Proceedings of The 3rd International Conference on Science and Islamic Studies
ISSN: 3024-9058 (Online - Elektronik)
Volume: 3, 2025
Publisher: Program Pascasarjana, UIN Alauddin Makassar

IMPLEMENTATION OF THE HALAL ASSURANCE SYSTEM IN SMALL AND MICRO INDUSTRIES IN DEVELOPING THE WELFARE OF THE SAMBAS REGENCY COMMUNITY

Vera Ayu Oktoviasari[1], Muslimin Kara[2], Nasrullah Bin Sapa[3], & Sumarlin[4]

[1,2]Universitas Islam Negeri Alauddin Makassar, Indonesia
Correspondence Email: veraayu1985@gmail.com

ABSTRACT

The purpose of this research is to determine and analyze the implementation of the Halal Assurance System (HAS) in Small and Micro Industries (SMEs) in Sambas Regency in building community welfare. Halal certification issues in MSMEs include a lack of understanding among business actors regarding the implementation of the halal assurance system and a lack of broad government support, potentially preventing MSME products from obtaining halal certification. This research focuses on the relationship between three key terms: implementation and the halal assurance system in small and micro industries. This research uses a descriptive qualitative approach (which can also be combined with a simple quantitative approach for greater depth) to provide an in-depth description of the implementation of the Halal Assurance System in MSMEs in Sambas Regency. The approach employed is phenomenology, which involves examining subjective facts such as thoughts, feelings, ideas, emotions, intentions, experiences, and so on, expressed through external actions (words and deeds). The results of this study are: Implementation of the halal assurance system in small and micro industries in welfare, namely: seeking to provide opportunities for business actors to register their businesses to obtain halal assurance. Guidance and technical assistance in the implementation of the Halal Assurance System (HAS) begins with the identification of products to be certified halal. The selected products are processed products from MSMEs that have been properly packaged. The implications of this study strengthen the theory that the implementation of the Halal Assurance System not only impacts religious aspects but also has economic and social value in improving community welfare. This research is expected to provide recommendations for business actors, the government, and supporting institutions to encourage MSMEs to become a more competitive, resilient, and halal-compliant sector.

Keywords: Implementation; Halal assurance system; Small and micro industries

1. INTRODUCTION

Food is a fundamental necessity that holds high value for human life. As consumers, humans have an instantaneous attitude, especially when it comes to food consumption. For

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example, food served at a convenient time is often chosen. Given today's technological advancements, many businesses are exploiting this opportunity to create business opportunities that they believe will generate greater profits. However, in the case of food, the health law states that providing safe, nutritious, and sufficient food is a crucial strategy for achieving health goals.

According to Hasan, A (2014: 96), Food quality and safety not only directly impact economic productivity and social development for individuals, communities, and nations, but also for the country. With increasing international competition, the food trade demands that every producer produce higher-quality, safer, and healthier food. This is done to raise awareness and willingness to live a healthy lifestyle in a fair and equitable manner.

As social beings, humans are constantly connected to and closely connected with needs, which, based on their priority, can be categorized as primary, secondary, and tertiary. One concrete manifestation of primary needs is the need for food, beverages, and other consumer goods within society. The way people fulfill these needs is highly dependent on available economic resources and prevailing social conditions within their environment. Halal certification is a mandatory requirement for all consumers, especially Muslim consumers, whether for food, medicine, or other consumer goods.

Qardhawi, Y. (2007: 78), Indonesia is a country with a diverse population of ethnicities, races, groups, cultures, and religions. Religion plays a vital role in Indonesian society. This is clearly expressed in the Indonesian national ideology, namely the first principle of Pancasila, which states "Belief in the One and Only God." Indonesia is predominantly Muslim, with 87.18% of the total population being Muslim. Therefore, the demand for halal products is quite large. This is stated in the provisions of the 1945 Constitution, Article 29 paragraph (2), which states that "The State guarantees the freedom of every citizen to embrace their respective religions and to worship according to their respective religions and beliefs." However, when MSMEs develop into economic pillars in Indonesia, they often face challenges that affect the competitiveness of their products. Some of the challenges faced by MSMEs in increasing their competitiveness are related to financing and capital, lack of knowledge of business actors, lack of access to product marketing both online and offline, and lack of understanding of business actors about the importance of halal-certified products. In line with His word in the Qur'an, QS. Al-Baqarah: 168, which emphasizes the halal nature of food as follows:

يَٰٓأَيُّهَا ٱلنَّاسُ كُلُواْ مِمَّا فِي ٱلۡأَرۡضِ حَلَٰلٗا طَيِّبٗا وَلَا تَتَّبِعُواْ خُطُوَٰتِ ٱلشَّيۡطَٰنِۚ إِنَّهُۥ لَكُمۡ عَدُوّٞ مُّبِينٌ

Translation: *"O mankind, eat whatever is lawful and good on earth, and do not follow the footsteps of Satan. Indeed, he is an open enemy to you."*

M. Quraish Shihab (2012: 49), explains in his commentary on Al-Misbah that the call to halal food in this verse is directed at all humans, whether they believe in Allah SWT or not. However, not all halal food and drink are automatically tayyib, and not all tayyib are halal according to each person's condition. Some are halal and good for someone with a certain health condition, while others are less good for them, even though they are good for others.

The interpretation of al-Misbah provides a reference that not all halal food and beverages are automatically thayyib. Not all thayyib are halal depending on the method of acquisition. Some are halal and some are thayyib for individuals with certain health conditions. Good food varies from person to person. Therefore, good food is food that does not harm the consumer and is not harmful to the body. Halal food is food that is not forbidden or prohibited by Allah. It is halal in terms of its substance and method of acquisition. Therefore, confirmation in the form of a certificate demonstrating halal status is necessary.

