Number of halal-certified products in Indonesia

No	Business scale	Number of products
1.	Micro	4,344,514
2.	Big	633,747
3.	Small	320712
4.	Intermediate	163,818

*Source: BPJPH report as of November 2024*

Although the number of halal-certified products continues to grow annually, the implementation of the SEHATi program is still considered suboptimal. Many MSMEs still lack access to free halal certification services, both at the regional and urban levels. The limited quota and the large number of MSMEs accessing these services make obtaining halal certification challenging. This is further exacerbated by the suboptimal Halal Information System (SI Halal), resulting in suboptimal submissions for halal certification services. In response to these challenges, BPJPH (Indonesian Food and Beverage Authority) is opening opportunities for agencies and financial institutions to provide halal certification services through a facilitator program (Syahidin et al., 2024).

The facilitator program provides free halal certification vouchers, the cost of which is borne by the institution. Various companies, agencies, and financial institutions actively participate in this process. Funding from CSR (corporate social responsibility) is the company's goal in serving the community. BTN Syariah is one of the financial institutions that has the opportunity

to become a facilitator for MSMEs throughout Indonesia. This demonstrates BTN Syariah's commitment and integrity, with the leadership of the Muhammadiyah Center. This program is specifically for Muhammadiyah-assisted businesses that have not yet received halal certification services.

BTN Syariah Jember, as one of the representative offices, also participated in the implementation. Through this program, 25 halal certification vouchers were distributed to mentors to register for halal certification for MSMEs under the auspices of Muhammadiyah. It can be said that the legality of halal certification provides an opportunity for MSMEs to improve their performance and competitiveness in both local and national markets. Possession of halal certification can increase MSMEs' motivation, which impacts their performance and competitiveness after certification. Business owners are optimistic about being able to compete with other businesses.

Several previous literature studies have explained the role of halal certification as a form of legality and as a means of developing the competitiveness of MSMEs. However, no previous research has focused on the role of halal certification facilitator programs through private institutions and agencies. The research conducted by Umar Faruq (Al-Faruq et al., 2024). Research related to the implementation of marketing strategies and halal certification for the sustainability of MSMEs demonstrates the positive contribution of halal certification to MSME sustainability. This is further supported by research conducted by Ade Rosita.(Rosita et al., 2023). related to the implementation of the halal certification process as mandated by the JPH Law on food and beverage products. The law explicitly states that the obligation to obtain halal certification for business actors is more directed towards the institutional development of MSMEs. Referring to previous research, this study focuses more on the implementation of MSME performance and competitiveness development through a halal certification facilitator program with descriptive qualitative research and a SWOT analysis approach.

Based on the above background, this study focuses on the implementation of the BTN Syariah halal certification facilitator program in improving the performance and competitiveness of MSMEs in Jember Regency. This study is expected to describe the role and success of the halal certification facilitator program and formulate strategies for maximizing MSME performance and competitiveness.

## **2. Research Method**

The researcher uses qualitative research that aims to understand the phenomenon and social context scientifically. Furthermore, this research will be carried out in collaboration with the BTN Syariah Jember institution as the provider of the halal certification facilitator program. For this reason, this study involved 25 MSMEs that received halal certification service vouchers. This study uses a quantitative approach with a descriptive quantitative research type. The research focuses on the success of the halal certification facilitator program and its ability to contribute to the development of performance and competitiveness of MSMEs who are recipients of the program's services. Based on temporary observation data, the number of business actors who received halal certification facilitation services from BTN Syariah Jember. The distribution of MSMEs totaling 25 people is one of the primary data sources in this study. In addition, key informants from BTN Syariah Jember and Halal facilitators at the University of Muhammadiyah Jember facilitator institution were appointed to represent the implementation mechanism of the halal certification facilitator program. Data collection

techniques focused on interviews, observation, documentation, and a SWOT questionnaire. Secondary data sources were obtained from documents and library materials relevant to this research.

### 3. Discussion and Conclusion

#### 3.1. Implementation Mechanism of the Halal Certification Facilitator Program

The halal certification facilitator program is a form of halal certification assistance service, as regulated by Government Regulation No. 39 of 2021. This law emphasizes the role of other parties in facilitating halal certification for businesses and MSMEs. Funds for the halal certification facilitator program can come from:

1. Regional government revenue and expenditure budget funds
2. Funds sourced from alternative financing intended for micro, small and medium enterprises
3. Funds sourced from financing from partnerships between institutions and related agencies
4. Sourced from grants or aid from other countries
5. Based on self-help

The facilitator program, accessible through partnerships with relevant institutions and agencies, can be implemented in accordance with the service fees set by the Halal Product Assurance Agency (BLU). The implementation of these service fees affects the halal certification application procedure and the issuance of facilitation codes to businesses receiving the program's services. The regulation stipulates that the payment component for the halal certification facilitator service application fee is IDR 230,000,000 (two hundred and thirty thousand rupiah) for 10 registered businesses for one facilitator service. The stages of the halal certification facilitator service process can be seen in the image below.



