



The Role of the Halal Value Chain Process in MSMEs on the Economy of South Kalimantan

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ABSTRACT

Introduction: The global halal industry has grown rapidly in recent years, providing great opportunities for business actors. Indonesia, with around 242 million Muslims, accounts for 11.7% of the world's Muslim population. To monitor the development of the halal industry, clear benchmarks are needed, such as the concept of a "halal value chain" that covers the production process from raw materials to final products.

Method: This study aims to analyze the implementation of the halal value chain in MSMEs in South Kalimantan and its impact on regional economic development. The study was conducted in three main areas, Banjarmasin, Banjarbaru, and Banjar Regency with a total of 172 respondents from 58 MSMEs. A mixed method was used, namely a quantitative survey with a questionnaire and qualitative through interviews and observations.

Result: The results showed that around 45% of MSMEs apply halal principles in production, while 73% have official halal certification. The main obstacles are the lack of understanding of the importance of halal certification, minimal supporting infrastructure, and limited access to certification bodies. As many as 68% of respondents stated that technical support from the government could help obtain halal certification.

Conclusion and suggestion: The implementation of the halal value chain has the potential to increase the competitiveness of MSMEs, strengthen their position in the national market, and support local economic growth. These findings are expected to be the basis for local government policies in developing the halal industry for MSMEs.

Keyword: Halal Value Chain, MSMEs, Economic Growth

Paper type: Research paper

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A. INTRODUCTION

The growth of the global halal industry in recent years has been significant. This positive trend provides a breath of fresh air for the Muslim community, as it opens up broader business opportunities for entrepreneurs of various scales. Likewise, the increasing Muslim population worldwide further strengthens the potential for halal industry growth in the future. The global Muslim population is also predicted to reach 2.2 billion by 2030 (Hidayat et al., 2023). As the country with the largest Muslim population in the world, Indonesia holds great potential in developing the halal industry. Although Indonesia has been a leader in several sectors, such as halal food and beverages, there is still room to enhance its position in other

sectors. The development of halal industrial zones is a strategic step by the government to develop the halal industry in an integrated and internationally standardized manner.

The country with the largest Muslim population overall is Indonesia, which is home to more than 242 million Muslims. This accounts for about 87% of Indonesia's population and 11.7% of the total global Muslim population (Worldatlas, 2024) . As the country with the largest Muslim population, Indonesia holds a relatively high ranking in the global Islamic economy index. However, to become a true leader in this sector, Indonesia needs to catch up with countries such as Malaysia. The development of halal industrial zones is a concrete effort to enhance the competitiveness of Indonesian halal products in the global market through better standardization and intensive research (Sukoso et al., 2020).

To monitor the development of the halal industry, clear benchmarks are needed. The 2019-2024 Sharia Economic Development Plan proposes the concept of a "halal value chain" as such a benchmark. This concept encompasses all stages of halal product production, from raw material selection to the final product ready for consumption. By analyzing each stage of this value chain, we can assess the extent to which a product meets halal standards and how effectively the halal industry is developing. To implement the halal value chain, several strategies need to be undertaken. These include establishing clear product standards, promoting halal products, providing education about halal products, and certifying Micro, Small Medium Enterprise (MSME) products. Additionally, we need to open broader market access, both domestically and internationally. Halal institutions also need to improve their performance, particularly in terms of raw material availability and the development of the halal industry in regional areas (Asri & Ilyas, 2022).

MSMEs in South Kalimantan, with a total of 461,762 units in 2022, play a crucial role in the region's economy. Their contribution to the GDP, amounting to 61.05%, demonstrates significant potential for developing the halal value chain. This aligns with the definition of MSMEs in Law No. 20 of 2009, which provides room for the growth of micro enterprises (Thohir, 2022). Therefore, in this study, the researcher aims to understand how the halal value chain process works within the MSME sector in South Kalimantan. Additionally, South Kalimantan is being prepared to become an important and strategic province due to its proximity to the new Capital City. This will benefit many parties, especially those involved, from the preparation of raw materials to the final product reaching consumers. Thus, the need for this research is to explore the potential of MSMEs in mitigating the economic issues faced in South Kalimantan through the analysis of the halal value chain.

Empirical evidence shows that MSMEs that implement halal principles tend to have better market share and higher consumer trust. However, there remains a gap in the literature indicating that many MSMEs still do not understand the importance of halal certification for the sustainability of their business. Several previous studies have analyzed the halal value chain in MSMEs, such as the research by (Siregar & Razali, 2022), which stated that halal certification is one of the factors Muslim consumers consider when choosing products for consumption. Research by Ibrahim and Fauziah, (2023) suggests that the increase in halal certification for MSME products is expected to enhance their competitiveness, expand the supply chain, and broaden market reach. Nissa, (2024) stated that the existence of regulations that clearly and firmly govern halal certification in Indonesia is predicted to accelerate the certification process, which will ultimately have a positive impact on business growth and

Indonesia's economic development. However, these regulations must also be accompanied by awareness from both entrepreneurs and consumers (Hasanah, Mauliyah and Suprianik, 2022) Pratama, (2022) discussed collaboration in the halal certification process, but this study has not addressed the impact of self-declaration and halal certification on consumer perceptions and the market expansion of MSMEs.

Based on this background, the problem formulation in this study focuses on the specific question: "How can the implementation of the halal value chain enhance the competitiveness of MSMEs in South Kalimantan?" This question is relevant as it reflects the challenges faced by MSMEs in adopting halal practices and certification, which remain low despite the large market potential. The main objective of this research is to analyze the application of the halal value chain in MSMEs in South Kalimantan and its impact on local economic growth. The focus of this study is to analyze the factors influencing the adoption of halal practices and to identify the obstacles faced by MSMEs in this process. The research gap that this study aims to address is the lack of understanding and implementation of the halal value chain among MSMEs in South Kalimantan. Although there is prior research on the halal industry, there are few studies that delve into the practical application of the halal value chain in the MSME sector, especially in the regional context. Therefore, it is hoped that this research will contribute to expanding knowledge related to the case study of the halal value chain in Indonesia, as there are still limited studies addressing this topic in relation to cities and districts in South Kalimantan Province. Theoretically, this study is expected to contribute to the development of the halal value chain concept, which remains relatively new in the literature of Islamic economics.

