



The effect of halal labeling on the performance of small and medium enterprise (SME) in medan city

Reza Nurul Ichsan¹, Venny Fraya Hartin Nst², Lukman Nasution³, Lamminar Hutabarat⁴

¹Faculty of Economic, Universitas Pembinaan Masyarakat Indonesia, Medan, Indonesia

^{2,4}Faculty of Economic, Universitas Darma Agung, Medan, Indonesia

³Faculty of Education, Universitas Muslim Nusantara Al Washliyah, Medan, Indonesia

ARTICLE INFO

ABSTRACT

Article history:

Received Apr 26, 2024
Revised May 02, 2024
Accepted May 14, 2024

Keywords:

Halal;
Labelling;
SME;
Performance.

Indonesia has the largest Muslim market share in the world, with a large percentage of the Muslim population, the availability of foodstuffs is certainly an important factor in meeting the food consumption needs of the Indonesian population, not only good and healthy food but also halal. This study aims to determine the effect of halal labeling on the performance of Small and Medium Enterprise (SME) in Medan City. The population in this study is 406 business actors. This study used a quantitative approach. Data collection techniques used using questionnaires/questionnaires. Questionnaires were given to business actors in Medan City. Based on the results of the study that halal labeling statistically has a significant effect on the performance of Small and Medium Enterprise (SME). Based on the results of the study that halal labeling statistically has a significant effect on the performance of Small and Medium Enterprise (SME). Based on the results of the coefficient of determination test that halal labeling has a strong relationship (correlation) of 86.4%. The amount of adjusted R² produced 0.743 means that 74.3% of the independent variable contributes an effective influence on the dependent variable while the remaining 25.7% is influenced by other factors.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

Reza Nurul Ichsan,
Faculty of Economic,
Universitas Pembinaan Masyarakat Indonesia,
Jalan Teladan No. 15, Medan City, North Sumatera, 20214, Indonesia.
Email: rezaichsan31@gmail.com

1. INTRODUCTION

Nowaday, Small and Medium Enterprise (SME) plays a major role in the development and development of the national economy. In addition, Small and Medium Enterprise (SME) plays a role in national economic growth and employment which grew from 96.99% to 97.22% in recent years. (Mahfuz, 2022)

Based on data from the Ministry of Cooperatives and Small and Medium Enterprise (SME), in Indonesia in 2019, there were 65.4 million SME. With the number of business units that reach 65.4 million, it can absorb a workforce of 123.3 thousand workers. This proves that the impact and contribution of SME is very large to reduce unemployment rate in Indonesia. With more workforce involvement in SME it will help reduce the number of unemployed in the country.

(<https://djpb.kemenkeu.go.id/kppn/lubuksikapung/id/data-publikasi/artikel/3134-kontribusi-umkm-dalam-perekonomian-indonesia.html>, 2024)

At a time when the country's economy was disrupted due to the COVID-19 pandemic, SME played an important role in stabilizing conditions. SME must continue to be encouraged so that it can continue to run as the driving force of the country's economy. Data from 2018, Small and Medium Enterprise (SME) was recorded to have contributed 60.34% of Indonesia's gross domestic product (GDP). (<https://indonesiabaik.id/infografis/umkm-penting-bagi-perekonomian-indonesia>, 2024))

According to Charity (2017) in (Ningrum, 2022), Indonesia is a country with a Muslim population reaching 87.18% of the population of 232.5 million people. This indicates that the Muslim market in Indonesia has enormous potential. Therefore, a country with a large percentage of Muslim population, the availability of foodstuffs is certainly an important factor in meeting the food consumption needs of the Indonesian population, not only good and healthy food but also halal. (Rahim, 2023)

The guarantee of the implementation of halal products also aims to provide comfort, security, safety and certainty of the availability of halal products for the public in consuming and using products. (Siregar, 2024) The purpose of protecting halal products is very important, because advances in science and technology in the fields of food, medicine, and cosmetics develop in accordance with the times. In accordance with the mandate of Law No. 33 of 2014 article 4 that every product entering, circulating, and trading in the territory of Indonesia must be halal certified. (Anugrah, 2021)

The implementation of halal certification policy presents various challenges, especially in terms of policy acceptance by Small and Medium Enterprise (SME). Several studies related to the implementation of halal certification reveal that Small and Medium Enterprises (SME) generally have difficulty complying with halal certification policies, due to high costs, inadequate socialization and knowledge about halal, and other factors. (Mustofa, 2023)

Several studies have been conducted related to halal certification. (Suryaputri, 2020), (Nofianti, 2019) and (Setyaningsih, 2019) show that halal certification has an impact on consumer interest in buying halal products. Halal certification provides benefits for consumers and business actors. Therefore, it is important to gain a deeper understanding of halal certification.

