

Halal industries growth in Salatiga, Central Java, Indonesia

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Article History

Received : 2022-11-30

Revised : 2023-01-16

Accepted : 2023-01-17

Published : 2023-03-06

Keywords:

Halal industry; MSMEs; halal balanced scorecard; management; tolerance.

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DOI:

10.20885/AMBR.vol3.iss1.art8

Abstract

This study aims to see the growth performance of the halal industry through the perspective of business actors within the framework of tolerance and the creative economy. The city of Salatiga was chosen as the research location because it has the achievement of being the most tolerant city in Indonesia; this is a new reference base for developing the halal industry from a sociocultural perspective. Through qualitative research with a case study approach, the key person for this research is the Head of the MSMEs Division of the Cooperatives and MSMEs Office of Salatiga City and 22 MSMEs entrepreneurs who will receive free halal certification services in 2021. The data obtained in the form of primary data are analysed using the Atlas.ti application. The data is then validated through triangulation of data with secondary data. The research instrument was developed from the halal balanced scorecard theory, which has four (4) perspectives: learning and growth, internal business, customer, and financial. The results of the data analysis show that government support significantly impacts the process of growing MSMEs awareness to learn to provide halal guarantees for the products they produce. This affects their internal business, so they always evaluate critical points in their production activities. This is done because running a business on a consumer-oriented basis so that halal needs must be met to gain consumer confidence in the end financially, their income has increased. Based on these results, this research can be a recommendation for BI, KNEKS, and the Ministry of Cooperatives and MSMEs to determine the policy direction for developing MSME-based halal industries based on the approach of social and cultural values that still need to be prioritised.

Introduction

It is generally acknowledged that the Covid-19 pandemic has resulted in changes in various aspects of life. Judging from Indonesia's economic growth, which experienced a contraction of 0.42% (Badan Pusat Statistik, 2021), the government has a big task to maintain people's aggregate purchasing power. Therefore, the development of the creative economy is critical during the recovery phase of the Covid-19 pandemic as it is now.

Data from Badan Ekonomi Kreatif (2019) shows that the strategic target of GDP growth figures with the Key Performance Indicators of Creative Economy GDP growth from the target of 5.30% can be realised up to 5.10%, so that the achievement is 96.23%. This figure indicates the ability of creative industries to absorb labour optimally. It was recorded that from the target of 17.20 million people, the creative sector could absorb 19.01 million workers and produce an export value of innovative products of USD 22.07 billion from the target of only USD 21.50 billion. This condition shows the government's success in utilising resources, funds, and organisations to oversee the growth of creative industries in Indonesia. However, this success was challenged when the Covid-19 pandemic hit almost all world countries.

The Coronavirus, which scientists agree that this virus originated from wild animals (Kompas.com, 2020), has changed the lifestyle of the world's people. This is an excellent potential for the halal industry, considering that halal principles are a universal indicator of guaranteeing the quality of a product and standard of living in which there are elements of cleanliness, health, security, safety, prosperity, as well as human dignity (Gillani et al., 2017).

The creative economy should respond to people's anxiety about limited economic activity during the pandemic and look to the halal industry. Globally, the growth of the halal industry itself is showing increasing growth. Still, Indonesia, which in 2018 was included in the top 10 consumer cluster category in each of the halal industry sub-sectors, experienced a decline in performance where only Islamic finance and halal tourism were ranked in the top 10 (Dinar Standard, 2020). This condition further strengthens the reason for the halal industry to be prioritised by considering the dominant Muslim population in Indonesia, reaching 87.18% of the total population of 232.5 million people (Dinar Standard, 2019).

The government's efforts to grow the halal industry by developing halal industrial zones must be supported by various policy-supporting sectors. The presence of ethnic, cultural, religious, and racial diversity in Indonesia can cause horizontal conflict (Amalia & Nanuru, 2018; Yunus, 2014). Conversely, this can also be used as a potential to be developed as capital for the development of the halal industry. The principle of diversity, which forms the basis of the State of Indonesia, will be harmonious if an attitude of tolerance in a society accompanies it.

In religious tolerance, each person is given the freedom to be able to believe in and embrace the religion of their own choice while at the same time respecting the implementation of the religious teachings held or accepted by others. Therefore, in a tolerant society, it will be easy to develop the halal industry considering that the principle of a Muslim must carry out his religious orders in all aspects of life, and non-Muslims understand these basic needs.

The zoning of the halal industry is also very much aligned with the needs of the pandemic recovery period. Limiting community activities to travelling outside the city is a compelling reason to develop a creative economy-based halal industry through exploring ideas and growing local MSMEs that can ultimately meet the community's needs in their respective regional areas. This will create a new market niche so that the multiplier effect on regional development can continue.

Salatiga, designated a tolerant city with the highest index value (Setara, 2021), has a multicultural face. The achievements that have lasted for the last three years have made the city of Salatiga fascinating as a case study to see how far the understanding of business actors is in fulfilling community needs within a tolerance framework. Through the Balanced Scorecard model, this study seeks to measure and assess the performance of MSMEs and whether their operational activities are oriented toward fulfilling Muslim needs with halal principles that must be met.

The problems in the background described above require limiting the problem so that the research results can be focused. Therefore, the formulation of the situation in this study is to conduct an empirical analysis of how financial performance, service to Muslim customers, company internal quality and the provision of halal guarantees increase Muslim consumer confidence in the city of Salatiga.