Practically, the results of this study can be used by MSME entrepreneurs to understand and implement halal principles, which in turn can enhance their competitiveness in the market. From a social perspective, this research has the potential to raise public awareness about the importance of halal products, as well as improve the quality of life for communities through local economic development. This study is also expected to contribute to existing literature by providing new insights into how MSMEs can leverage the halal value chain to enhance their competitiveness. Theoretically, this research enriches the understanding of Islamic economics and halal practices, while from a practical standpoint, the findings can serve as a guide for government policies and business actors in developing the halal industry. Therefore, this study is significant because it offers a new perspective on the implementation of the halal value chain among MSMEs, a topic that is often overlooked. By focusing on the local context and providing in-depth analysis, this research offers a different approach compared to previous, more general studies. This allows the researcher to provide more specific and relevant recommendations for improving the competitiveness of MSMEs in the global market.

B. THEORETICAL STUDY

The concept of value chain analysis was first introduced by Michael Porter in 1985. According to Porter, this process is an effort by a company to identify its key activities and then add value to the goods or services it offers (Suseno et al., 2020). Thus, value chain analysis helps companies evaluate their competitive advantages as well as the weaknesses they have. This internal analysis allows companies to compete effectively both at the regional

and national levels. Furthermore, through value chain analysis, companies can determine competitive pricing and product quality (Salahuddin et al., 2021), with supply chain management coordinating the entire sequence of activities in the supply chain, from raw materials to customer loyalty (Aziz, 2021). Below is Porter's value chain model:



Figure 1. The Value Chain According to Porter

According to Figure 1, as explained by Michael Porter, represents "the building blocks of competitive advantage." This analysis includes two main groups of a company's activities: primary activities and support activities (Kuncoro, 2006). Primary activities are those that directly create value for customers, ranging from the receipt of raw materials to after-sales service. These primary activities include:

1. Inbound Logistics: The process of receiving, storing, and managing raw materials before they are processed.
2. Operations: The process of transforming raw materials into finished products that are ready for market.
3. Outbound Logistics: The process of distributing finished products to consumers, including sales and delivery activities.
4. Marketing & Sales: Activities related to promoting, selling, and market development for the products or services offered.
5. Service: Activities that provide after-sales service to maintain customer satisfaction and preserve the value of the product or service.

Support activities are those that assist in the execution of primary activities and ensure the overall smooth operation of the company. These support activities include:

1. Firm Infrastructure: Activities related to the overall management of the company, such as administration, finance, legal matters, and information systems.
2. Human Resource Management: Activities that involve managing human resources, including recruitment, training, development, and employee performance evaluation.
3. Technology Development: Activities related to the development and utilization of technology to improve the efficiency and effectiveness of the company.
4. Procurement: Activities involved in acquiring the resources needed by the company, such as raw materials, equipment, and services.

1. Halal Value Chain

The halal value chain is an ecosystem or supply chain that involves various industry sectors from upstream to downstream. The halal value chain is part of the

Islamic economy sector, playing a crucial role in driving economic growth. However, this potential has not been fully maximized. In fact, the halal value chain is a key strategy in strengthening the halal industry in Indonesia (Zakiyah et al., 2023). The halal principle also serves as a reference for consumers as a guarantee of product quality and living standards, as it encompasses elements of health, safety, security, well-being, and humanity (Mumfarida & Dzikrulloh, 2021). As outlined in the "Master Plan for the Indonesian Sharia Economy 2019-2024," the halal value chain spans various sectors, including food and beverages, tourism, Muslim fashion, media and entertainment, as well as pharmaceuticals and cosmetics.

National Development Planning Agency (Bappenas) through the research of halal (Subianto, 2018), identified five key programs to strengthen the halal value chain:

- a. Building halal industrial zones and halal hubs in various regions, ensuring that each area has a comparative advantage in its products.
- b. Strengthening halal infrastructure to improve efficiency and facilitate the halal certification process in Indonesia. This infrastructure can include Halal Centers, Halal Assurance Institutions, BPJPH representatives, Halal Information Systems, and others.
- c. Expanding reach through socialization/education about halal lifestyle, widely distributed across regions to promote halal living.
- d. Providing incentives for both local and global business actors to invest and support the development of the halal value chain comprehensively, covering raw materials, production processes, distribution, and marketing.
- e. Establishing cooperation and making Indonesia internationally recognized as a halal producer, so that an International Halal Center can be established in Indonesia, equipped with internationally standardized and harmonious facilities.

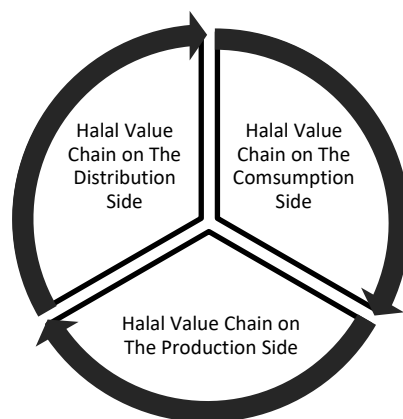


Figure 2. Halal Value Chain

According to Figure 2, which illustrates the flow of the halal value chain, it is essential to ensure that all processes, from upstream to downstream, in the production factors are halal (Amir & Subroto, 2019).

- a. The halal production value chain is defined as the entire sequence of production activities, whether for goods or services, that must be based on halal principles, including the added value to the production factors. This involves multiple parties,

such as the government, the private sector, IT networks, halal certification bodies, and Islamic financial institutions.

- b. The halal distribution value chain is defined as the activities involved in delivering goods to consumers, ensuring that the products are guaranteed to be halal. Additionally, during distribution, it must be ensured that the goods, which are certified halal by authorized institutions, are not mixed with prohibited or haram items. This is crucial as it will affect the integrity of the production process and the delivery of goods to consumers.
- c. The halal consumption value chain involves society's knowledge of consuming halal and tayyib products. Furthermore, consumers must be aware and conscious of only purchasing items that have been certified as halal.

