
A Halal Certification and Its Effect on Sales Growth; A Case of Halal Certified Food Producers in Banten

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Abstract:

The Muslim community as consumers have the right to get correct information about the food products they consume. The government's efforts to protect the rights of the Muslim community in terms of information on halal food products, namely by issuing Law no. 33 of 2014 concerning Halal Product Guarantee. Halal certification is a form of producer strategy in attracting consumers to buy their products so that it will indirectly increase sales turnover. But the facts on the ground, there are still many SMEs, especially food producers who are still elements about the added value of halal certification. This study aims to analyze the effect of halal certification on increasing sales of food producers who already have halal certificates in the province of Banten. The research method used is descriptive quantitative through primary data collection from respondents. Methods of data collection using a questionnaire and data processing using SPSS software version 23. Data analysis using a simple linear regression method. The results of this study indicate that halal certification has a significant positive effect on increasing sales of halal-certified food producers in the province of Banten. The contribution of the effect of halal certification to the increase in sales is 21 percent, while the rest is influenced by other variables not examined in this study.

Keywords: Halal Certification, Halal Product Guarantee, MSME, Sales Growth

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INTRODUCTION

In general, every Muslim must obey all the commands of Allah SWT, and at the same time, a believer must stay away from all prohibited actions. Among His commands is fardhu 'ain, which all Muslims must know in detail and to do so must follow the instructions of the Prophet Muhammad. Fardhu 'ain such as prayer, fasting, zakat, and reading the Qur'an must be done by every individual Muslim. On the other hand, Muslims are also asked to leave all bad deeds that are prohibited. Bad deeds can be categorized into many types, one of which is haram food.

Indonesia is a country with a majority Muslim population. The public as consumers has the right to get the correct information about the halal-certified food products they need. This is related to the safety of consumers, both Muslim and non-Muslim, both in faith, spiritually and physically, in consuming food and beverage products, depending on the information on these food products. (Garg & Joshi, 2018). The government's efforts to protect the rights of the Muslim community in terms of information on halal food products, namely by issuing Law no. 33 of 2014 concerning Halal Product Guarantee. Before the issuance of this law, the provision of halal certificates for food products was voluntary, after the enactment of this law, the issuance of halal certificates was mandatory.

Indonesia as a country with a majority Muslim population has a great opportunity to be able to develop a sharia economic ecosystem, especially in terms of the halal industry. Market demand for halal products continues to increase, the government hopes that Micro, Small, and Medium Enterprises (MSMEs) can take this opportunity to increase sales turnover. Therefore, MSMEs need to register their products to obtain halal certification. This aims to provide trust and a sense of security to consumers regarding the quality of the product and its halal status.

Entrepreneurs must be observant in taking advantage of existing business opportunities using goods and services in the consumer purchasing decision process. The products produced by the company are very diverse. The company of course wants to maintain the existence of its performance to be able to achieve the desired growth rate (Sairo et al., 2018). Nickels et al., (1988) stated that selling is the process by which the seller satisfies all the needs and desires of the buyer to achieve benefits, both for the seller and the buyer, that is sustainable and that benefit both parties.

Economic developments have demanded the industrial world continue to produce products with the latest innovations. This challenge is to meet consumer demand which is also constantly growing. Consumer goods are grouped into four types according to (Barat, 2009) namely goods that are often purchased (convenience goods), goods purchased (shopping goods), goods that have unique characteristics

(specialty goods), and goods that are not yet known (unsought goods). Products that are widely circulated in the market are included in the category of convenience goods. Products that can provide clarity on quantity, content, quality, and other things that are considered important by consumers tend to have consumers with high loyalty (Khalek, 2014).

Halal certification is a form of producer strategy in attracting consumers to buy their products so that it will indirectly increase sales turnover. But the facts on the ground, there are still many SMEs, especially food producers who are still unsure about the added value of halal certification. Therefore, this study aims to analyze the effect of halal certification on the increase in sales of a company.