Literature Review

Creative Economy in the Halal Industry

The creative economy is a business activity that produces, promotes, distributes, or commercialises products, services, and activities related to regional culture (Aisha et al., 2019). The cultural industry has production and consumption activities that reflect or have a connection with its own culture. Under these conditions, this creative sector comprises a broader range of productive businesses, including the goods and services produced by the cultural industry or the technological innovation process (Wardana et al., 2023). From some previous definitions, the creative sector refers to business activities based on creativity and innovation that produce goods and services.

Creativity is not just a characteristic of people. Spanning sectors from science and high-tech, research and knowledge industries comprise a broader range of productive businesses, including goods and services, to media, music, design, and the arts; the creative economy is an increasingly important driver of innovation, jobs and economic growth (Virani, 2023). The creative class, who work in those sectors, makes up a third or more of the workforce of the advanced nations. This entry discusses the rise of the creative industries and the creative economy, the

creative class, creative cities, and the challenges posed by the emergence of creativity as a critical factor in economic and social life (Florida & Adler, 2020; Gregory, 2016; Munro, 2017).

As its fluid label illustrates, the creative economy is a fast-changing and shape-shifting phenomenon. It has challenged policymakers who have generally tried and failed to use generic policies to guide its development (Graham, 2023; Shaw & Choi, 2023). However, specific guidelines have been caught in the bind of appealing to either economic or social-cultural development: patrimony and heritage, new cultural forms, or instrumentalism at the cost of intrinsic policy objectives. One lesson from this period is that policies and thinking based on the creative economy as self-sufficient of, or isolated from, economy and society needs to be more helpful. The notion of an innovative economy ecosystem has helped to 'rethink' the networks, linkages and interdependencies that characterise it (Lu & Qian, 2023; Pratt, 2021).

Halal products are goods and services produced by the production process declared halal by Islamic law's provisions. The halal industry is part of the Islamic Economy, which the government has recently developed. In its development, Islamic Economics first touched the financial services sector. Islamic banking itself began to grow with the establishment of Bank Muamalat as the first sharia commercial bank in Indonesia. In 2020, Islamic banking had a market share of 5.99%. This figure may seem small, but the growth of Islamic banking itself continues to show consistent growth (Syariah Knowledge Center, 2020).

The development of Islamic Economics is increasingly reaching other industrial sectors. The establishment of the Halal Product Guarantee Agency (BPJPH) by the government aims to accommodate the relatively large market potential of domestic halal products, and this is also in line with the strengthening religious tendencies of the average Indonesian population, as well as the dominant of the Muslim population in this country.

The principle of halal itself is generally interpreted more broadly. Not only permissible for consumption but also fit for consumption. Halal certification is a form of guaranteeing consumer goods according to halal principles. For Muslims, the halal logo indicates that the product meets the requirements set by Islamic law to be suitable for consumption. On the other hand, for non-Muslim consumers, the halal logo can represent a symbol of cleanliness, purity, quality, health, and safety. This logo is simultaneously a universal standard and a world barometer for determining the quality of consumer products (Kamila, 2021).

To increase the growth of the halal industry itself, the government is trying to develop a framework for the Indonesian halal value chain. This is then realised by efforts to establish halal areas, halal zones, and halal clusters. Opening opportunities for the halal industry in unique places is a potential for each region to create regional-based halal zones by creating creative sectors. The development of a particular area in one location can accommodate all components of the halal industry (food, beverage, finance, pharmaceuticals, fashion, tourism, entertainment, and media, as well as cosmetics).

The potential for business models in particular areas for the halal industry itself can be synergised with the development of an MSME-based creative economy in each region so that people's needs can be met and reduce the length of the distribution chain of consumer goods.

Concept of Tolerance

The wave of globalisation has impacted the current world. Everyone could not shake off the influence of globalisation. Globalisation is a new stage of progress during the development of world history, which has increased human interaction. It has not only been growing social mobility, the opportunity to exchange each other, closing the relationship between different nations and ethnics, making people commonly enjoy the achievements of the spiritual and material civilisation of human beings, but also going up the friction, even conflict between different cultures, religions, systems and ideologies. Especially after the Cold War, the distinctive features of international religion are complicated by globalisation: the story of religious fundamentalism is fast on the one hand, and the trend of religious secularisation is also developing quickly on the other. The contradictions, clashes and even conflicts in the name of religions or caused by beliefs are sharpening on the one hand, and the appeals for peace, tolerance and harmony by religious groups and leaders are also

rising to an unprecedented height on the other hand. Global migration and cultural exchange are enhancing on the one hand; the phenomena of cultural barriers and guarding against each other are nothing new on the other (Jinguang, 2013).

Tolerance is broadly defined as an attitude toward human behaviour that does not deviate from the applicable rules. A person also respects and respects every action taken by others (Casram, 2016). Anyone must show respect in society as a form of recognition of the plurality in the State of Indonesia. Tolerance occurs because of cultural differences, which are part of everyday life. Therefore, tolerance is the most straightforward attitude of mutual respect, which will positively impact the nation's integrity in general and the harmony of society in particular.

The meaning of tolerance itself has two different interpretations. First is the negative interpretation, which states that tolerance is sufficient with an attitude of letting and not hurting other people or groups, whether separate or the same. While the second interpretation is a positive interpretation which states that tolerance is not just allowing other people but also the existence of assistance and support for the presence of other people or other groups (London, 2013).