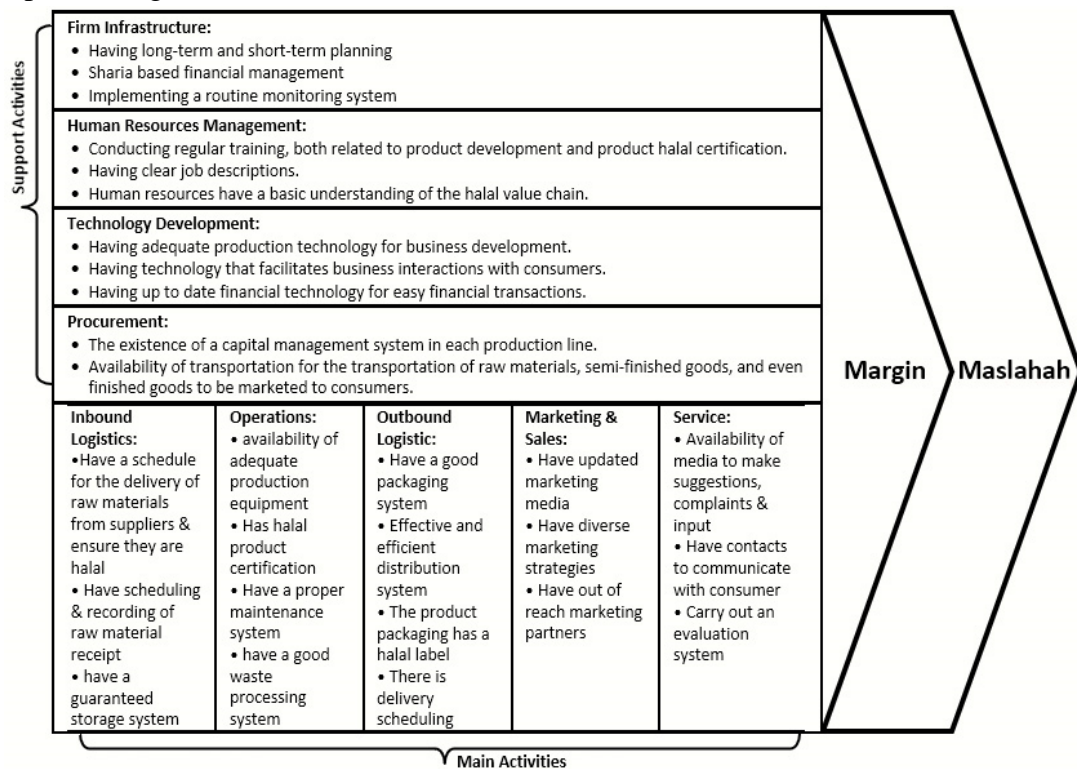


Figure 3. Halal Value Chain Process

- d. This study examines the implementation of the halal value chain in MSMEs. The halal value chain includes five main stages (inbound logistics, operations, outbound logistics, marketing, and services), along with supporting activities. Each stage ensures that all components of the product, from raw materials to packaging, meet halal standards. The main objective is not only to achieve maximum profit but also to contribute to society through zakat and the development of value-added products.

2. Micro, Small, and Medium Enterprises

Micro, Small, and Medium Enterprises (MSMEs) are businesses owned by individuals or entities with relatively smaller scales compared to large corporations. They play a crucial role in the economy of a country and region, with their structure being dominant, particularly in creating job opportunities and driving economic development through the added value of goods and services (Elfindri, Hendro Ekwarso, 2019). The

resilience of MSMEs has been proven to be strong during crises, thanks to their ability to adjust production and rely on internal capital, thus avoiding dependence on foreign debt (Pangaribuan, et, al, 2024). The definition of MSMEs can vary based on various factors, including the number of employees, sales or income, and the value of assets or capital owned. The classification standards for each of these factors may differ across sectors or industries (Munthe et al., 2023). According to the Central Bureau of Statistics (BPS), small enterprises employ 5-19 people, while medium enterprises employ 20-99 people (A.Setiyani et al., 2022)

The challenges faced by MSMEs include limited production capacity and the variety of products offered. As a result, MSMEs often struggle to determine optimal production capacity and set competitive selling prices. Additionally, their dependence on various raw material sources, which may not necessarily meet quality standards, results in inconsistent product outcomes. Furthermore, poorly structured production processes can lead to inconsistent product quality, potentially hindering business sustainability (Cay & Irnawati, 2020) . MSMEs, as the dominant business sector in Indonesia, require special attention due to their significant and tangible contribution to both local and national economies (Masruroh, Andrean & Arifah, 2021). Developing this sector is a strategic step in building the economy (Radhi, 2008). To be more competitive, MSMEs need to optimize their value chain, from production to distribution processes. This requires support from various parties, including the government, which needs to provide infrastructure to support production and distribution activities. Additionally, universities can contribute through relevant training programs and research, while the business world can share knowledge and resources with MSMEs (Ferdinand et al., 2022)

3. The Economy of South Kalimantan

South Kalimantan, rich in natural resources, has historically been a hub for producing commodities like coal and palm oil. However, with the passage of time, small and medium-sized enterprises (SMEs) and the agricultural sector have become increasingly important in supporting the regional economy. Despite this, challenges such as limited infrastructure and commodity price fluctuations remain obstacles that need to be addressed in order to achieve sustainable growth.

According to BPS, South Kalimantan's Gross Regional Domestic Product (GRDP) in 2023 showed a positive result of IDR 269.30 trillion, ranking 18th out of 34 provinces, marking a significant increase of 4.84%. This indicates a strong and stable economic recovery from the 2022 GRDP of IDR 251.23 trillion. Currently, the structure of South Kalimantan's economy is still heavily dependent on the mining sector, which contributes 30.82% of the total GRDP. Additionally, the combined sectors of agriculture, forestry, fisheries, manufacturing, trade, and transportation also make significant contributions, reaching around 38.93%. Altogether, these sectors drive more than 69% of the regional economy. Meanwhile, the accommodation and food service sector contributed 1.86% to the GRDP in 2023, with 84.87% of this contribution coming from food and beverages, and the remaining 15.13% from accommodation (BPS, 2024).

Although the contribution of the food and beverage sector to the GRDP in South Kalimantan still appears low, if continuously improved, it can make a significant contribution to the regional economy. SMEs in the food and beverage sector not only

play a role in increasing community income but also contribute to the economic resilience of the region. Through product and market diversification, SMEs can reduce dependence on other economic sectors (Fitriyanti *et al.*, 2018).

B. METHODOLOGY

This study uses a field research method with a mixed-method approach. In this design, quantitative data will be collected and analyzed first, then supplemented with qualitative data to deepen the understanding of the results obtained (Sugiyono, 2016). This study adopts an Explanatory Sequential design. In this design, quantitative data are collected and analyzed first, followed by qualitative data to provide a more in-depth understanding of the phenomenon under investigation.