Figure 1: Halal certification facilitation registration flow

Source: *Bpjp.halal.go.id*

This program aims to provide businesses with the opportunity to benefit from free halal certification services through voucher grants. Furthermore, it is expected to encourage participation from relevant institutions and agencies in supporting the development of MSMEs in Indonesia. Through the role of BPJPH, the facilitator program can be accessed by designated MSMEs, involving LP3H (House of Religious Affairs Institutions) in various regions.

The halal certification facilitator program is a program initiated by Bank Tabungan Negara (BTN) Syariah at the central level with the Muhammadiyah Central Leadership (PP). This program is realized in the implementation of a halal certification facilitator program. This program is realized by providing 200 halal certification vouchers distributed to Halal Product Processing Assistance Institutions (LP3H) Muhammadiyah universities throughout Indonesia. The halal certification facilitator program initiated by BTN Syariah is accommodated in various BTN Syariah branch offices throughout Indonesia. One of the pilot offices given authority is the BTN Syariah Branch Office of Jember Regency.

In this regard, the BTN Syariah Jember Office collaborated with the LP3H of Muhammadiyah University of Jember in early October 2024, beginning with the implementation of a collaborative relationship between the Halal Center of Muhammadiyah University of Jember and the BTN Syariah Jember Regency office. In this activity, the campus was represented by the Head of the Halal Center, while BTN was represented by the Branch Head. In implementing this collaborative activity, the facilitation program was carried out within a period of 4 months from the facilitation code was provided. To further facilitate the implementation of this activity, there is an internal group from the Halal Center, facilitators, and BTN Syariah Jember Regency. For more details, see the image below.



Figure 2: Signing of the cooperation agreement between BTN Syariah Jember and the Halal Center Study Center, Muhammadiyah University of Jember

*Source: Activity documentation*

Within the four months planned, the halal certification facilitator program between the two parties has been running smoothly. Thirty-five businesses have received assistance from BTN Syariah's Corporate Social Responsibility (CSR) funds, which have been well-managed, improving the performance of MSMEs after receiving halal certification.

Through cross-examination interviews, it can be seen that business owners greatly appreciate this initiative. Business owners have found this program to be very helpful, allowing them to receive halal certification services free of charge without incurring any costs. This is especially true considering that the MSMEs receiving facilitator services are from low-income families and rely solely on their own business revenue.

In an interview with Mr. Muhammad Zainul Hasan, he explained that receiving halal certification has significantly helped him expand his marketing efforts in several stores. He also frequently receives online orders because the product packaging is halal-certified. Miswari, a home-cooked yellow rice seller, echoed this sentiment. Mr. Miswari explained that with this program, businesses no longer need to incur high costs or wait for government approval to obtain halal certification. Simply by completing the required documents, halal certification can be registered and received in less than three months.

In addition, interviews were also conducted with the BTN Syariah Jember Branch. Ms. Rosa, as the person in charge, emphasized that the facilitator program is an active program of CSR fund implementation allocated for social activities. She emphasized that this is the first program aimed at strengthening the MSME program in Jember Regency. In addition, through the role of this program, it turns out to be able to assist the Jember Regency Cooperative and MSME Office in increasing the number of certified MSME actors. For this reason, the role and implementation of this facilitator program can be developed as a series of annual activities that can bridge financial sector institutions to play an active role in improving MSME development both in the Jember Regency area in particular, but also play a positive role in improving MSME performance in Indonesia.

### **3.2. Developing MSME Performance and Competitiveness After Halal Certification**

Halal certification is one of the tools Indonesian MSMEs use to gain competitive advantage in the international market. Products with halal certification will increase global trust in Indonesia, given that Muslims constitute the majority of the country's population. In fact, Indonesia has the fourth-largest sharia-compliant economy in the world, with a Global Islamic Economic Index (GIEI) score of 68.5 in 2020. Having halal MSMEs onboard digital platforms can increase efficiency and expand marketing channels domestically and internationally. The food and beverage sector with high potential to become a focus for national and international halal MSME development post-pandemic is food and beverage.

