Factors that influence the offender’s decision MSME’s have a halal certificate in the district Bogor

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ABSTRACT

Based on Law No. 33 of 2014, the government requires halal certificates for food or drinks circulating throughout Indonesia, including those produced by MSMEs, the majority of business actors in Indonesia. Only 1 percent of MSMEs have halal certificates in Indonesia. This research aims to analyze the factors that influence the decision of MSMEs in Bogor Regency to have a halal certificate. The method used in this research is descriptive analysis and multiple linear regression analysis. This research uses primary data from 50 respondents who were interviewed via questionnaire. The results of this research show that the branding variable has a positive influence on the decision of MSMEs to have a halal certificate. The variables of halal awareness, regulations and halal certification facilities do not influence the decision of MSMEs to have a halal certificate.

ARTICLE INFO

Keywords:
- Halal certificate
- MSMEs
- Food and beverages
- Halal brands

1. Introduction

Total consumption in Indonesia in 2020 reached US$ 146.7 billion, being the highest among the Organization of Islamic Cooperation countries (Dinar Standard 2022). This is influenced by the Muslim population in Indonesia reaching more than 207 million people (BPS 2010). The large Muslim population influences the need for halal food and drinks. This is because a Muslim is required to consume halal food and drinks as stated in Surah Al-Baqarah verse 168 which means, “Hey people! Eat what is halal and good from what is found on earth, and do not follow the steps of Satan; because indeed the devil is a real enemy for you”. Halal food is food that is allowed according to Islamic law.

The majority of business actors in Indonesia are micro, small and medium enterprises (MSMEs), reaching more than 65 million units in 2019 and controlling a market share of 99.99 percent in Indonesia (Kemenkop UKM 2019). The government issued Law Number 33 of 2014 concerning Halal Product Guarantees which states that halal product certification is mandatory for business actors who produce food or import food into Indonesia. Minister of Finance Sri Mulyani stated that only 1 percent of MSMEs have halal certificates in Indonesia (Ministry of Finance 2021). This shows that many food and beverage products circulating in Indonesia are still not guaranteed to be halal.

Based on Law Number 33 of 2014 concerning Halal Product Guarantees which states that halal product certification is mandatory for business actors who produce food or import food into Indonesia. The law aims to providing comfort, security, product safety and certainty of the availability of halal products for the Muslim community. Minister of Finance Sri Mulyani stated that MSMEs that have halal certificates in Indonesia are only 1 percent of the total MSMEs (Ministry of Finance 2021). This shows that many food and beverage products circulating in Indonesia are still not guaranteed to be halal. The institution with authority to determine halal products is the Halal Product Guarantee Organizing Agency (BPJPH) and under the auspices of the Ministry of Religion. BPJPH collaborates with Regional Governments and other partners to organize the Free Halal Certification (Sehati) program. Sehati is a program designed to facilitate MSMEs in obtaining halal certificates without incurring costs. There are criteria that must be met by MSME players to take part in this program, including having a distribution permit (PIRT), Business Identification Number (NIB) and several other criteria. After all the criteria and requirements are met and approved, MSMEs are entitled to obtain a halal certificate. The Sehati program organized by BPJPH is open in all regions in Indonesia, including Bogor Regency.

Table 1. Number of MSMEs in Bogor Regency 2019-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Food</th>
<th>Drink</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>117 529 units</td>
<td>21 803 units</td>
</tr>
<tr>
<td>2020</td>
<td>124 801 units</td>
<td>23 152 units</td>
</tr>
<tr>
<td>2021</td>
<td>132 523 units</td>
<td>24 585 units</td>
</tr>
</tbody>
</table>