The novelty of this research is the object of this research focus on halal-certified food producers, while other relevant studies use MSMEs in general as their research object. In addition, this research was conducted after the implementation of the mandatory halal certification for MSMEs which previously was only voluntary. Another novelty is the location in this study was conducted in the province of Banten, which according of the author's observations, there have been no studies on halal certification located in the province of Banten that use the variable sales increase as the independent variable.

LITERATURE REVIEW

Halal Certification

The word "certification" in the KBBI is "certification". Certification can be said as a process of providing certification or formal evidence as an acknowledgment given by an institution to a product. Certification is defined as a determination or provision given to an institution. The agency is authorized to give instructions to someone, that someone can run a specific business as well as possible. Products that have been certified can be done periodically or periodically. The existence of certification aims to confirm and provide instructions for the authenticity of the product so that it can be accepted by all circles of society (Rahayuningsih & Ghozali, 2021).

Halal certification is a process to obtain a halal certificate by going through several stages of inspection to prove that the raw materials, production processes, and product halal assurance system in a company are by the established standards (LPPOM-MUI, 2008). Certification is carried out by carrying out a series of examinations carried out by an auditor who is competent in their field to then determine the halal status so that a written fatwa is created stating the halal of the product in the form of a halal certificate. (Hasan, 2014).

Halal certification is not only focused on the raw materials that are included in the product but also includes the "tayyib" criteria applied in every aspect of production. A halal certificate according to (Basri & Kurniawati, 2019) (Najmudin, 2021) is a document issued by a Legal Religious Institution stating that the product complies with Islamic law and can be used by Muslims. Halal labeling indicators are halal labels printed on product packaging, halal composition listed on product packaging, and trust in product halalness (Andriansyah et al., 2019).

Sale

Selling is getting someone to buy a product, whether by way of promotion or in-person (Alma, 2002). Sales are one of the most important activities of a company. Companies cannot develop properly if they are not able to sell the products they produce. Conversely, if the company can continue to improve it, then the company will be able to exist in business competition (Dunan et al., 2020). In general, there are three main objectives in sales activities (Swastha & Irawan, 2005) that is; (1) achieving a certain sales volume; (2) earning a certain profit; and (3) supporting the company's growth.

Sugiyono (2010) explains that net sales are the difference between sales made in cash and credit with sales returns and sales discounts. Sales are divided into two parts, namely:

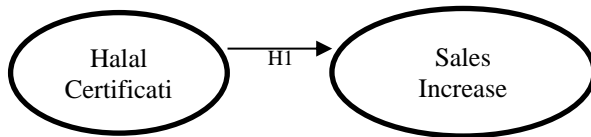
1. Credit sales, namely sales whose payments are made at a later date within a predetermined period after the goods are received by the customer. It is this credit sale that gives rise to trade receivables, so sales cannot be separated from the emergence of accounts receivable.
2. Cash sales, namely sales whose payments are made directly at the time of the transaction.

The sale of goods is an effort made by humans to deliver the needed goods that have been produced to those in need with money according to a price determined by mutual agreement (Sutamto, 2010). Meanwhile, sales results are the number of goods and services sold during the exchange process (Swastha & Handoko, 2011). In general, the goal of a company is to generate profits, the size of the profit that can be generated is a measure of management's success in managing the company. The indicators of sales according to (Kotler, 1993) among others: (1) price, (2) promotion, (3) quality, (4) product, and (5) distribution channel. Each company can increase sales of its products by using an effective marketing system by using specific strategies in increasing the existing consumer market. With the right

marketing strategy from the company, it can influence consumers to be interested and buy the products offered by the company (Paputungan et al., 2017).

Framework

Chart 1. Thought Framework



Based on the framework above, it can be seen that halal certification affects increasing sales.