In the dynamics of halal industry development, less than 10 percent of Small and Medium Enterprise (SME) have halal certificates, far compared to large industries which are more than 60 percent. This will further add to the long list of Small and Medium Enterprise (SME) problems. In the midst of global competition, SME in Medan City is also expected to compete by producing quality products, halal certified and highly competitive. The problems faced by the halal SME industry require the involvement of all parties. The government as a regulator and supervisor along with related agencies is expected to be the highest institution that guarantees and always supervises the realization of SME and its development. Academics who always conduct research provide input related to halal products, starting from the process to the market and its sustainability in the face of global competition. Halal Small and Medium Enterprise (SME) entrepreneurs themselves must be serious in their efforts to produce halal products. Financial institutions, especially Islamic Financial Institutions (IFI), support through financing and technical assistance in developing halal SME competitiveness. IFI is expected to be able to help the development of halal SME because it has a variety of financial products that are more flexible, a wide range of product types/contracts, and fair through a partnership system through profit sharing. (Pujiyono, 2018)

The halal industry sector with the largest level of demand is the halal food and beverage sector. Global data from the Islamic Economy Report 2018/2019 states that the food and beverage industry holds the largest share in the global halal industry. It is

worth USD 1.302 billion. In fact, the halal food and beverage sector is projected to grow to USD 1.863 billion in 2023. (Prihatini, 2022)

In achieving this goal, it is necessary to fulfill factors that support the Performance of SME, one of which is the factor of ownership of halal certificates. Halal certificate is an acknowledgement of the halalness of a product issued by BPJPH based on a written halal fatwa issued by MUI. According to Abiyyu (2019), most SME actors are currently not aware of the benefits of halal certificates themselves. All food and beverage SME must have a halal certificate to be able to sell products throughout Indonesia. If you do not have a halal certificate, processed food and beverage products can be withdrawn from circulation by the government (Fahma, 2022). Based on Law No. 33 of 2014 and its derivatives, there are three groups of products that must be halal certified by the end of the first staging on October 17, 2024, namely (a) Food and beverage products; (b) Raw materials, food additives, and auxiliary materials for food and beverage products; (c) Slaughter products and slaughter services.

According to the Head of the Halal Product Assurance Organizing Agency (BPJPH) of the Ministry of Religious Affairs Muhammad Aqil Irham explained that there are sanctions that will be given ranging from written warnings, administrative fines, to the withdrawal of goods from circulation. This is in accordance with the provisions in PP Number 39 of 2021. (Hulu, 2024) Halal certificates have a very important role for various related parties. For producers, halal certificates can act as producers' accountability to Muslim consumers, can increase consumer satisfaction and trust, can improve the image as well as competitiveness of Small and Medium Enterprise (SME), can function as a strategy to expand marketing which can then increase profits, turnover and competitiveness of producers/SME themselves. Meanwhile, for consumers, halal certificates can function as a guarantee of product consumption against things that are not halal, causing a sense of calm and satisfaction with legal certainty and protection (Khotimah, 2018).

2. RESEARCH METHOD

The type of research used in this study is research with an associative quantitative approach. According to (Darmawan, 2016), quantitative research is a process of finding knowledge by using data in the form of numbers as a tool to find information about what we want to know. While associative is research used to determine the influence or relationship between two or more variables.

In this study, the population used was food and beverage of SME in Medan City which amounted to 406 with SME as many as 10,799 businesses.