In the value of tolerance, there are points of reflection that can be seen from a person's attitude, namely as follows (McLean, 2006):

- a. Peace is the goal, while tolerance is the method.
- b. Tolerance is open and accepts every difference.
- c. Tolerance is an attitude of respect for individuals, including their differences.
- d. Tolerance is mutual respect through understanding.
- e. The seeds of intolerance are fear and indifference.
- f. The origins of tolerance are love, compassion, and care.
- g. The absence of love makes no attitude of tolerance.
- h. Tolerance can also be interpreted as the ability to deal with difficult situations.
- i. The existence of understanding and open-mindedness of people who are tolerant by treating others with respect and showing tolerance, in the end, the relationship between individuals will develop.

The attitude of tolerance contains elements that can be seen through one's expression of others. These elements are as follows: giving freedom and independence to others, acknowledging everyone's rights, respecting other people's beliefs, and understanding each other.

Based on the concept of tolerance above, efforts to develop the halal industry are very appropriate when viewed from the perspective of tolerance for the diversity of Indonesian society. In addition to fostering horizontal conflict, meeting community needs will be much more affordable if everyone prioritises support for others who must fulfil their basic religious needs by carrying out economic activities based on halal principles.

Performance Measurement

Performance measurement is a way to monitor and measure the progress the organisation has achieved on the strategic goals that have been prepared (Bedford et al., 2022; Vegter et al., 2023). Performance measurement in the current digital era needs to be shifted to HR motivation to realise the vision and mission of the organisation. Performance measurement starts from determining performance measures, which are translated from the previously defined idea of the organisation. Therefore, the organisational vision needs to be translated into goals, strategic plans, and success measures (Alosani et al., 2020).

The Balanced Scorecard (BSC) method has been recognised as an effective method for improving company performance (Akinbowale et al., 2022; Faraji et al., 2022). In this case, every company can apply this concept to ensure that halal products are produced and distributed to Muslim consumers by combining the principles of the BSC perspective according to halal regulations to prevent cross-contamination with non-halal products.



Figure 1. Halal Balanced Scorecard

The Halal Balanced Scorecard adapted to the halal principles is as follows:

a. Learning and growth perspective (learning & growth)

In this perspective, company performance is measured by focusing on the quality of human resources, organisation, supply chain, and the like. If it is associated with the halal industry, a company can carry out several strategies to design an organisation that adheres to halal values, including:

1. Increase the knowledge and skills of company HR related to the importance of halal in the production process.
2. Develop policies that support production with halal principles.
3. Conduct training for employees regarding the halal production process.
4. Develop technology that supports halal production.

b. Internal business process perspective (internal process)

This perspective is also essential after learning & growing in realising business processes in the halal industry. An excellent and halal internal process will create a supply chain result that is guaranteed to be halal without any contamination to the consumer. Several strategies can be carried out as follows:

1. Develop a Standard Operating Procedure (SOP) that involves all components of halal production, starting from input and processing to output.
2. Carry out periodic controlling of the business processes of the halal industry so that this ability to prevent contamination.
3. Develop an integrated halal product distribution system.

c. Customer perspective (customer)

The customer perspective is the impact of applying the two previous views. This perspective illustrates that companies can improve the quality of relationships (relationship quality) as a reciprocal of the business processes offered to customers. As a result, satisfaction, commitment, and customer trust will increase by guaranteeing consumer goods from contamination by non-halal products.

To complement the halal product being produced, manufacturers will look for couriers who can guarantee no contamination, namely halal logistics companies. Thus, producers will feel calm, considering that halal logistics services will maintain the halal quality of these products so that they reach the hands of suppliers and consumers. As a result, parties who need the presence of halal logistics will put their trust in always using halal logistics services so that suppliers and consumers don't have to hesitate anymore to buy these goods.

d. Financial perspective (financial)

A halal supply chain process will be created by offering a comprehensive concept of the halal industry business to increase customer satisfaction, trust, and commitment. In the end, customers who get positive will always use halal products, and the demand for this concept will increase. This will significantly affect turnover, so in the end, this is what will boost the company's financial performance.

Research Methods

The research that will be carried out is based on the formulation of the problem defined at the beginning of this proposal, namely by using qualitative methods. The city of Salatiga, with achievements for three consecutive periods, has been ranked as a tolerant city, making it enjoyable to explore using case study techniques. The case study explores bounded systems or cases arising from everyday things (Brito et al., 2017).

In addition, this method has the specificity and complexity of a single case studied and attempts to understand the issue in a particular context, situation, and time. With this method, researchers are expected to be able to capture the complexity of the case. Bearing in mind that the value of tolerance still needs to be nurtured in a multicultural society, this study was conducted because this case is so unique and essential and will benefit readers and the community in general. By understanding the subject in depth, the researcher will capture what is necessary for the interests of society, organisations, or parties.

Given that the purpose of this study is to evaluate MSME actors in Salatiga in their production activities to accommodate the value of tolerance so as not to reduce the rights of Muslim consumers, the population of this study is all MSMEs in Salatiga. At the same time, the samples taken are key people, namely MSME entrepreneurs who will receive halal certification in 2021 and have had businesses running for more than three years. After pivoting these criteria, the author get approximately 11 informants as our respondent to do the research. The author also mentioned part of conversation and interview process to support the findings. As part of integrity to doing qualitative and descriptive research, the author only mentioned abbreviation of each name of our respondents, not in their fullname.

Research data from interview results and field documentation were analysed using ATLAS.ti application. This analysis uses the theory of Strauss and Corbin (1994) with some adjustments for the phenomenological approach, as shown below.