The mixed-methods approach was chosen because it provides a more comprehensive picture of the implementation of the halal value chain in SMEs. By collecting quantitative data, we can statistically measure the prevalence of halal practices, while qualitative data provides insights into the perceptions and experiences of SME actors. This approach allows researchers to answer research questions more deeply, as qualitative analysis can uncover factors that might not be visible in the quantitative data. The mixed approach is selected because it offers a more comprehensive view of the implementation of the halal value chain in SMEs. Quantitative data provides clear statistical information about the prevalence of halal practices, while qualitative data offers insights into the perceptions and experiences of SME actors. Thus, this approach helps answer research questions in greater depth. It also enables the researcher to explain quantitative findings within the richer context of qualitative data. Quantitative and qualitative data are integrated through separate analyses, which are then combined. The results of the quantitative analysis will influence the collection and analysis of qualitative data, allowing the researcher to delve deeper into the factors identified from the quantitative data. This integration strategy is chosen because it enables the researcher to validate and enrich the findings with different perspectives (Arikunto, 2014).

Quantitative data were collected through surveys using questionnaires designed with a Likert scale. The validity of the questionnaire was tested using content and construct validity, while its reliability was tested with Cronbach's Alpha, with values above 0.70 considered reliable. The research population consisted of SMEs in South Kalimantan, with cluster random sampling used as the sampling technique. The sample size was 172 SME actors, including 58 SMEs from Banjar Regency, Banjarbaru City, and Banjarmasin City. Quantitative data consisted of secondary data from relevant agencies regarding the number of SMEs, while primary data were obtained from questionnaires distributed to SME actors. The data were analyzed to assess the implementation of the halal value chain in halal-certified SMEs across the three regions of South Kalimantan. A qualitative approach was used to assess the role and impact of halal certification on economic growth in the region. Primary data were collected through questionnaires, and secondary data were obtained from the Department of Cooperatives and SMEs in various cities, as well as the Central Bureau of Statistics of South Kalimantan. Quantitative data were gathered through a survey using questionnaires, designed with a Likert scale to measure attitudes and halal practices.

The research is designed to take 3-4 months, or until the information collected is considered saturated (no new information is obtained even if the number of respondents is

increased). The sampling technique used is cluster random sampling with the Slovin formula, such as $n = \frac{N}{1+(N.e^2)} = \frac{301}{1+(301 \times 0,05^2)} = 171,7546 \approx 172$. The number of MSME actors consists of 58 MSMEs from Banjar Regency, 56 MSMEs from Banjarbaru City, and 58 MSMEs from Banjarmasin City.

Qualitative data is collected through in-depth interviews and observations. The sampling technique used is purposive sampling to select informants who have relevant experience with halal practices in MSMEs. The qualitative data obtained from interviews is transcribed for further analysis. Quantitative analysis is conducted using descriptive statistics to present research findings, utilizing Microsoft Excel. Quantitative and qualitative data are integrated through separate analyses, which are then combined. The results from the quantitative analysis inform the collection and analysis of qualitative data, allowing the researcher to explore factors identified from the quantitative data more deeply. This integration strategy is chosen to validate and enrich findings with different perspectives, providing a more holistic understanding of the application of halal value chains in MSMEs.

The quantitative analysis technique used is descriptive statistics, which is applied to summarize the research findings. The software used for the analysis is Microsoft Excel, which assists in calculating frequencies, averages, and data distributions. For qualitative data analysis, we use Thematic Analysis to identify key themes from interview transcripts, which are then validated through triangulation to ensure reliability and credibility of the data. In this research, the qualitative approach involves collecting data through in-depth interviews and observations with the aim of gaining a deeper perspective from MSME actors about their halal practices.

C. RESULT AND DISCUSSION

The data obtained from distributing questionnaires to MSME actors is then analyzed using descriptive quantitative analysis in the form of percentages, which are presented in diagram format. Meanwhile, the qualitative data obtained through questions directed to the relevant government departments is analyzed using data triangulation. From the 172 samples, consisting of 58 MSMEs in Banjarmasin City, 56 MSMEs in Banjarbaru City, and 58 MSMEs in Banjar Regency, the results are analyzed using descriptive quantitative analysis.

1. The classification of micro-enterprises is based on a maximum capital of 50 million. In Banjarmasin City, there are 62 MSMEs, in Banjarbaru City, 150 MSMEs, and in Banjar Regency, 22 MSMEs.

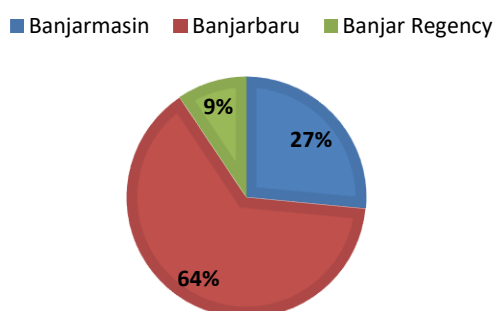


Figure 4. Classification of Micro-Enterprises is Based on a Maximum Capital of 50 Million

- The classification of micro-enterprises based on turnover, with a maximum criteria of 300 million, shows that in Banjarmasin City, there are 60 MSMEs (2 of which have a turnover above 300 million), in Banjarbaru City, there are 144 MSMEs, and in Banjar Regency, there are 22 MSMEs.

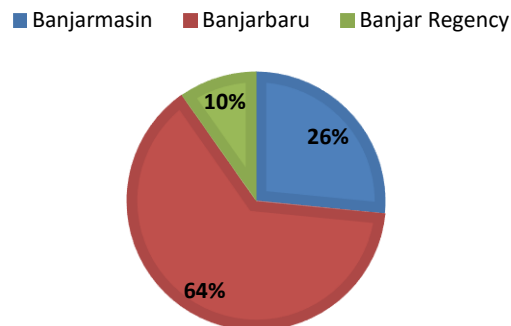


Figure 5. Classification of Micro-Enterprises is Based on Turnover with Maximum Criteria of 300 Million

- The classification of small enterprises based on turnover, with criteria ranging from more than 300 million to 2.5 billion, shows that in Banjarmasin City, there are 14 MSMEs, in Banjarbaru City, there are 144 MSMEs (6 of which have a turnover above 300 million), and in Banjar Regency, there are 19 MSMEs.