Source: West Java Open Data 2022

MSMEs operating in the food category play a major role in meeting consumption needs in Bogor Regency. The number of MSMEs in the food and beverage category increased from 2019 to 2021, as shown in Table 1. The increase in the number of MSMEs will create high competitiveness among MSMEs so that MSME players need efforts to increase their competitiveness. One way to increase the competitiveness of MSMEs is to have a halal certificate. Halal certificates provide a sense of peace and security for consumers, and protect local products from global competition (Prabowo & Rahman 2016). The large number of food and beverage MSMEs in Bogor Regency does not directly impact the number of halal certificates submitted. The low number of halal certificates in Bogor Regency is caused by MSMEs who are less interested in having halal certificates due to MSMEs' perception of complicated procedures and expensive halal certification costs (Oern et al. 2022). The number of MSMEs operating in the food and beverage category increased from 2019 to 2021, as shown in Table 1. The increase in the number of MSMEs will create high competitiveness among MSMEs so that MSME players need efforts to increase their competitiveness. One way to increase the competitiveness of MSMEs is to have a halal certificate. Halal certificates provide a sense of peace and security for consumers, and protect local products from global competition (Prabowo & Rahman 2016).
other parties, manual administration and limited use of technology, inadequate facilities and infrastructure so that the requirements for the halal certification process are still limited, and MSMEs do not yet have legal documents as the main requirement. processing halal certification (Ningrum 2022). These legal documents are in the form of Business Identification Number (NIIP), PIRT, NPWP, and others.

MSME actors who have halal certificates have undergone various procedures and fulfill the requirements when applying for halal certification, either submitting regularly or submitting through facilities organized by the relevant institutions. Applying for halal certification through the Sehati program organized by BPJPH provides financing facilities and ease in processing documents that must be fulfilled. Halal certification facilities are one of the reasons MSMEs have halal certificates (Khairunnisa et al. 2020). In addition, Oemar et al. (2022), Ramadhan & Gunanto (2020), and Farhan & Fajar (2021) halal awareness factors, knowing that products that have a halal label can be more widely known by consumers (branding) and knowing that there are regulations regarding the obligation to have a halal certificate for MSMEs, influence MSMEs in obtaining halal certificates. This research aims to identify the characteristics of food and beverage MSME actors who have halal certificates in Bogor Regency based on gender, age, religion, education, sales turnover and length of business establishment, as well as finding out the factors that influence food and beverage MSME actors in Bogor Regency to get a halal certificate.

2. Methodology

2.1 Data Types and Sources
This type of research is quantitative research. The data used in this research is primary data from 50 respondents who were interviewed via questionnaire. Sampling in this study used a purposive sampling method which refers to food and beverage MSMEs that have halal certificates in Bogor Regency.

2.2 Data Processing and Analysis Methods
Based on research by Ramadhan & Gunanto (2020), the methods used in this research are descriptive analysis and multiple linear regression analysis. Descriptive analysis was used to identify the characteristics of food and beverage MSMEs who have halal certificates in Bogor Regency. The tool used for descriptive analysis is Microsoft Excel. Multiple linear regression analysis was used to determine the factors that influence the decision of food and beverage MSMEs to have a halal certificate. The regression model used in this research is:

\[ Y_i = \alpha + \beta_1 HA_i + \beta_2 B_i + \beta_3 R_i + \beta_4 PF_i + e_i \]

Keterangan:
- \( Y_i \) = Decision to have a halal certificate
- \( \alpha \) = Intercept
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = variable parameters (coefficient)
- HA = Halal awareness
- B = Branding
- R = Halal product guarantee regulations
- PF = Halal certification facility program
- e = Remainder (residual)
- i = Respondent i (i = 1, 2, 3, ..., n)

3. Result

3.1 Characteristics of Food and Beverage MSMEs Who Have Halal Certificates
The majority of MSME actors were in the age range of 41 to 50 years, and the average age of MSME actors was 43.62 years. There are five people or 10 percent of MSMEs aged between 21 and 30 years. MSME actors aged between 31 and 40 years and 51 to 60 years comprise 11 and 16 people, or 22 and 36 percent, respectively. The difference between the youngest and oldest ages of MSME actors is quite large; the youngest age of MSME actors is 21 years, and the oldest age of MSME actors is 58 years (Figure 1).