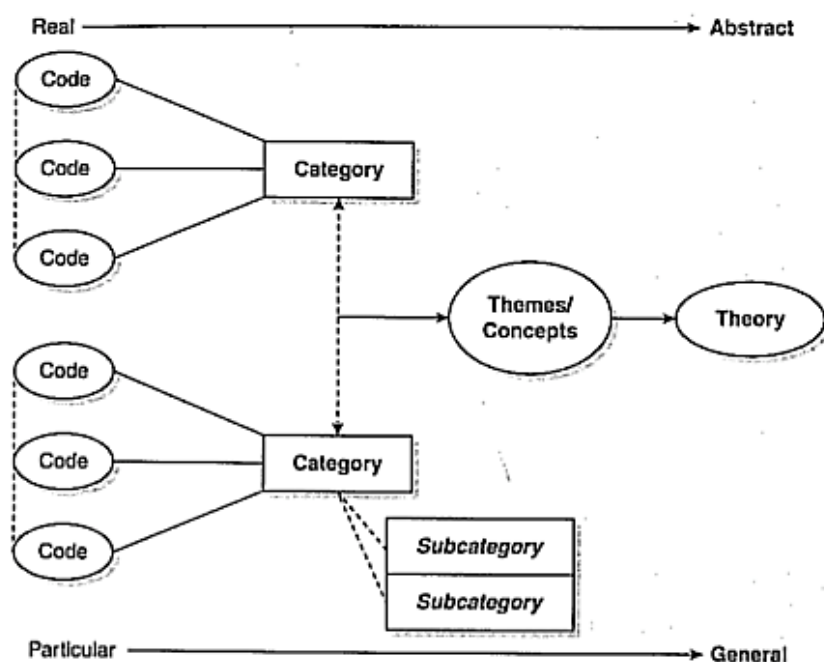


Figure 2. Qualitative Data Analysis Model, Source: Strauss and Corbin (1994)

The stages of data analysis follow three stages. The first stage of data analysis is data coding. In this phase, the researcher reads narrative text, photos, and videos to code the data into a code. This coding process refers to the research focus and produces specific categories ready for further analysis.

In the second stage, researchers will display data that has been processed with the help of ATLAS.ti. In the third stage, the researcher will present and discuss the findings. The unit of analysis for this research is the institution, organisation, or institution. Even though those who act in the field are individuals, individual actions reflect the behaviour of institutions, organisations, or institutions. Meanwhile, secondary data was collected from government, private, and civil society publications related to the development of MSMEs in Salatiga and the value of tolerance in Salatiga. The form of secondary data can be in the form of scientific journals, reports, or official institutional news.

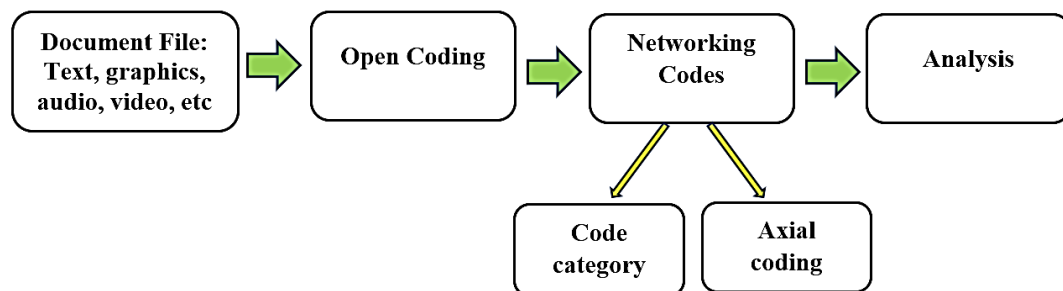


Figure 3. The Flow of Data Analysis using ATLAS.ti

Results and Discussion

Data Description

Salatiga, a city with an area of 56,781 km², has a relatively moderate population density. The economic activity of the people of Salatiga is dominated by the processing industry, which contributes to a GRDP of Rp. 3,322,653,200,000 in 2017 (Bappelitbangda, 2019). The processing industry in the City of Salatiga itself is supported by MSMEs, whose number reached 14,440 in 2021, which figure skyrocketed during the Covid-19 pandemic. Interestingly, MSMEs in Salatiga City is dominated by food and beverage businesses by 80%.

Changes in economic patterns during the pandemic showed consumers wanted to carry out their economic activities using hygiene and health standards. Besides, encouraging every matter to get halal guarantees also gets more attention. It is proven that consumers of all certifications tend to be trusted by consumers as quality goods (Annisa, 2021). Therefore, systematic efforts are needed to grow MSMEs that are halal-certified.

Table 1. List of Issuance of Halal Certification Salatiga 2021

No.	Initial	Brand	No.	Initial	Brand
1.	AS	Dapur Snackery	12.	MMWH	Cinda Kitchen
2.	AYH	Kriket Keripik Kentang	13.	ME	Green Leaf Production
3.	AW	Mentari Snack	14.	M	Gajah
4.	ARY	Stik Balado 4 Gajah	15.	SRh	Teman Makan
5.	ARD	Olahan Singkong	16.	SRj	Rokika
6.	DE	Aulia Jaya Cake and Cookies	17.	TSj	Roti Maju
7.	EW	Annisa Bakery	18.	TSy	Singkong Satriyo
8.	FP	3 Putri	19.	W	Dapur 80
9.	HS	Restu Makmur	20.	YAS	Inidia Bakery
10.	I	Roti Kering Nugroho	21.	Y	Dollar Anugerah
11.	JM	CV Semesta Alam Raya	22.	ZH	BCH Food

Source: Interview with the Head of the MSME Division of the Office of Cooperatives and UKM, Salatiga City (2021)

MSMEs in Salatiga City will have halal certification in 2021 with 22 businesses, all of which are culinary businesses. Of the 22 firms, not only are they owned by a Muslim, but 2 (two) business owners are non-Muslims who also take part in the halal certification program held by the Office of Cooperatives and SMES in Salatiga City. The age of each business also varies, ranging from 7 years to dozens of years. This indicates that most business owners understand the urgency of halal certification in their products.