The focus on this sector is driven by shifts in consumer spending priorities, leading to more rational spending due to the post-COVID-19 economic contraction. According to the Director General of Agro-Industry (2022), the food and beverage (F&B) industry grew 3.75% in the first quarter of 2022, exceeding the 2.45% growth in the first quarter of 2021. Minister of Industry Agus Gumiwang Kartasmita stated that, "Furthermore, from January to June 2022, F&B exports reached \$21.3 billion, a nine percent increase compared to the same period in 2021 of \$19.5 billion." Given this, it is crucial to examine the role of BPJPH (Halal Product Assurance Agency) in assisting MSMEs in obtaining halal certification services through various accessible schemes.

The schemes offered by BPJPH for managing halal certification are divided into several schemes, namely:

1. The Free Self-Declaration (SEHATI) program, initiated by the government and funded by the State Budget (APBN), provides free halal certification services for businesses. This program is offered periodically from 2020 to 2025. One million MSMEs across Indonesia have benefited from halal certification services for products that meet the program's requirements. To facilitate access for businesses to obtain free halal certification, businesses collaborate with the Halal Product Processing Assistance Institution (LP3H) by involving competent assistants in the field of halal product processing in each region in Indonesia.
2. The regular scheme is intended for businesses that meet the criteria of products made from slaughtered meat and products with complex processes and large scale. This scheme involves a Halal Inspection Agency (LPH) and a halal auditor who acts as an auditor to oversee the production process in accordance with established halal standards.
3. The facilitator scheme, a halal certification scheme whose implementation process is almost identical to the self-declaration program, differs in that the facilitator program involves active participation from institutions and individuals to provide social facilitators with vouchers for halal certification services for businesses. This program can be implemented if an institution or company provides one voucher that can be accessed by at least 10 businesses. Halal certification involves the LP3H (House of Halal Certification Institution) and halal assistants.

Through the halal certification process, businesses have a positive impact on improving the performance of MSMEs, both at the regional and national levels. With legal status and a Business Identification Number (NIB), businesses can market their products in retail and modern outlets. Halal certification can serve as a unique selling point compared to products that do not yet have halal certification. MSMEs gain several benefits after receiving halal certification, including:

1. Providing guarantees of trust and security for consumers, especially Muslim consumers
2. Can increase wider market reach
3. Able to increase public awareness to consume halal food
4. Able to penetrate the modern market

As mentioned above, this demonstrates that MSMEs benefit from obtaining halal certification. In an interview with Masrurroh, a business owner who benefited from the BTN Syariah facilitator program, she emphasized that before receiving halal certification, the products sold by Musara businesses were less popular with the public. Despite assurances of the cleanliness and halal nature of their products, some buyers were reluctant due to the lack of halal certification. However, after obtaining halal certification, the products have become increasingly popular, attracting more buyers over time, not only in offline sales but also online. The certificate submission process carried out by the facilitator and the business owner can be seen in the image below.





Figure 3: Halal Certificate Submission Process for Business Actors

*Source: activity documentation*

Halal certification increases the recognition of MSMEs' performance and competitiveness within the community. However, this presents challenges and strategies for businesses to maintain their performance and competitiveness after receiving halal certification. Some strategies that can be developed include:

1. Business actors need to increase their capacity which is managed jointly by completing supporting legal requirements such as PIRT, BPOM, HACPP, and SNI.
2. Businesses need to join MSME communities, either independently or through a community organization under the auspices of relevant agencies or institutions. Participation in these communities can help them access advanced services and programs to enhance the development of their products and businesses.
3. The program aims to enhance MSME independence within business centers established based on similar businesses. This initiative aims to enhance synergy among several business actors, enabling them to share and communicate through forums to develop businesses at the regional level.
4. Increasing the role of large-scale businesses as a form of developing MSME centers coordinated by relevant institutions and agencies.
5. The need for digital transformation to support MSMEs to improve online-based marketing models.

Therefore, the need for government involvement, business entities, and financial institutions is a positive aspect that needs to be strengthened. Market dominance and enhanced MSME capabilities are key assets for business actors in enhancing their competitiveness and performance on the national stage. This ensures that MSMEs are not merely viewed as micro-enterprises with small-scale marketing, but also capable of driving a country's economy on a massive scale. Therefore, various support programs and an active government role are needed to effectively implement them for the advancement of MSMEs in Indonesia.

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The halal certification facilitator program launched by BTN Syariah aims to improve the performance and competitiveness of MSMEs in Jember Regency. This demonstrates the positive social role that can be established between financial institutions and the community through strengthening MSMEs. Furthermore, this program was initiated to help MSMEs obtain



the benefits of halal certification free of charge through vouchers. This allows halal certification to be optimized for MSME development in terms of marketing media. However, several challenges that MSMEs need to address after obtaining halal certification include increasing institutional roles by completing supporting legal requirements such as PIRT, BPOM, and SNI. Furthermore, the need for digital transformation of MSMEs to support online-based marketing media is worthy of being developed to improve MSME performance in Jember Regency today.

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