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The educational background of the respondents was mostly college graduates with 31 people or 62 percent. College graduates can be categorized as Diploma, Bachelor or Master graduates. Respondents with a high school/equivalent educational background were 17 people or 34 percent. Apart from that, there were 1 respondents each with elementary and middle school educational backgrounds or 2 percent (Figure 4).

There were 29 respondents or 58 percent of MSMEs who had a turnover of less than IDR 25,000,000 were 27 people or 54 percent. There were 23 respondents who had a turnover of IDR 25,000,000 to IDR 208,000,000 or 46 percent (Figure 5).

The majority of MSME actors are female, 35 percent or 70 percent and as many as 15 people or 30 percent are male (Figure 2).

The respondents’ religion was dominated by Islam with 47 people or 94 percent. Apart from MSMEs who are Muslim, this questionnaire is also open to followers of other religions. Respondents who were Christians and Buddhists were 2 and 1 people or 4 and 2 percent respectively. MSME actors who are entitled to have a halal certificate are not limited to the Islamic religion because the laws regulated also apply to non-Muslim MSME actors (Figure 3).

Figure 1. MSME Actors Based on Age

Figure 2. MSME Actors Based on Gender

Figure 3. MSME Actors Based on Religion

Figure 4. MSME Actors Based on Education

Figure 5. MSME Actors Based on Sales Turnover

Figure 6. MSME Actors Based on Length of Business
3.2 Factors that Influence the Decision of Food and Beverage MSME Players to Have a Halal Certificate in Bogor Regency

Before estimating a multiple linear regression model, a classical assumption test is needed so that the model used can be categorized as a model that meets the Best Linear Unbiased Estimator (BLUE) criteria. The classical assumption tests that must be met are normality, multicollinearity, autocorrelation and heteroscedasticity.

The normality test is carried out to determine whether the research data is normally distributed or not. The Kolmogorov-Smirnov test shows that the significance value of 0.068 is greater than 0.05, so it can be said that the research data is normally distributed.

### Table 2. Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Residual</th>
<th>N</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halal Awareness (HA)</td>
<td>0.382</td>
<td>50</td>
<td>0.068</td>
</tr>
<tr>
<td>Branding (B)</td>
<td>0.595</td>
<td>2.615</td>
<td></td>
</tr>
<tr>
<td>Regulation (R)</td>
<td>0.395</td>
<td>2.529</td>
<td></td>
</tr>
<tr>
<td>Certification Halal Facility (PF)</td>
<td>0.755</td>
<td>1.325</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data (2022), processed

The multicollinearity test was carried out to find out whether a regression model found a correlation between the independent variables. The multicollinearity test shows that the Variance Inflation Factor (VIF) and Tolerance values for all independent variables are smaller than 10 and greater than 0.1 so there is no multicollinearity problem.

### Table 3. Multicollinearity Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halal Awareness (HA)</td>
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<td>No multicollinearity</td>
</tr>
<tr>
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<td></td>
</tr>
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<td>1.325</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data (2022), processed

The autocorrelation test is used to test whether or not there is a correlation between errors in period t and confounding errors in period t-1 (previous) in the regression model. The Durbin Watson value can be seen in Table 4 of 2.100 indicating that the basis for decision making no. 5 which states du (1.7214) < d (2.100) < 4 – du (1.7214) gives the result 1.7214 < 2.100 < 2.2786. This explains that there is no positive or negative autocorrelation.

### Table 4. Autocorrelation Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2.100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2022), processed

The heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the residuals of one observation to another. To determine whether heteroscedasticity occurs or not in the regression model, the Glejser test can be carried out. If the significance value is greater than 0.05, it can be said that heteroscedasticity does not occur. The Glejser test shows that the probability values for all variables are smaller than the real level of 0.05, so it can be said that the regression model has heteroscedasticity.

This research corrects heteroscedasticity using Robust Standard Error, or also known as heteroskedasticity robust standard errors which was introduced by econometrician White in 1980. Standard error estimation helps to avoid errors in calculating the estimation interval or wrong values when heteroscedasticity occurs. The existence of heteroscedasticity problems indicates that the regression model used is not the best. In addition to overcoming heteroscedasticity problems, robust standard error can be used to avoid possible misspecification of the variance function when using Generalized Least Squares (GLS) Gujarati in (Fadila & Ratna 2023).