In Figure 4, resource person L, who is also the Head of the MSME Division of the Cooperatives and MSME Office of the City of Salatiga, explained that the halal certification program, which is part of the Cooperatives and MSME Service program, has the aim of helping micro, small and medium industries in developing their businesses. In addition, halal certification also aims to increase public trust in MSME products, considering that Salatiga is a multi-religious city that its people embrace. With the belief that appears in the community for goods consumed, the market trend for MSME products in the town of Salatiga will increase; furthermore, this will undoubtedly improve overall welfare, both from the perspective of producers and consumers.

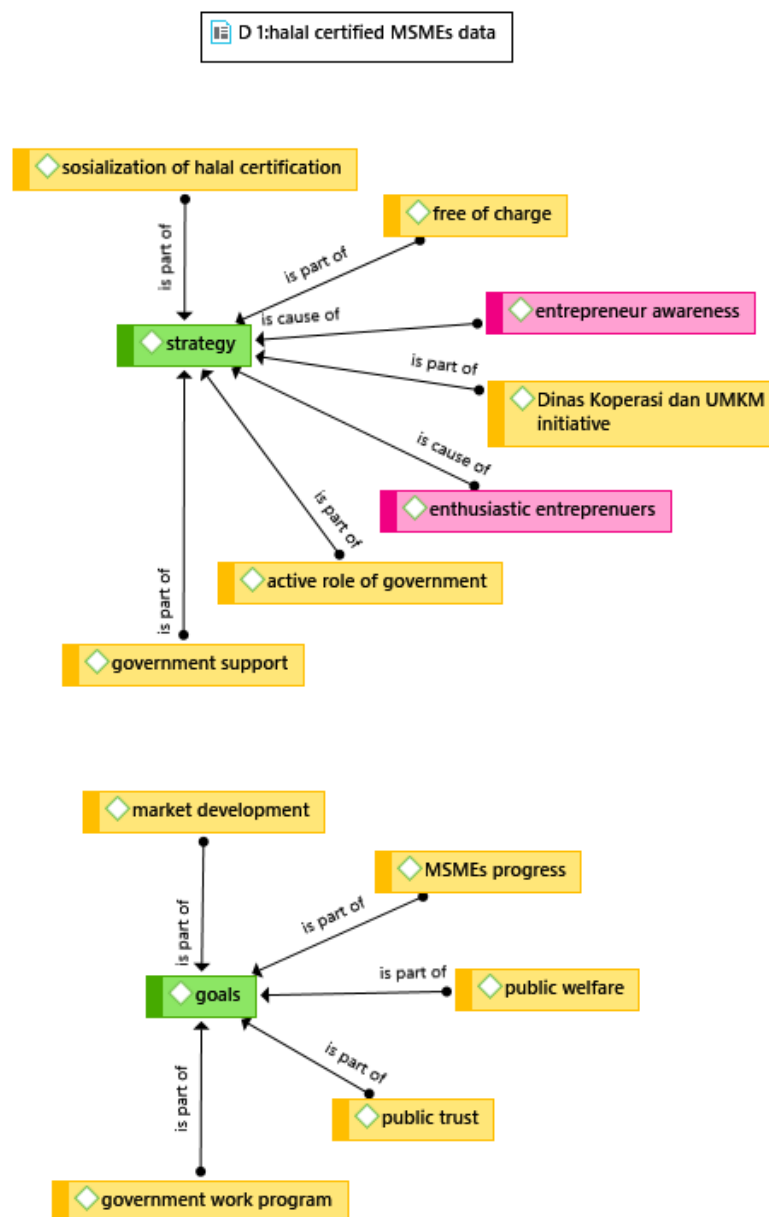


Figure 4. Data Analysis from the Results of Interviews with the Head of the MSME Sector

There are various strategies carried out by the Office of Cooperatives and SMES in the City of Salatiga to increase halal-certified MSMEs. This was taken considering that sometime before,

the awareness of MSME entrepreneurs to carry out halal certification was still relatively low. To encourage an increase in halal certification among MSMEs, the Office of Cooperatives and MSMEs conducts massive and periodic outreach to MSMEs whom the Office of Cooperatives and MSMEs fosters. This is expected to increase the awareness of entrepreneurs so that this will be accompanied by concern for MSME entrepreneurs to prioritise halal principles in their business production processes. The active role of the government, which in this case is represented by the Cooperatives and MSMEs Office, has proven to be enthusiastically welcomed by MSME entrepreneurs so that in 2021 there will be 22 entrepreneurs taking care of halal certification facilitated by the Cooperatives and MSMEs Office for free. Some non-Muslim entrepreneurs took part in submitting halal certification for the 2021 period. This further proves that all groups can accept halal principles, considering that this fulfils not only Muslim rights to their beliefs but also that halal regulations are suitable for all.