Hypothesis Development

Research results (Arrezia et al., 2015) prove that there is a significant difference in the turnover of MSME catering services before and after having the LPPOM-MUI halal certificate. Research result (Cahyo, 2010) shows that there is a difference before and after halal certification and it can be concluded that halal certificate has a significant relationship to the increase in sales. Research results (Segati, 2018) concluded that the perceived variable of halal certification had a significant effect on the perception variable of increasing sales at Aqiqah Nurul Hayat Catering Yogyakarta. Research results (Alwi et al., 2019) concluded that halal certification has a significant effect in a positive direction on increasing sales of halal products. Research result (Armiani et al., 2021) shows that halal-certified food products are a marketing strategy to increase sales levels to MSMEs in the province of West Nusa Tenggara. Research results (Kalbarini & Anggraini, 2022) concluded that the existence of a halal label on the product increases consumer confidence so it has an impact on increasing sales and business income of Maha Bakery in Pontianak City. Research results (Astuti et al., 2020) concluded that the effect of the halal label on increasing sales turnover was very significant. Research result (Najmudin, 2021) shows that halal certification affects buying interest in traditional Sate Bandung food, which indirectly affects the level of sales.

METHOD

The research method used is descriptive quantitative. According to Arikunto (2010) as quoted (Effendi, 2018) Quantitative research is research whose data is expressed in the form of numbers or numbers that can be calculated systematically

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(Efendi, 2018). Population by (Arikunto, 1998) as quoted (Bachtiar, 2018) is the whole research subject (Bachtiar, 2019). The population in this study are food producers who have been certified halal in the province of Banten. Determination of the number of samples in this study refers to the opinion of (Ferdinand, 2002). Ferdinand (2002) as quoted (in Izzudin, 2018) states that the sample size depends on the number of indicators used in all variables. The number of samples is equal to the number of indicators multiplied by 5-10. So, the number of samples in this study was set at 80 respondents, which was obtained from the total number of indicator variables used in this study, namely 8, then multiplied by 10 ($10 \times 8 = 80$).

The type of data used in this research is primary data. Dewi & Sindarko, (2018) Primary data is data that is collected directly from the source and processed by itself for use. The data collection method used is a questionnaire. Questionnaires were distributed to 72 food producers who already have halal certificates in Banten province. The data analysis method in this study is a quantitative descriptive approach, the analytical tool used is the SPSS version 23 program, the first test is the validity test which is used to measure the validity or validity of a questionnaire. Furthermore, the reliability test where a questionnaire is said to be reliable or reliable if someone's answer to the statement is consistent or stable from time to time. After the instrument is valid and reliable, then the classical assumption test (normality test and heteroscedasticity test) is carried out, then a simple linear regression analysis is performed, because there is only one independent variable in this study. The hypothesis test consists of a t-test to see the effect of the independent variable on the dependent variable. (Ulya & Karneli, 2018).

RESULT AND DISCUSSION

1. Research result

Validity test

Table 1. Validity Test Results

Items	Question	R-Value Calculate	RTable Value	Conclusion
Halal Certification Variable				
	P.1	0.657	0.235	Valid
	P.2	0.663	0.235	Valid
	P.3	0.692	0.235	Valid
	P.4	0.536	0.235	Valid
Sales Increase Variable				
	P.5	0.662	0.235	Valid
	P.6	0.711	0.235	Valid

P.7	0.571	0.235	Valid
P.8	0.619	0.235	Valid

Based on the results of the validity test in the table above, it is known that the calculated r-value of all question items is greater than the r table (0.235), so it can be concluded that the question items in the questionnaire are all valid.