Table 1. Number of Food and Beverage Businesses/Industries in Medan City

Small and Medium Enterprise (SME)	Halal Certificate MUI/BPOM/PIRT
10799	406

Source: BPS Province of North Sumatera, 2024

In this study to determine the sample size was carried out using the Slovin formula. The formula in question is as follows:

$$n = \frac{N}{1 + Ne^2}$$

From the formula above, the number of samples (n) is as follows:

$$n = \frac{406}{1 + 406 (0.10)^2}$$

$$n = \frac{406}{5,06}$$

$$n = 80,23$$

Table 2. Research Variables and Indicators

Labelling halal (X) PP No. 69 Tahun 1999	Halal label image/writing listed on product packaging Halal logo is a consideration in choosing products Understand the meaning of the image / writing on the halal logo Images/writing can be seen and read clearly Know the official images/writings from MUI/BPOM/BPJPH
Performance of sme (Y) (Shandra, 2018)	Increased Sales Increased Profit Satisfying Growth

Source: Processed Data, 2024

The instruments in this study used primary data. While the tool used to test the data studied uses the SPSS statistical tool version 16. In this study, data collection techniques were used using questionnaires. Questionnaires were given to business actors in Medan City. The answer scores on the questionnaire are as follows:

Table 3. Answer Score

Answer	Score
Totally Agree (TA)	4
Agree (A)	3
Netral (N)	2
Disagree (DA)	1

The data analysis techniques used in this study use simple linear regression analysis to test hypotheses, correlation analysis and coefficients of determination. But previously carried out normality tests, homogeneity tests and linearity tests.

3. RESULTS AND DISCUSSIONS

This research was conducted on 80 small and medium enterprise (sme), food and beverage products in Medan City. In this study, the sampling method used was nonprobability sampling with accidental sampling techniques. Nonprobability sampling is a sampling method that does not provide equal opportunities for each element or member of the population to be selected as a sample. Accidental sampling is a method of determining samples by taking respondents who happen to be there or available somewhere according to the research context. (Notoatmodjo, 2010). The characteristics of respondents will be described in the table below:

Table 4. Characteristics of Respondents Based on Business Type

No.	Business Type	Amount	Percentage
1	Food	43	54%
2	Beverage	37	46%
	Total	80	100%

Based on the table above, based on the type of business taken as a respondent, it is a food and beverage business. For the type of food business with the number of respondents as many as 43 businesses or 54%, while for the type of beverage business amounted to 37 businesses or 37%.

Table 5. Characteristics of respondents based on length of business

No.	Length of Business	Amount	Percentage
1	< 1 year	15	19%
2	< 5 years	30	38%
3	> 10 years	35	43%
Total		80	100%

Based on the table above, based on the length of the type of business taken as a respondent, it is < 1 Year with the number of respondents as many as 15 businesses or 19%, < 5 Years totaling 30 businesses or 38%. And respondents > 10 Years with the number of respondents as many as 35 businesses or 43%.

To measure the validity or absence of the data studied can be done by comparing rcount with rtabel for degree of freedom (df = n-2) with an error limit of 0.005 (Ghozali, 2013). The results of the validity test can be seen in the table below:

Table 6. Validity Test Results

Variable	No. Item	Value of r count	Value of r tabel	Result
Labelling halal (X)	1	0,768	0,218	Valid
	2	0,837	0,218	Valid
	3	0,804	0,218	Valid
	4	0,756	0,218	Valid
	5	0,702	0,218	Valid
	6	0,793	0,218	Valid
	7	0,746	0,218	Valid
Performance of sme (Y)	1	0,784	0,218	Valid
	2	0,822	0,218	Valid
	3	0,838	0,218	Valid
	4	0,746	0,218	Valid
	5	0,802	0,218	Valid
	6	0,877	0,218	Valid
	7	0,843	0,218	Valid
	8	0,766	0,218	Valid

Source: SPSS Questionnaire Data Processing Version 26

Based on the results of validity testing on each item, the question has a larger calculation than the table. Thus the questionnaire used in this study can be used for subsequent analysis.

In reliability testing can be seen from Cronbach Alpha > 0.60 (Trihendradi, 2013). The results of the reliability test can be seen in the table below.

Table 7. Reliability Test Results

Variable	Value Cronbach Alpha	Result
Labelling Halal	0,884	Reliable
Performance SME	0,925	Reliable

Source: SPSS Questionnaire Data Processing Version 26

Based on the table above, it can be seen that all items have a Cronbach Alpha value of > 0.60, so it can be concluded that all items in this study are considered reliable and can be used to test hypotheses.

The partial test (t) in simple regression analysis aims to determine whether the independent variable X has a significant effect on variable Y. Decision making based on tcount and ttable and based on significance values.

tcount > ttable = The independent variable has an effect on the dependent variable.

tcount < ttable = independent variable has no effect on the dependent variable.

Sig < 0.05 = The independent variable has a significant effect on the dependent variable.

Sig > 0.05 = independent variable has no significant effect on the dependent variable.

