

Optimizing Small and Medium Enterprise of the Food Business through Halal Certification and Financial Report Training



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ABSTRACT: Kapas District is east of Bojonegoro District, the entrance to Bojonegoro City. Kapas District has several MSMEs that produce various products, including dry food, crafts, drinks and traditional cakes. Like MSMEs in general, MSMEs in the Kapas District area face different obstacles related to technology adoption, marketing, and capital. The community service program aims to solve problems faced by partners and focuses on halal certification training and preparing simple financial reports. In the halal certification training, knowledge will be provided regarding the importance of halal certification for consumers. A halal logo on the packaging shows that the traditional cake product is free from non-halal ingredients and is safe for consumption. Meanwhile, for training in preparing simple financial reports, participants will receive material on preparing financial reports quickly. The results of community service activities show that the participants understand the importance of the halal logo on the packaging. Still, some participants need to learn the procedures for obtaining halal certification. Participants also understand that compiling simple financial reports can help the business run well.

KEYWORDS: halal certification, MSMEs, financial reports

I. INTRODUCTION

Indonesia has the largest Muslim population in Southeast Asia, even globally. According to the Royal Islamic Strategic Studies Center (RISSC) report entitled *The Muslim 500: The World's 500 Most Influential Muslims 2024*. According to the RISSC report, the Muslim population in Indonesia will reach 240.62 million people in 2023, the equivalent of 86.7 million people of the national population of 277.53 million people. Indonesia stands out as the largest halal market in the world. By tapping into the country's nearly 90 per cent Muslim population and growing middle-income Muslim consumer base, Indonesia's halal market is projected to continue to grow in the coming years [1].

One area in Indonesia with many MSMEs is Bojonegoro, especially the Kapas district. Kapas District is located east of Bojonegoro District, so it is the entrance to Bojonegoro City. Kapas District consists of 21 (twenty-one) villages, of which 10 (ten) villages are located in the northern area, and 11 (eleven villages) are located in the southern region of the railroad tracks and along the river route. The population of Kapas District is 50,110 people, with the main livelihood being farmers and farm labourers [2].

Based on the information obtained, the primary commodities produced in the agricultural sector are rice, soybeans and green beans. In the plantation sector, Kapas District is a centre for vegetables, secondary crops and various fruits such as salak and Californian papaya, so Kapas District is included in the KADEKA metropolitan area, which is a centre for metropolitan-based economic development with the superior commodity being salak wedi [2].

Apart from having various commodities, Kapas District has several MSMEs that produce multiple products, including dry food, crafts, drinks, and traditional cakes. Like MSMEs in general, MSMEs in the Kapas District area also face various obstacles related to technology adoption, marketing, and equity.

Based on the results of information collected by the community service team, traditional cake MSME business actors need help to market their products because they have to compete with similar large-scale businesses, which can affect the selling price of the product. For this reason, business actors must prepare financial reports to make determining the right selling price easier. Business people also often need help knowing the calculation of business profits. The most important things for business actors are physical money and financial records. Even if you have notes, they are usually only in the form of notes or proof of payment, while the others are not used.

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Preparing financial reports is something that business owners often neglect. Many factors are the cause, including a need for more understanding by business actors regarding the management of financial report administration and a low awareness of business owners regarding the benefits of managing financial report administration. Meanwhile, business owners will get several benefits if they manage business finances, including maintaining the continuity of business activities, knowing economic conditions, controlling and monitoring the use of money, controlling money resources and knowing business developments.

In the context of the globalization process, appropriate information support is needed for management decision-making in the form of financial reporting to optimize traditional cake MSMEs. Financial reports are critical for stakeholders (investors, lenders, and others) to ensure the reliability and quality of financial reporting

Business people must still be fully aware that financial reports are essential for business continuity. Business people pay less attention to preparing financial reports for their businesses because they believe their business will continue to run even without explicit control/control over several aspects of their business, especially in preparing financial reports. On the other hand, it shows that the income earned is not commensurate with the expenses used for family needs and different needs because business finances and family finances are separate.

Besides financial reporting problems, MSME traditional cake products do not include the halal certification logo on the traditional cake packaging. However, food and beverage products are currently required to include halal information. Based on information from the Ministry of Religion website, these products must be halal-certified by October 17 2024. Sanctions will be given if they do not have a halal certificate by that date [3].