### Table 5. Factors that Influence ownership of a halal certificate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Robust Std. Error</th>
<th>t count</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>2.389</td>
<td>1.130</td>
<td>2.114</td>
<td>0.040</td>
</tr>
<tr>
<td>Halal Awareness (HA)</td>
<td>0.381</td>
<td>0.267</td>
<td>1.428</td>
<td>0.160</td>
</tr>
<tr>
<td>Branding (B)</td>
<td>0.331</td>
<td>0.165</td>
<td>2.014</td>
<td>0.050</td>
</tr>
<tr>
<td>Regulation (R)</td>
<td>0.009</td>
<td>0.129</td>
<td>0.068</td>
<td>0.946</td>
</tr>
<tr>
<td>Certification Halal Facility (PF)</td>
<td>-0.043</td>
<td>0.057</td>
<td>-0.749</td>
<td>0.458</td>
</tr>
</tbody>
</table>

Source: Primary Data (2022), processed

The statistical test results show the R-squared (R²), F-statistic and t- statistic values for each independent variable. The R-square value of 0.720 indicates that it is 72 percent The diversity of the dependent variable in the decision of MSMEs to have a halal certificate can be explained by the factors in the model, while the rest is explained by other factors outside the model. Prob value, F (statistic) is smaller than 0.05. This shows that the independent variables as a whole have an influence on the dependent variable, namely the decision of MSMEs to have a halal certificate.

### 4. Discussion

The decision variable (B) shows a statistically significant value at the 5 percent real level with a value of 0.05. This means that the decision of food and beverage MSMEs to have a halal certificate is influenced by confidence in halal branding which can increase sales of their products. These results are in accordance with Ramadhan & Gunanto’s (2020) research that branding variables influence the decision of MSMEs to carry out halal certification. These results are also in accordance with the institutional theory developed by Ab Talib et al. (2016), namely mimetic isomorphism, the motivation for having a halal certificate is based on a sense of competition and fear of losing customers. Apart from that, this research is also in accordance with research by Armiandis et al. (2021) which explains that customer confidence in halal labels can increase sales and influence producers to have halal certificates.

Other variables in the model, namely halal awareness (HA), halal product guarantee regulations (R), and halal certification facilities (PF) do not show significant results at the 5 percent real level. These three variables do not have a significant effect on the decision of food and beverage MSMEs to have a halal certificate. Food and beverage MSME players only consider the branding factor (B) in making the decision to have a halal certificate.

### 5. Conclusion

Based on research results, the majority of MSMEs who have halal certificates are in the age range between 41 and 50 years, are female, are Muslim, have studied up to university, have a sales turnover of less than 25 million and have been in business for 5 to 10 years. The results of multiple linear regression analysis show that the branding variable (B) has a significant influence on the decision of food and beverage MSMEs to have a halal certificate in Bogor Regency.

The halal label on MSME products is a differentiator from products that do not have a halal certificate and is a strength for MSME players so that consumers are loyal to the product so that MSME players have halal certificates so they don’t lose customers. The halal awareness factor does not influence the decision of MSMEs to have a halal certificate because knowledge about halal products is not enough to carry out halal certification. The regulatory factor for halal product guarantees does not influence the decision of MSMEs to have a halal certificate because the implementation of halal product guarantee regulations is not strong enough in Indonesia. The halal certification facility factor does not influence the decision of MSME actors to have a halal certificate because halal certification facilities have not been implemented effectively, and it has not made it easy enough for MSME actors to carry out halal certification.

The government is expected to be able to help MSMEs that have problems having halal certificates by making the halal certification process easier and providing outreach that can reach all MSMEs. Socialization regarding the advantages of having a halal certificate can provide motivation to MSMEs who have not received a halal certificate. MSME players who do not yet have a halal certificate are advised to immediately carry out halal certification because a halal certificate can shape the image of the product and build loyalty for Muslim consumers.

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