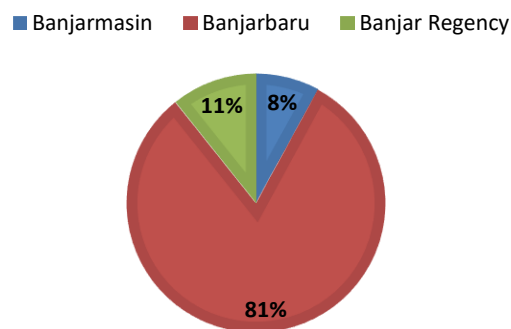


Figure 6. Classification of Micro-Enterprises is Based on Turnover with Criteria Ranging from more than 300 Million to 2.5 billion

- The classification of MSMEs based on the number of employees in Banjarmasin City, Banjarbaru City, and Banjar Regency.

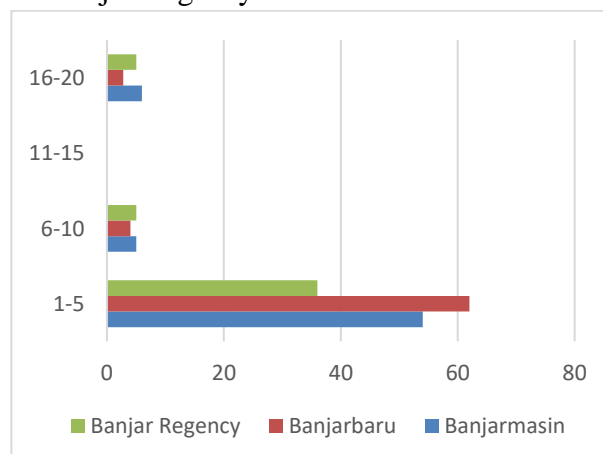


Figure 7. Classification of MSMEs Based on the Number of Employees

Based on the distribution data of MSME actors in Banjarmasin, Banjarbaru, and Banjar Regency, the majority of MSMEs in these three areas are small businesses with 1-5 employees. Banjarbaru has the highest number (62 MSMEs), followed by Banjarmasin (54 MSMEs), and Banjar Regency (36 MSMEs). MSMEs with 6-10 employees are fewer in number, with Banjarmasin and Banjar Regency each having 5 MSMEs, and Banjarbaru having 4 MSMEs. No MSMEs in the three regions fall into the 11-15 employees category. However, Banjarmasin has 6 MSMEs with 16-20 employees, while Banjarbaru and Banjar Regency have no MSMEs with that many employees. This data indicates the dominance of small businesses in all regions, with Banjarmasin having larger MSMEs than the other two regions.

5. Classification of MSMEs based on sales range

Based on the sales range data of MSMEs in Banjarmasin, Banjarbaru, and Banjar Regency, there is a significant variation in revenue scales across the three regions. In the sales range of 2-10 million, Banjarbaru has the highest number of MSMEs (12), followed by Banjar (7) and Banjarmasin (5). In the sales range of ≥ 10 -50 million, Banjarbaru dominates with 37 MSMEs, followed by Banjar with 22 MSMEs and Banjarmasin with 19 MSMEs. In the range of ≥ 50 -100 million, the number of MSMEs in Banjarmasin and Banjar is the same (19), while Banjarbaru has only 9 MSMEs. In the range of ≥ 100 -250 million, Banjarmasin leads again with 12 MSMEs, Banjarbaru has 7, and Banjar has 4. For the sales range of ≥ 250 -500 million, Banjarmasin has 9 MSMEs, while Banjarbaru and Banjar only have 1 MSME each. MSMEs with the highest sales (≥ 500 million to 1 billion) are only found in Banjarmasin with 1 MSME. This data shows that Banjarbaru excels in the number of MSMEs with small to medium revenue scales, while Banjarmasin has more MSMEs with large revenue scales, particularly in the categories of ≥ 250 million to ≥ 1 billion.

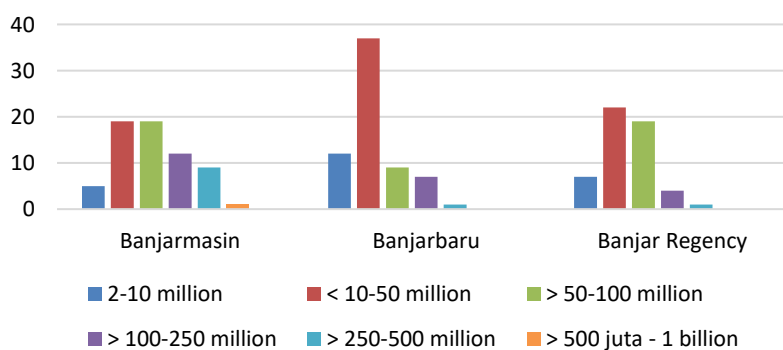


Figure 8. Classification Based on the Sales Range Data of MSMEs

6. Classification of MSMEs based on education level

Based on the chart of MSME owners' education levels in three regions (Banjarmasin, Banjarbaru, and Banjar), it is evident that the majority of MSME owners have a senior high school education. In Banjarmasin, 35 MSME owners have completed high school, followed by 20 with a bachelor's degree, 7 with less than high school education, and 3 with a diploma. In Banjarbaru, MSME owners with high school education dominate, totaling 40, followed by 16 with a bachelor's degree, 9 with less than high school education, and 2 with a diploma. Meanwhile, in Banjar, the majority of MSME owners also have a high school education, with 27 people, followed by 10 with a bachelor's degree, and 4 with less than high school education, with none having a diploma. This data indicates that the majority of MSME

owners in the three regions have a high school education, followed by a bachelor's degree, with fewer having a diploma or less than high school education.

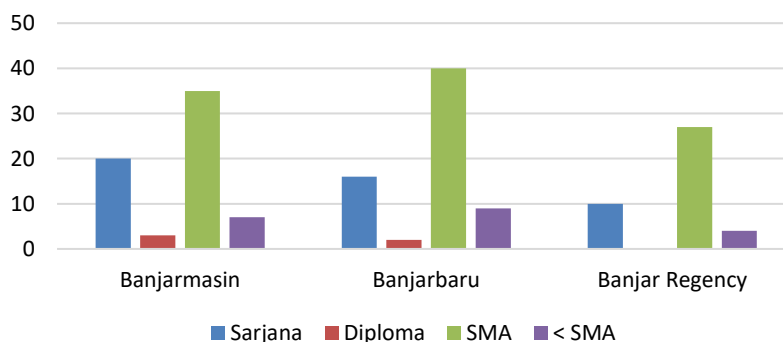


Figure 9. Classification of MSMEs Based on the Education Level

7. Response to the separation between products that are halal-certified and those that are not certified during the shipping process.