The results of the t-test are briefly summarized in the following table:

Table 8. Partial Test Results

Variable	Tcount	ttabel (5%)	Sig
Labelling halal	16,607	1,990	0,000

Source: SPSS Questionnaire Data Processing Version 26

The t-test results of the halal labeling variable have a tcount value = 16.607 while ttabel at the significance level of 5% is = 1.990 Because tcount > ttabel (16.607 > 1.990). This means that the variable of halal labeling statistically has a significant effect on the performance of SME.

After obtaining the coefficient value b and the regression line equation, then to measure the significance between the halal labeling variable (X) and performance of SME variable (Y) by calculating the coefficient as follows:

Table 9. Coefficient of Determination Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.864 ^a	.746	.743	2.701	2.045

a. Predictors: (Constant), Labelling halal

b. Dependent Variable: Performance of sme

Based on the table above, the magnitude of the R value is 0.864, this shows that the independent variable, namely halal labeling, has a strong relationship (correlation) of 86.4%. The amount of adjusted R² produced 0.743 means that 74.3% of the independent variable contributes an effective influence on the dependent variable while the remaining 25.7% is influenced by other factors.

Based on the processed SPSS results that have been stated above, t-test results from the halal labeling variable have a calculated value = 16.607 while ttabel at the significance level of 5% is = 1.990 Because tcount > ttabel (16.607 > 1.990). This means that the variable of halal labeling statistically has a significant effect on the performance of SME. This is in line with research by (Mukti, 2023), (Ismunandar, 2021), (Nst, 2023), and (Siregar B. A., 2023) which states that halal labeling has an influence on the performance of SME.

4. CONCLUSION

Based on the results of research and discussions that have been discussed above, halal labeling statistically has a significant effect on the performance of SME in Medan City. This study has limitations, namely first, this study is limited to only examining halal labeling variables and SME performance, it is expected for future research to examine outside this study. Second, this research is limited to only one related city, it is hoped that further researchers will research widely again or outside Medan City.

REFERENCES

- Anugrah, W. P. (2021). *Pelaksanaan Sertifikasi Halal Terhadap Produk UKM Segar Asri Kelurahan Padang Serai Kecamatan Kampung Melayu Kota Bengkulu*. Bengkulu: Skripsi: Program Studi Ekonomi Syariah Fakultas Ekonomi Dan Bisnis Islam Institut Agama Islam Negeri (IAIN) Bengkulu.
- Darmawan, D. (2016). *Metode Penelitian Kuantitatif. Edisi ketiga*. Bandung: Remaja Rosdakarya.