For traditional cake MSME business people, food safety is essential. Food safety is intended to keep food safe, hygienic, high quality, and nutritious and does not conflict with people's religion, beliefs and culture. In addition, food safety is intended to prevent possible biological, chemical and other contamination that can disturb, harm and endanger human health [4]. Thus, business people must include an official halal logo to show that MSME traditional cake production in Kapas District already has halal certification and is safe for consumption.

This obligation is by Law Number 18 of 2012 (Food Law). Article 97 explains that food business actors must include halal labels on food packaging regarding halal labelling. This applies to both domestic producers and imported food producers entering Indonesia. The inclusion of this label in and on food packaging is displayed in Indonesian clearly and firmly so that it is easily understood by the public [4].

Furthermore, in Government Regulation 69 of 1999 concerning Food Labels and Advertisements, the regulation of including halal on food labels is regulated in a separate article, namely Article 10 and Article 11. However, so that there is no visible separation between food labels and halal information as part of the information that must at least be contained on the label, this Government Regulation creates a common thread by stating that the halal statement is an inseparable part of the label [4]. Based on the background above, the objectives of this paper are (1) to provide knowledge and skills to MSME entrepreneurs in implementing halal certification and (2) to provide knowledge and skills to MSME entrepreneurs in preparing financial reports.

II. LITERATURE REVIEW

A. Halal Certification

Muslim and non-Muslim communities have widely accepted the concept of halal. Halal is discussed as the standard of choice for both groups worldwide [5]. The research results of [5] supported the premise that non-Muslims care about food safety, which positively influences their attitudes towards halal products. They found that attitudes towards halal food and perceived control were significant predictors of intention. Consumer demand for guaranteed halal products has increased significantly in many countries. Therefore, demands for the establishment of several certification bodies to legalize halal products have become mandatory in several countries. Halal certification refers to the official recognition of the processes of preparation, slaughter, cleaning, handling and other related management practices regulated by an established legal entity [6]. The main aim of halal certification is to ensure that the halal requirements of an item comply with Islamic principles of hygiene, humane treatment of animals, and other rules in the production process [7]. The certification process is regulated in Law Number 33 of 2014 concerning Halal Product Guarantees, which states that various products circulating and sold to the public must be guaranteed to be halal through halal certification. Technically, halal certification in Indonesia is carried out by BPJPH (Halal Product Guarantee Organizing Agency), under the auspices of the Ministry of Religion of the Republic of Indonesia. BPJPH collaborates with MUI and LPH (Halal Inspection Agency) to determine the halal guarantee of a product for public consumption [8]. Halal certification produces a halal label, which indicates that a product meets the halal guarantee criteria obtained through halal certification. A halal label must be owned by business owners who have completed halal certification. The halal label shows that the product meets various halal requirements and standards through the halal certification process [9], [10].

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B. Financial Report

According to the Indonesian Accountants Association [11] in Statement of Financial Accounting Standards (PSAK) No. 1 concerning the Presentation of Financial Reports, a financial report is a structured presentation of the financial position and financial performance of an entity. The purpose of financial reports is to provide information about the financial position, financial performance and cash flows of an entity that is useful for most users of financial statements in making economic decisions. Financial reports also show the results of management's accountability for the use of the resources entrusted to them.

III. METHOD

The activity method used in this community service is the action research method, used by carrying out activities while solving problems faced by participants. [12] state that action research, as a research method, is founded on the assumption that theory and practice can be seamlessly integrated with learning from the results of planned interventions after a detailed diagnosis of the problem context. Action research also includes an action cycle based on reflection, feedback, evidence, and evaluation of previous actions and current situations. Action research aims to contribute to practical problem-solving in urgent problematic situations and achieve social science goals through joint collaboration within the framework of mutually acceptable ethical work [13]. The research process takes place over time, between "finding" during research and "action learning". In this way, action research connects theory with practice. The stages carried out are:

1. Observation and preparation : This stage began with observations made by the community service team regarding the traditional cake production business carried out by MSMEs in Kapas District, Bojonegoro Regency.
2. Partner Problem Analysis : The Community Service team tries to identify the problems faced by partners. Partners in this activity are traditional cake MSME business actors in Kapas District, Bojonegoro. The partner's problem is that they need help compiling financial reports.
3. Coordination: At this stage, the team coordinates to determine the steps to be taken before carrying out halal certification training activities and preparing financial reports.
4. Training: This stage is the final stage of community service activities. The training was carried out in Kapas District, Bojonegoro Regency.