The majority of respondents in Banjarmasin agree (41.4%) and strongly agree (18.6%) with the statement, indicating support for the separation of halal and non-halal products. However, there are also some who have no opinion (20%) and a few who disagree (12.9%). In Banjarbaru, the majority of respondents agree (50.6%) with the statement, with an additional 14.3% strongly agreeing. This shows stronger support compared to Banjarmasin. The percentage of respondents with no opinion is lower (9.1%), and those who disagree make up 13%. Banjar Regency shows the highest percentage of agreement (56.8%) among the three regions, with 15.9% strongly agreeing. The percentages of those with no opinion (9%) and those who disagree (11.4%) are lower compared to the other regions, indicating greater support for the separation of halal and non-halal products. This significant support could be an important consideration for the government and transportation service providers to implement the separation of halal products in the shipping process.

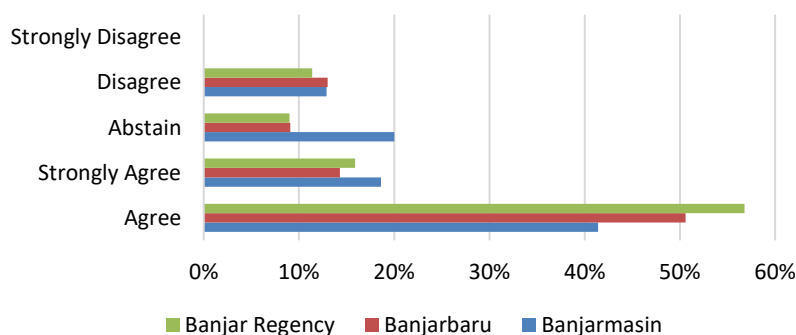


Figure 10. Response to the Separation between Products that are Halal-Certified and those that are not Certified during the Shipping Process

8. Response to the existence of institutions that provide halal certification.

The majority of respondents in Banjarmasin city strongly agree (76.9%) with the existence of a halal certification institution provided by the government, showing strong support for this initiative. Respondents who agree (23.1%) add additional support, although it is lower than those who strongly agree. In Banjarbaru, the majority of respondents also strongly agree (68.7%) with the presence of a government halal certification institution, with

a slightly lower percentage than in Banjarmasin. However, the number of respondents who agree (31.3%) is higher here, indicating significant support from those who have a positive opinion but not to the level of "strongly agree." Banjar Regency shows a pattern similar to Banjarbaru, with the majority of respondents strongly agreeing (70.7%) with the existence of a government halal certification institution, while 29.3% agree. This shows solid support in the area, though with slightly lower proportions compared to Banjarbaru and Banjarmasin. Overall, people in these three regions view the existence of a government-provided halal certification institution as a very positive and important step. The high number of "strongly agree" responses indicates that this policy is considered highly relevant and is expected by the majority of the community.

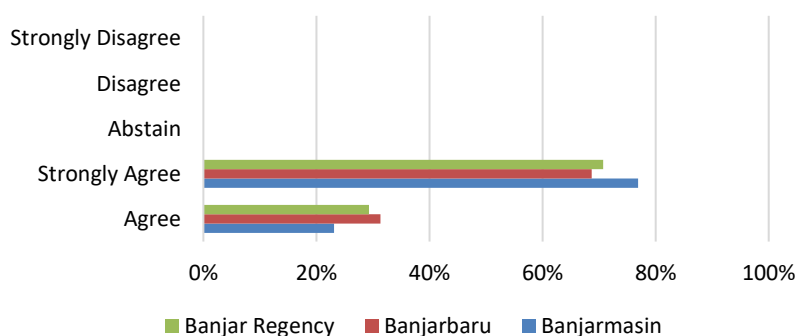


Figure 11. Response to the Existence of Institutions that Provide Halal Certification

9. Response to information technology related to halal certification

In Banjarmasin, the majority of respondents are almost evenly split between agreeing (50.8%) and strongly agreeing (49.2%) with the statement that information technology is helpful in obtaining halal product information. This indicates that respondents in Banjarmasin generally agree that information technology plays a significant role in accessing halal product information, with nearly equal support from both groups. In Banjarbaru, the majority of respondents agree (73.1%) that information technology facilitates access to halal product information, while 26.9% strongly agree. The largest support in Banjarbaru comes from those who agree, showing that while the majority strongly supports it, the intensity of support in the "strongly agree" category is lower compared to Banjarmasin. Banjar Regency shows a similar pattern to Banjarbaru, with a large majority of respondents agreeing (73.2%) that information technology makes it easier to obtain information about halal products, while 26.8% strongly agree. This shows that although there is widespread support, the intensity of support in the "strongly agree" category is also lower than in Banjarmasin.

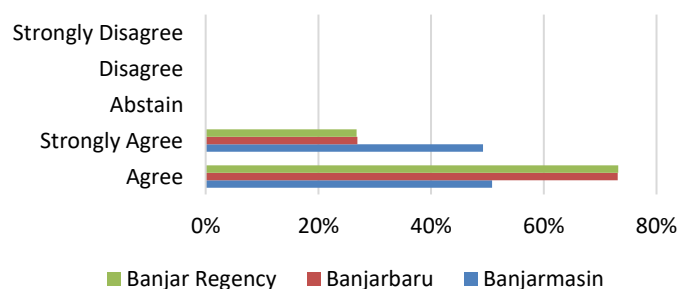


Figure 12. Response to Information Technology Related to Halal Certification

10. Response to training related to halal certification

In Banjarmasin, the majority of respondents agree (62.3%) that companies conduct training on halal supply chain implementation, while 37.7% strongly agree. This indicates that most respondents believe that training on halal supply chain implementation by companies exists and is in progress, with a strong level of support from the "strongly agree" group. In Banjarbaru, 73.1% of respondents agree that companies conduct training on halal supply chain implementation, with 26.9% strongly agreeing. This shows that while the majority support it, more respondents fall into the "agree" category rather than "strongly agree." Support for halal supply chain training is significant, but with lower intensity compared to Banjarmasin. Banjar Regency shows a similar pattern to Banjarbaru, where 73.2% of respondents agree and 26.8% strongly agree that companies conduct halal supply chain implementation training. The majority of respondents support the training, although, like in Banjarbaru, the intensity of "strongly agree" support is lower compared to Banjarmasin.