- Fahma, F. S. (2022). Analisis Kepemilikan Sertifikat Halal terhadap Pendapatan Usaha UMKM Mendoan Ngapak. *Surakarta. Vol. 21. No. 1*, 40-43.
- Ghozali, I. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21 Update PLS Regresi (Edisi 7)*. Semarang: Badan Penerbit Universitas Diponegoro.
- <https://djpb.kemenkeu.go.id/kppn/lubuksikapung/id/data-publikasi/artikel/3134-kontribusi-umkm-dalam-perekonomian-indonesia.html>. (2024).
- <https://indonesiabaik.id/infografis/umkm-penting-bagi-perekonomian-indonesia>. (2024).
- Hulu, S. A. (2024). Pengaruh Kemampuan Individu Dan Tingkat Kedisiplinan Terhadap Produktivitas Kerja Karyawan di PT Allianz Vision Medan. *Jurnal Dunia Pendidikan*, 1056-1070.
- Ismunandar, M. I. (2021). Pengaruh Labelisasi Halal dan Kualitas Produk Terhadap Keputusan Pembelian Produk UMKM di Kota Bima. *JIP: Jurnal Inovasi Penelitian. Vol.2 No.1 Juni 2021*, 1.
- Khotimah, U. K. (2018). Labelisasi Halal di Tengah Budaya Konsumtif. *Jurnal Sosiologi Agama. Vol. 12. No. 1*, 283-296.
- Mahfuz, M. (2022). *Pengaruh Labelisasi Halal, Kualitas Produk dan Harga Terhadap Tingkat Penjualan Produk UMKM (Usaha Mikro Kecil Menengah) Kopi di Kabupaten Lombok Utara*. Lombok Utara: Tesis: Program Studi Magister Ekonomi Syariah, Pascasarjana UIN Mataram.
- Mukti, S. M. (2023). *Pengaruh Kepemilikan Sertifikat Halal dan Islamic Branding Terhadap Kinerja UMKM Sstudi Kasus Pelaku UMKM Produk Makanan dan Minuman di Kabupaten Banyumas*. Banyumas: Skripsi: Program Studi Ekonomi Syariah, Jurusan Ekonomi dan Bisnis Islam.
- Mustofa, B. H. (2023). Strategi Pengembangan Bisnis Usaha Mikro Kecil dan Menengah (UMKM) melalui Sertifikasi Halal di Kabupaten Ponorogo. *Istithmar: Jurnal Studi Ekonomi Syariah Volume 7 Nomor 2 Desember 2023*, 159-172.
- Ningrum, r. T. (2022). Problematika Kewajiban Sertifikasi Halal bagi Pelaku Usaha Mikro dan Kecil (UMK) di Kabupaten Madiun. *Jurnal Studi Ekonomi Syariah, Vol. 6 No. 1*, 43-58.
- Nofianti, K. A. (2019). Kesadaran Dan Logo Halal: Apakah Menentukan Minat Beli?(Studi Pada Praktisi Bisnis UMKM di Gresik). *Journal of Halal Product and Research 2 (1)*, 16-24.
- Notoatmodjo. (2010). *Metodologi Penelitian Kesehatan*. Jakarta: Rineka Cipta.
- Nst, V. F. (2023). The effect of price and product quality on purchasing decisions on halal umkm products in medan city. *Enrichment: Journal of Management, 13(5)*, 2832-2837.
- Prihatini, I. (2022). *Pengaruh Label Halal, Kualitas Produk Dan Promosi Terhadap Tingkat Penjualan Produk Makanan Dalam Perspektif Ekonomi Islam (Suatu Kajian Pada Umkm Kota Banda Aceh Pasca Covid-19)*. Banda Aceh: Tesis: Pascasarjana Universita Islam Negeri (UIN) Ar-Raniry Banda Aceh.
- Pujiyono, A. R. (2018). Strategi Pengembangan Umkm Halal di Jawa Tengah Dalam Menghadapi Persaingan Global. *Indonesian Journal of Halal (IJH). Vol 1 (1)*, 1-8.
- Rahim, S. T. (2023). Pengaruh Sertifikat Halal Terhadap Peningkatan Pendapatan Penjualan Usaha di Sektor Food And Beverage Kota Makassar. *JBK: Jurnal Bisnis dan Kewirausahaan. Vol. 12 No. 1 Tahun 2023*, 69-78.
- Setyaningsih, E. D. (2019). The Effect of Halal Certification and Halal Awareness through Interest in Decisions on Buying Halal Food Products. *Syiar Iqtishadi: Journal of Islamic Economics, Finance and Banking 3 (1)*, 1.
- Shandra, e. a. (2018). Peran Lingkungan Industri, Perilaku Kewirausahaan dan kemampuan Manajerial Terhadap Kinerja Perusahaan Pada Usaha Logam Skala Mikro. *Jurnal Riset Manajemen Sains Indonesia (JRMSI). Vol. 9, No. 1*, 1.
- Siregar, B. A. (2023). The Impact Of Human Capital Quality, Public Health, Education Quality, And Public Services On Governance, All Of Which Have Implications For Community Well-Being. *MONETER: Jurnal Keuangan dan Perbankan*, 353-363.
- Hulu, S. A. (2024). Pengaruh Kemampuan Individu Dan Tingkat Kedisiplinan Terhadap Produktivitas Kerja Karyawan di PT Allianz Vision Medan. *Jurnal Dunia Pendidikan*, 1056-1070.
- Siregar, B. A. (2023). The Impact Of Human Capital Quality, Public Health, Education Quality, And Public Services On Governance, All Of Which Have Implications For Community Well-Being. *MONETER: Jurnal Keuangan dan Perbankan*, 353-363.
- Siregar, D. I. (2024). An Analysis of the Economic Dimensions of Entrepreneurship in Surah Al-Kahf. *Amwaluna : Jurnal Ekonomi dan Keuangan Syariah*, 90-100.
- Suryaputri, R. V. (2020). Analisis Faktor-Faktor Yang Mempengaruhi Niat Beli Produk Halal. *Taraadin : Jurnal Ekonomi dan Bisnis Islam 1 (1)*, 1.
- Trihendradi, C. (2013). *Langkah Mudah Menguasai SPSS 21*. Jakarta: CV. Andi Offset.