Measuring Halal Balanced Scorecard

Learning and growth perspective

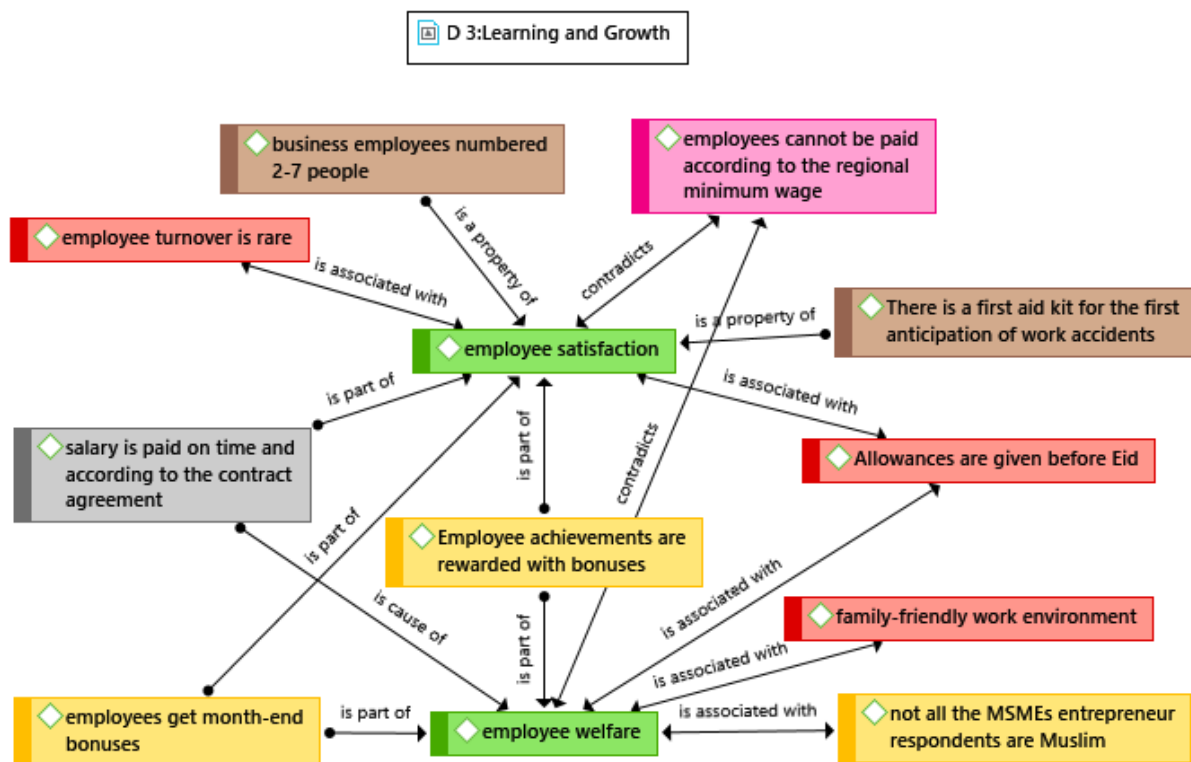


Figure 5. Results of Data Analysis on Learning and Growth Criteria

According to the results of interviews with the majority of MSME entrepreneurs, they stated that every business that is built always provides a portion of the satisfaction and welfare of employees in terms of income, health, religious rights, and so on.

“My employees are of various religions, so I still give them prayers and Eid holidays. Sometimes the holidays are longer than Christmas. But if the THR/Religious Holiday Allowance doesn't give it all together for Eid, the problem is that the employees are mostly Muslim. Yes, it's okay, if they like to work, they'll be enthusiastic too” (MMWH).

MMWH employers emphasise that they are non-Muslim. While most of their employees are Muslim, recruitment is still enforced for specific religions based on prospective employees' performance and professional commitment. In addition, he still gives the right to worship for prayer and holidays on the celebration of Islamic religious holidays following their respective rights. Besides that, the fulfilment of salaries and bonuses is also based on the work contract agreement at the beginning.

Several employers admit that their salaries must follow the Salatiga City Minimum Wage. However, they still provide other welfare in appreciation and bonuses when sales targets are achieved.

“To be honest, my employee's salary is not much. I'm also aware that I haven't met the minimum wage (UMR) standard, but my business is still small, so frankly, I can't afford to pay wages according to the UMR to employees. But my commitment to them is to give bonuses if they are diligent, and if there is overtime, I will give them extra” (ARY).

With a business scale that is still MSME, the average work environment is family-friendly. This makes the production atmosphere more comfortable for employees. The low employee turnover in each company evidences this.

In this perspective, company performance is measured by focusing on the quality of human resources, organisation, supply chain, and the like (Vegter et al., 2023). If it is associated with the halal industry, a company can carry out several strategies to design an organisation that adheres to halal values, including:

- a. Increase the knowledge and skills of company HR related to the importance of halal in the production process. All MSMEs entrepreneurs recognise this. Support from the Office of Cooperatives and MSMEs itself to increase the capacity of halal insights for entrepreneurs and employees is proven by providing direct and periodic assistance.
- b. Develop policies that support production with halal principles. This commitment is proven by several announcements posted on the production site to become part of the halal guarantee of their production process. Entrepreneur ARD, M, JM did this.

“I wrote in the kitchen the halal standards that employees must follow” (ARD).

“In every production evaluation, I directly assess each employee whether they comply with halal standards or not” (M).

“One of our commitments to halal principles is to look for suppliers who already have halal certification” (JM).

- c. Conduct training for employees regarding the halal production process. This activity is carried out simultaneously as a periodic evaluation of the company's achievements. Even though the scale is still MSME, only some entrepreneurs monitor and evaluate regularly because they have big targets in the products they build.
- d. Develop technology that supports halal production.