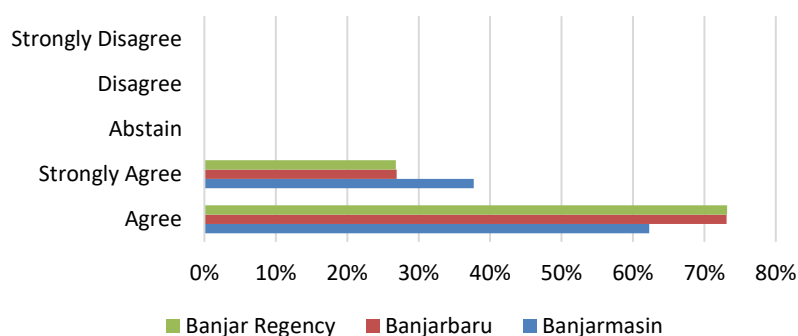


Figure 13. Response to Training Related to Halal Certification

11. Response to employees' ability in implementing the halal value chain

In Banjarmasin, the majority of respondents agree (64.6%) that all employees have the knowledge and skills regarding halal supply chain implementation, while 35.4% strongly agree. This indicates that most respondents believe employees in Banjarmasin have adequate knowledge and skills in implementing the halal supply chain, with strong support from the "strongly agree" group. This level of support reflects high trust in the employees' abilities in these companies. In Banjarbaru, 73.1% of respondents agree that all employees have the knowledge and skills related to halal supply chain implementation, and 26.9% strongly agree. The majority of respondents support this statement, although the intensity of support in the "strongly agree" category is lower than in Banjarmasin. This suggests that while there is trust in the employees' abilities, most respondents are more moderate in expressing their support. Banjar Regency shows a similar pattern to Banjarbaru, with 73.2% of respondents agreeing and 26.8% strongly agreeing that all employees have adequate knowledge and skills in implementing the halal supply chain. The majority of respondents show support for this statement, but, as in Banjarbaru, the intensity of "strongly agree" support is lower.

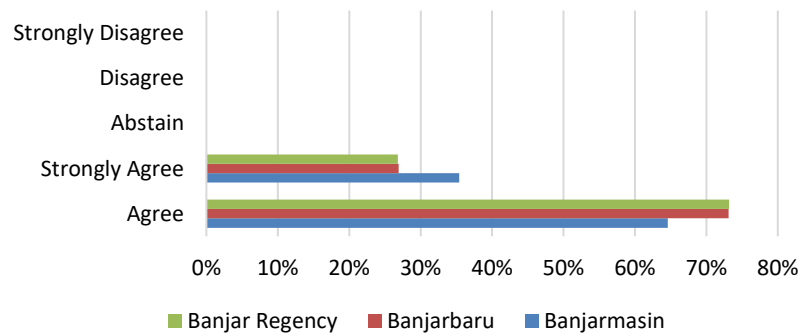


Figure 14. Response to Employees' Ability in Implementing the Halal Value Chain

12. Response to trust in the halal supply chain

In Banjarmasin, 58.5% of respondents agree that there is trust in the supply chain, with 41.5% strongly agreeing, indicating strong trust among MSME actors. In Banjarbaru, 73.1% agree and 26.9% strongly agree, showing that the majority have trust, although the level of full confidence is lower compared to Banjarmasin. In Banjar Regency, 73.8% agree and 26.2% strongly agree, reflecting a similar pattern. Overall, there is good trust in the supply chain, although the intensity is stronger in Banjarmasin.

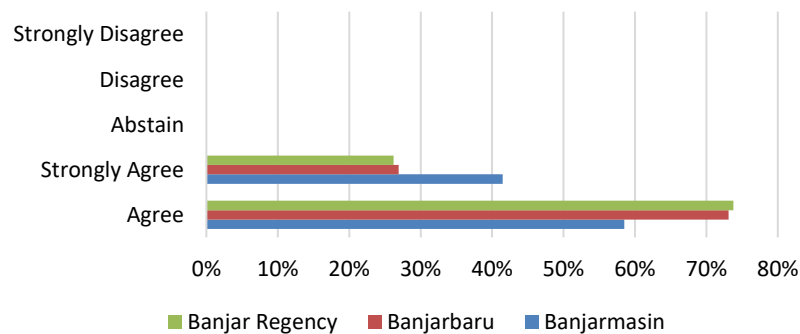


Figure 15. Response to Trust in the Halal Supply Chain

13. Implementation of Halal Supply Chain

In Banjarmasin, the majority of respondents (55.4%) strongly agree that their production adheres to halal procedures, while 44.6% agree. This indicates a high level of confidence among MSME actors in their compliance with halal standards. In Banjarbaru, 73.1% of respondents agree and 26.9% strongly agree, showing that the majority believe halal procedures have been followed, though the level of strong conviction could still be improved. In Banjar Regency, 73.2% of respondents agree and 26.8% strongly agree, reflecting a similar pattern to Banjarbaru, with slightly lower full confidence compared to Banjarmasin.

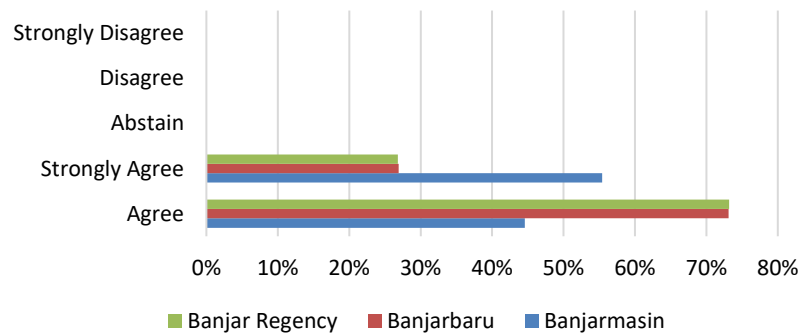


Figure 16. Implementation of Halal Supply Chain

15. Response to the selection of halal ingredients

In Banjarmasin, 78.5% of respondents strongly agree with choosing halal products and rejecting non-halal raw materials, showing a strong commitment from MSMEs to halal principles. Meanwhile, 21.5% agree, although they may not be fully convinced or have not implemented it to the fullest extent. In Banjarbaru, 64.2% of respondents strongly agree with the halal principle, while 35.8% agree, indicating a need for further education. In Banjar Regency, the situation is similar to Banjarbaru, with 65.9% strongly agreeing and 34.1% agreeing, showing that some MSMEs still require support for full implementation.