IV. RESULT AND DISCUSSION

The training was conducted at the Klampok Village Hall, Kapas District, Bojonegoro Regency, with 13 participants. Before attending the training, materials and questionnaires were distributed to participants. The training participants are traditional cake MSME entrepreneurs in Kapas District. The Head of Klampok Village, Mr. Agus Suprianto, opened the training.



Picture 1. Opening of Community Services

The training material is presented in two sessions. Mr Rasyidi Faiz Akbar delivered the first session. In this session, participants received material about preparing simple financial reports. Most business actors are housewives who carry out the production process at home, so their expenses are still one with family expenses. The interviewee emphasized the importance of separating

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expenses for business and expenses for the family so that business people can know the actual profits from the business they manage.

In the second session of the training, halal certification was discussed by Mrs. Yessy Artanti. In this session, participants learned what raw materials are and how to get halal certification. Halal certification is essential for food SMEs because if, by 2024, business actors do not have halal certification, they will receive sanctions from the government.



Pictures 2. Training Activities

Traditional cake business people seemed enthusiastic about following the material provided by the two speakers. They can discuss directly, asking about the difficulties faced when preparing simple financial reports and the requirements that must be met for obtaining halal certification.

Some MSME products still have straightforward packaging, only wrapped in plastic or leaves without labels. To obtain halal certification, MSME products must have a label and PIRT. For this reason, they are asked to provide labels and register PIRT for their products.

After the training, participants were allowed to fill out a questionnaire. This questionnaire aims to obtain input regarding training materials and training implementation. This input will help the community service team carry out training better at another time.

Table 1. questionnaire result

No	Question	Yes %	No %
1.	Have you ever recorded financial reports?	23.08	76.92
2.	Do you have halal certification?	7.69	92.31
3.	If you have never recorded financial reports, do you intend to register financial reports?	100.00	0.00
4.	If you don't have halal certification, do you intend to apply for halal certification?	100.00	0.00
5.	Did you understand the importance of recording financial reports before this training?	76.92	23.08
6.	Did you understand the importance of having halal certification before this training?	76.92	23.08
7.	After this training, will you record financial reports regularly?	100.00	0.00
8.	After this training, will you apply for halal certification?	100.00	0.00

Based on the questionnaire results in Table 1, it can be seen that most participants have yet to record simple financial reports, and only one business actor has halal certification. However, after attending the training, business actors plan to start being orderly in recording financial reports. They also plan to follow the halal certification application process. Mrs. Yessy Artanti will

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accompany the process of applying for halal certification. The following are participant products that already have halal certification.



Picture 3. Halal Certified SMES product

Based on the results of the second part of the questionnaire regarding training facilities, most participants agreed that the implementation time and training location were by the participants' wishes. Regarding training materials and consumption, most participants agreed with what was provided during the training.

Table 2. Training Evaluation Result

No	Question	Respond				
		SA %	A %	N %	D %	SD %
Training Facilities						
1.	The time chosen to carry out the training is appropriate	23.08	69.23	7.69	0.00	0.00
2.	The training environment is comfortable	15.38	61.54	23.08	0.00	0.00
3.	Facilities and infrastructure, including facilities provided by the committee, are what the training participants expect.	15.38	46.15	38.46	0.00	0.00
4.	The consumption provided is quite adequate.	38.46	53.85	7.69	0.00	0.00
Training Activities						
5.	The trainer explained the material clearly during the training and accompanied the participants until completion.	46.15	38.46	7.69	0.00	7.69
6.	Training activities begin and end on time according to the activity schedule.	46.15	38.46	7.69	0.00	7.69
7.	During the training, participants felt happy and enjoyed it	53.85	30.77	7.69	0.00	7.69
8.	This training is beneficial, especially for business people	53.85	30.77	7.69	0.00	7.69

Noted: SA = Strongly Agree; A = Agree; N= Neutral; D= Disagree; SD = Strongly Disagree

During the training activities, most participants strongly agreed that the resource person could explain the material well and accompany the participants until completion. The participants also felt that they enjoyed the training and felt the benefits for business continuity. Most participants felt there needed to be more training time because they wanted to discuss the halal certification application process.

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V. CONCLUSIONS

After participating in this community service activity, it is hoped that traditional cake MSME business actors in Bojonegoro Regency will benefit from preparing simple financial reports and the halal certification registration process. Business actors are expected to be able to know the development of their business by preparing simple financial reports regularly. Having halal certification can help MSMEs guarantee the halal and safety of their products.

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