“We are also trying to continue to develop technology so that the halal principles are always maintained, but the technology costs a lot, so we are still working on it.” (I).

This is not easy enough for MSME entrepreneurs. Still, efforts towards environmentally friendly technology with halal guarantees are an inseparable part of the investment objectives carried out as a form of business development (Polas et al., 2022).

Internal Process Perspective

This perspective is also essential after learning & growing in realising business processes in the halal industry. An excellent and halal internal process will create a supply chain result that is guaranteed to be halal without contamination to the consumer (Liu et al., 2021). Several strategies can be carried out as follows:

- a. Halal guarantee

Various activities ranging from training on halal management by LPPOM/ The Assessment Institute for Foods, Drugs, and Cosmetics as part of the Cooperative and MSME Office facilities for those willing to take part in halal certification have been carried out as a form of providing halal guarantees for products processed by MSMEs that pass halal certification.

“Policies provided by the Salatiga City Cooperatives and MSMEs Office to increase halal certification by providing counselling and training to MSMEs in full on halal values and standards that must be met in the food business” (LI).

From this training, entrepreneurs are educated and accompanied by consultants, trainers, and halal auditors to commit to halal principles that are part of the production they do. They realise that as business leaders, they become the driving force for the commitment to halal guarantees for the products and brands they create so that this knowledge transfer process takes place regularly to employees periodically.

As part of the producer's halal commitment, entrepreneur M explained that other Islamic values also appear in the form of services to consumers. That way, it will strengthen product brands that have passed halal certification.

“I want consumers to understand that halal is not just a logo formality, but consumers can also see that halal is part of Islamic teachings, so our services for consumers are also made Islamic, such as smiling and speaking politely” (M).

They understand the presence of halal certification as a form of confidence in consumers about the rights they should get. Therefore, the MMWH source stated that this commitment is the basis for providing the best products that suit the needs of their consumers, including halal guarantees as evidenced by halal certification in the form of a halal logo on each of their product packaging.

“I know many of my consumers are Muslims, so I must adjust to their wishes. I also hope my products have a wider market and can be exported one day, so I also have to adjust to good product standards” (MMWH).

The benefits obtained from the certainty of halal MSME products received a good response from consumers. This is proven that the sales that are evaluated routinely have increased after there is a halal logo on the packaging they made after passing LPPOM.

b. Production process guarantee

The halal guarantee process is the company's commitment to providing excellent products for its brand (Mahama et al., 2020). This is based on input and feedback on information from all parties related to the production process. Therefore, several explanations were given by the entrepreneurs regarding the guarantee of the production process.

Product halalness is assessed from the finished product and the search for raw materials as a determinant of the production process (Mahama et al., 2020). Therefore, the commitment of MSMEs as part of the assessment by the halal auditor is to guarantee the best raw materials in the production process. Entrepreneurs also admit that this natural material will significantly affect the results of the products they create. So that making and determining Standard Operating Procedures (SOP), which involve all components of halal production, starting from input, processing, to output, is part of the commitment to guarantee the production process.

“Halal-certified raw materials must be of high quality, so our processed products are also of high quality” (AS).

Carry out periodic control of the business processes of the halal industry so that this can prevent contamination with non-halal raw materials, as well as develop an integrated halal product distribution system so that in their product distribution activities up to the final consumer, guarantees for the entire production process and halal guarantees can keep the commitment.

“Initially, it was difficult for us to follow halal standards because there were many things that had to be prepared, including stock processing to the production process, but we still had to do it so that there was no contamination in our production process.” (ZH).

In carrying out guarantees for this production process, entrepreneurs realise that it is true that the guarantee process in the halal principle requires more things. Still, it shows how goods that have been halal certified have much better quality than goods that do not have halal certification by LPPOM.



Figure 6. Results of Data Analysis on Internal Business Criteria

Customer Perspective

The customer perspective is the impact of applying the three previous views. This perspective illustrates that companies can improve the quality of relationships as a reciprocal of the business processes offered to customers (Kleinaltenkamp et al., 2022). As a result, satisfaction, commitment, and customer trust will increase by guaranteeing consumer goods from contamination by non-halal products.

All entrepreneurs state that consumer-oriented is the central core of their production activities. On the other hand, they realise that Muslims still dominate their consumers, so to gain consumer trust, the products they will release on the market must provide halal guarantees, one of which is the official halal certification logo from LPPOM. In addition, the evaluation of critical procedures is also carried out to gain consumer trust, which will gain public confidence.

“Halal certification has increased the demand for my products; this must be because consumers now have more confidence in the quality of the products I sell” (FP).