Reliability Test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha value	R-Value Table	Conclusion
Halal Certification (X)	0.505	0.235	Reliable
Sales Increase (Y)	0.431	0.235	Reliable

Based on the results of the reliability test in the table above, it is known that the value of Cronbach's alpha of the halal certification variable (X) is greater than the r table (0.505 > 0.235), and the value of Cronbach's alpha of the sales increase variable (Y) is greater than the r table (0.431 > 0.235).). Thus, it can be concluded that all variables in this study are reliable and reliable

Normality test

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residual 72
Normal Parameters, b	mean	.0000000
	Std. Deviation	1.98467057
Most Extreme Differences	Absolute	.095
	Positive	.078
	negative	-.095
Test Statistics		.095
asymp. Sig. (2-tailed)		.183c

Based on the results of the normality test in the table above, it is known that the significance value of the Kolmogorov Smirnov test is greater than the alpha value (0.183 > 0.05), so it can be said that the residual model data is normally distributed or the assumption of normality has been met.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	T
1	(Constant)	.353	1.043		.339
	Halal Certification	.079	.066	.140	1.186

a. Dependent Variable: RES2

The table above shows that the significance value of the halal certification variable is greater than the alpha value (0.240 > 0.05), so it can be concluded that there is no heteroscedasticity in the regression model in this study.

Correlation Coefficient Test

Table 5. Correlation Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.471a	.222	.210	1,99880

a. Predictors: (Constant), Halal Certification

The table above shows that the correlation coefficient value of the halal certification variable on the increase in sales is 0.210. This value indicates that the increase in sales is influenced by halal certification by 21 percent, while the rest is influenced by other variables not examined in this study.

Table 6. t-Test Results Statistics

Coefficients		Unstandardized		Standardized		
		Coefficients	Std. Error	Beta	T	Sig.
Model		B				
1	(Constant)	8,528	1,758		4.850	.000
	Halal Certification	.500	.112	.471	4.464	.000

a. Dependent Variable: Sales Increase

Based on the results of the statistical t-test in the table above, it is known that the t-count value of the halal certification variable is greater than the t-table value (4.4641.669) and the significance value is smaller than the alpha value (0.0000.05). Thus, the halal certification has a significant positive effect on increasing sales of halal-certified food producers in the province of Banten.

Discussion

Based on the results of the research above, it is known that the t-count value of the halal certification variable is greater than the t-table value (4.4641.669) and the significance value is smaller than the alpha value (0.0000.05). These results show that halal certification has a significant positive effect on increasing sales of halal-certified food producers in the province of Banten. While the correlation coefficient value of the halal certification variable on the increase in sales is 0.210. This value indicates that the increase in sales is influenced by halal certification by 21 percent, while the rest is influenced by other variables not examined in this study. Thus, more and more consumers know that food products produced by manufacturers have halal certification,

The results of this study are in line with research (Arrezia et al., 2015) which proves that there is a significant difference in the turnover of MSME catering services before and after having the LPPOM-MUI halal certificate. Research result (Cahyo, 2010) shows that there is a difference before and after halal certification and it can be concluded that halal certificate has a significant relationship to the increase in sales. Research result (Segati, 2018) concludes that the perception variable of halal certification has a significant effect on the perception variable of increasing sales at Aqiqah Nurul Hayat Catering Yogyakarta. Research result (Alwi et al., 2019) concludes that halal certification has a significant effect in a positive direction on increasing sales of halal products. Research result (Armiani et al., 2021) shows that

halal-certified food products are a marketing strategy to increase sales levels to MSMEs in the province of West Nusa Tenggara. Research result (Kalbarini & Anggraini, 2022) concludes that the presence of a halal label on the product increases consumer confidence so it has an impact on increasing sales and business income of Maha Bakery in Pontianak City. And research results (Astuti et al., 2020) conclude that the effect of the halal label on increasing sales turnover is very significant.

CONCLUSION

Based on the results and discussion above, it can be concluded that halal certification has a significant positive effect on increasing sales of halal-certified food producers in the province of Banten. The contribution of the effect of halal certification on the increase in sales is 21 percent, while the rest is influenced by other variables not examined in this study. Thus, the more consumers know that the food products produced by the producers are certified halal, the sales of their products will also increase.

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