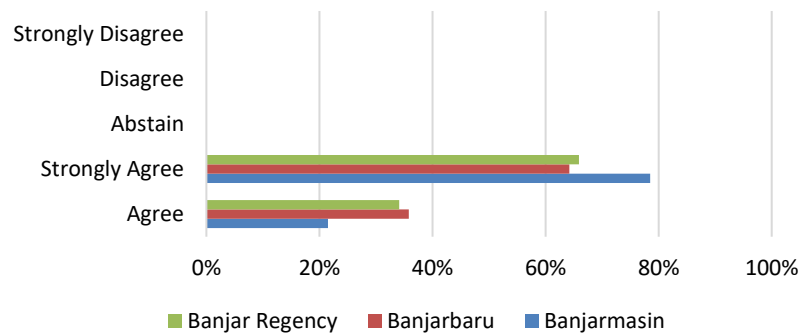


Figure 17. Response to the Selection of Halal Ingredients

The research by (Iltiham & Nizar, 2020) states that the halal label on products has a positive influence on consumer purchasing interest, making it crucial for producers to certify their products as halal. This aligns with the findings of (Ubaid et al., 2022), who state that strengthening financial systems, production management, and effective marketing can increase productivity and profitability for SMEs through a participatory model, which emphasizes social participation and entrepreneurship education. This is expected to help SME products compete in both domestic and international markets. Furthermore, (Sri Mulyani et al., 2022) argue that the development of the halal industry sector can accelerate economic growth. Additionally, SME actors must enhance their financial literacy and inclusion in Islamic finance to encourage business growth and ensure the sustainability of SME businesses (Rakhmawati & Nizar, 2023). Collaboration among various stakeholders is essential to strengthen the halal certification ecosystem, which, in turn, improves the competitiveness of SME products in the global market, as policies can reinforce support for SMEs in the halal certification process (Aslikhah, 2023).

In addition to distributing questionnaires to collect important primary data from SME actors, several questions were also sent to relevant government agencies regarding the importance of halal supply chains for operations and services. The majority of respondents supported education, socialization, and enhanced supervision as steps to strengthen the halal supply chain. They also mentioned that implementing halal supply chains could improve consumer trust and meet the public's demand for halal services. It is hoped that relevant institutions will further support the implementation of halal supply chains by providing additional support in the form of facilities and easier access to certification. This will ensure that the services provided align with the halal standards expected by society.

Based on field research conducted in one of the areas in Banjar Regency, known as a center for traditional Banjar food production (locally called *wadai* and other light snack products), it was found that the MSME actors in the culinary sector have not yet obtained halal certification. This situation is noteworthy, considering that Banjar Regency, particularly in the Martapura area and its surroundings, is known for its religious community. As a follow-up to this condition, the research team held a socialization activity related to halal certification. The activity took place in the Tambak Anyar Ilir Village, Martapura Timur District. The products made by MSME actors in this area include bolu cakes, banana and cassava chips, wheat crackers, onion cakes, sago cakes, and risoles (spring rolls).

This socialization event was attended by 45 MSME actors, all of whom were housewives. From the discussion, it was found that they have implemented some halal supply chain practices in their culinary businesses, such as separating the business kitchen from the household kitchen, choosing halal-certified raw materials, and avoiding the use of harmful preservatives. The main obstacle to halal certification in this religious region is the lack of understanding about its legal status. Key challenges include low awareness of the benefits of halal certification for business competitiveness, a lack of technical support and infrastructure from the government, and limited financial resources and skilled labor. The complex certification procedures also discourage many small MSMEs from pursuing them. This study not only analyzes MSME actors' implementation of the halal supply chain but also gathers perspectives from the government, particularly the Department of Cooperatives and MSMEs in Banjarmasin City, Banjarbaru City, and Banjar Regency. Data from the government was obtained through questionnaires to understand policies, support, and challenges in implementing the halal supply chain in these areas.

Similarly, research by (Julistia et al., 2021) showed that MSME actors in Medan, North Sumatra—which has the highest Muslim population—have indeed implemented a halal ecosystem in their operations. However, most of them have not yet obtained official halal certification. Meanwhile, research by (Iltiham & Nizar, 2020) revealed that the halal label only influences consumer interest, but does not affect their purchasing decisions. Other variables, such as price, have a proven impact on both purchase interest and purchasing decisions, and can influence consumer purchasing decisions through interest. This is in line with findings by Mundzir et al., (2024) who stated that the halal status of a product can affect the sustainability of a business.

The research by Pratikto, et. al. , 2023) suggests that self-declaration requires halal awareness, halal literacy, and the MSME actors' perception of regulations related to halal certification. Meanwhile, the study by Juliana *et al.*, (2024) states that to optimize halal

certification, there is a need for increased awareness among MSMEs and the public, as well as the utilization of technology in the production process. Proposed strategies include strengthening collaboration between stakeholders and leveraging available opportunities to enhance the competitiveness of halal products. Local governments, through the relevant departments, have made efforts to help promote products made by MSMEs in their respective regions. However, one obstacle preventing MSME products from reaching a broader market is the absence of halal certification for some of these products. Despite halal certification now being mandatory according to Government Regulation No. 39 of 2021, this barrier still affects the competitiveness of MSME products (Al Mubarak et al., 2023).

The implementation of halal certification for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is crucial for consumers, particularly Muslim consumers. Halal certification plays an important role in guaranteeing the halal status of products, whether food, medicine, or other consumer goods. The efforts made by MSME owners to obtain halal certification aim to increase consumer trust and improve product competitiveness in the market (Handayati et al., 2023). By having a halal certificate, MSME products can enhance their added value and consumer trust, while the implementation of halal quality assurance practices helps differentiate the product from competitors (Nurjamjam, 2024). Although there have been advancements through the Job Creation Law that accelerate the certification process, several obstacles remain, such as the lack of knowledge and awareness among MSME actors, limitations in human resources, and financial issues. To overcome these challenges, support from both the government and society is needed to ensure that all parties comply with the legal provisions concerning halal product guarantees (Hanim & Noorman, 2023).

D. CONCLUSION

The implementation of halal value chains in MSMEs in South Kalimantan has great potential to drive economic growth. MSMEs in the food and beverage sector have begun adopting halal standards; however, they still face challenges in implementation, such as low awareness of the importance of halal certification to enhance product competitiveness. The role of local governments is crucial in raising awareness and providing support for MSMEs, as this is the foundation for sustainable local economic growth. Future research is expected to expand the focus to other sectors, such as fashion, cosmetics, and pharmaceuticals, which are also related to halal certification.

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