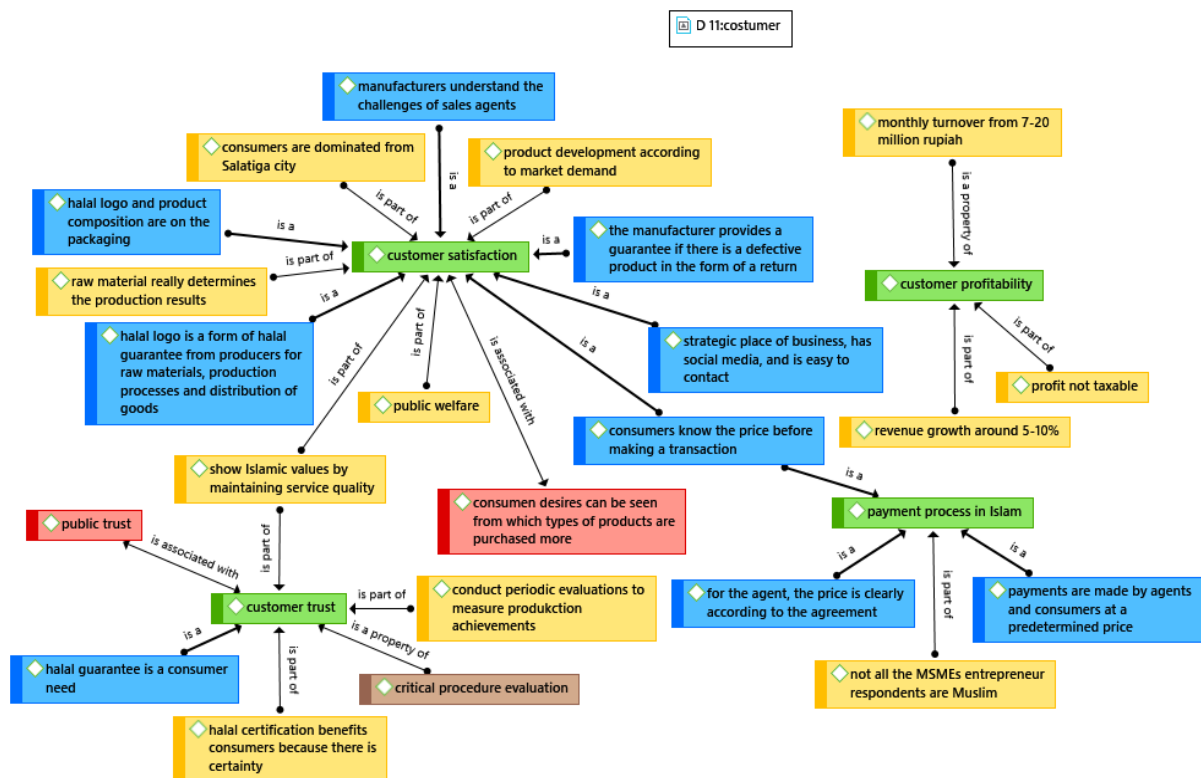


Figure 7. Results of Data Analysis on Customer Criteria

They also hold halal values not only in raw materials but they show the touch of their products, such as in the form of packaging, colours, pictures, and payment processes that follow commitments so that they become a manifestation of Islamic values and so on which still shows the goodness of legal principle. That way, it's not only producers who will benefit, but consumers also feel the benefit from the whole produced from the production process.

“For me, this commitment to halal is also part of da'wah; that's why my product packaging, starting from the writing and the colours, I also adjust it so that it contains elements of Islam” (M).

In the end, consumer satisfaction with production goods will have an impact on sales levels. So that manufacturers understand the challenges of sales in the current era and respond by providing the best guarantees.

To complement the halal product being produced, manufacturers will look for couriers who can guarantee no contamination, namely halal logistics companies. Thus, producers will feel calm, considering that halal logistics services will maintain the halal quality of the product so that it reaches the hands of suppliers and consumers. As a result, parties who need the presence of halal logistics will put their trust in always using halal logistics services so that suppliers and consumers don't have to hesitate anymore to buy these goods.

Financial Perspective

Revenue growth after participating in the Cooperative and MSME Office program in the form of halal certification has positively impacted MSME entrepreneurs. In real terms, consumer confidence has increased and is evidenced by periodic increases in income.

According to the average entrepreneur, the profit earned has yet to reach taxable income, although some also stated that they needed to understand tax and zakat obligations sufficiently. However, most are orientated and already have policies to invest in business development. This means that producer income has improved so that it can be developed in the direction of investment to increase business capacity.

“After my product is halal certified, the fact is that my sales have gone up” (TSy).



Figure 8. Results of Data Analysis on Financial Criteria

A halal supply chain process will be created by offering a comprehensive concept of the halal industrial business to increase customer satisfaction, trust, and commitment. In the end, customers who get positive will always use halal products, and the demand for this concept will increase. This will significantly affect turnover, so in the end, this is what will boost the company's financial performance.

Implication and Conclusion

The development of the halal industry must be more creative for measurable acceleration by the targets set by the government. The result of halal products through strengthening creative industries in MSMEs at the regional level has yet to be felt massively by regional initiatives. On the other hand, the development of the halal sector needs to be studied from a different perspective from what has existed so far. Sociocultural values that live in society need to be a new consideration to make the policy approach to developing the halal industry more advanced. Tolerance is essential in increasing awareness of the importance of halal products, both from the perspective of producers and consumers (Machmud & Hidayat, 2020). Therefore, performance measurement for MSMEs that already have halal certification needs to be developed to see how far regional business actors have the enthusiasm within a tolerance frame to build their business.

From a learning and growth perspective, full support from the Office of Cooperatives and SMES significantly impacts the desire of SMES to take part in halal certification. This makes business owners understand how this halal principle is a need and right of all consumers regardless of religion or other (Ismawati et al., 2022). From an internal business perspective, commitment to halal assurance is a commitment to gaining consumer trust. Evaluation of the critical point of halal value is part of the commitment that is always carried out to get consumer satisfaction.

The customer perspective in this research describes consumer-oriented as the basis for developing production activities. So halal-certified MSMEs in Salatiga make consumer satisfaction a benchmark for how the production process is carried out and developed. From a financial perspective, the increase in income after being certified halal proves that producers obtain the trust of consumers dominated by Muslims (Silalahi et al., 2022).

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