The implementation of Halal Assurance System (HAS) in SMEs is not only a regulatory requirement but also a necessity to maintain product quality, expand market access, and enhance business professionalism. However, the reality on the ground shows that most SMEs still experience obstacles in preparing halal documents, managing raw materials, understanding the certification process, and maintaining sustainable internal supervision. These challenges require strategic mentoring, training, and capacity building to enable SMEs to implement HAS effectively.

Based on observations, there are 5,487 MSMEs in Sambas Regency. In April 2024, the DISKUMINDAG program issued halal certificates to 50 micro-SMEs. The MSME data can be seen in the diagram below:

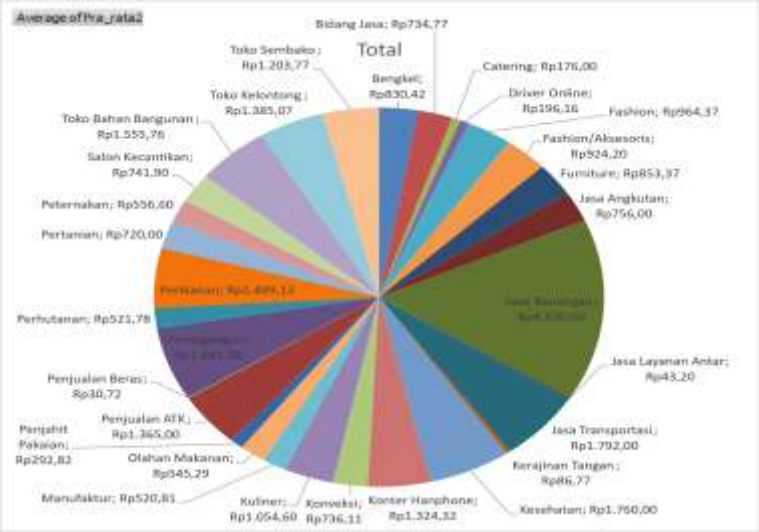


Figure 1. Diagram of the Number of MSMEs
(Source: DISKUMINDAG Sambas Regency 2023)

The MSME Number Diagram (MSME) visualizes data on the number of MSMEs, often categorized by business sector, region, or type. This diagram provides an overview of the size and distribution of MSMEs in a region, highlights the sectors that absorb the most labor, and demonstrates their contribution to the overall economy.

Based on this background, this study aims to examine in more depth the implementation of halal assurance in food, specifically the "implementation of the halal assurance system in small and micro industries to improve the welfare of the Sambas Regency community."

2. METHODS

The approach used is phenomenology, which involves examining subjective facts such as a person's thoughts, feelings, ideas, emotions, intentions, experiences, and so on, as expressed through external actions (words and deeds). Data Analysis Techniques: Referring to the Miles and Huberman model, which consists of: Data Reduction: Sorting, selecting, and simplifying data from observations and interviews according to the research focus. Data Presentation: Organizing information in narrative form, tables, or charts to facilitate drawing conclusions. Conclusion Drawing: Summarizing the research results regarding the implementation of Halal Assurance System (HAS) in SMEs, supporting factors, and emerging obstacles.

Determining the research location is crucial for narrowing the scope and sharpening the problem to be studied. Therefore, this research was conducted in small and medium-sized industries in Sambas Regency. The consideration for selecting small and medium-sized industries in Sambas Regency is due to their unique characteristics and the diverse range of products that require halal certification. The unique characteristics of small and medium industries that are used as research locations are:

1. Businesses vary in their product sales.
2. Businesses in Sambas Regency generally do not have halal certification due to the lack of knowledge among small and medium-sized entrepreneurs regarding halal certification.

The research object (data source) is the person or entity that serves as the subject of the research. The number of informants in this study was 6 people. Based on the research focus, the primary data sources (primary data) as informants are individuals deemed to have in-depth knowledge and expertise in the issues and issues and are trustworthy, a method known as purposive sampling. The data sources (informants) in this study were small and medium-sized business owners, both business actors and producers. Supporting data (secondary data) comes from written literature sources, including educational books, scientific papers, journals, and books related to the implementation of the halal assurance system in small and medium-sized industries.

Steps of the phenomenological method in research: 1) Determining the Phenomenon Being Studied, 2) Determining Research Subjects, 3) Bracketing (Epoche), 4) In-depth Data Collection, 5) Data Transcription and Comprehensive Data Reading, 6) Compiling the Essence of the Phenomenon and drawing conclusions. Formulating a deep meaning regarding the implementation of the Halal Guarantee System in building the welfare of the Sambas Regency community.

Through this context, researchers can: 1) understand the motives, beliefs, concerns, behaviors, and habits of the observed objects; 2) observe and internalize them, thus gaining a comprehensive understanding or meaning; and 3) obtain first-hand data. This research will utilize non-participatory observation, where the researcher does not participate in ongoing activities. Therefore, the observed facts and phenomena relate to the implementation of the Halal Assurance System in Medium-sized Industries in Sambas Regency. Data Collection Technique: An interview is an interactive process between researchers and informants or respondents to obtain data or information for specific purposes.

Data validation techniques in phenomenological research are crucial to ensure the trustworthiness of the research results. Some relevant techniques used in the research on the Implementation of the Halal Assurance System in SMEs in Sambas Regency are as follows: triangulation, member checking, and Extended Participation in the Field.

The interviews conducted in this study were aimed at several informants, as follows: 1) Small and medium-sized business owners in Sambas Regency. 2) Consumers who have benefited from small and medium-sized business products. The number of informants used as information sources was adjusted to meet the research data needs. 3) Certification institutions in Sambas Regency.

Observation or direct observation is a technique or method of collecting data by observing ongoing activities. The observations conducted in this study involved observing educational activities, specifically regarding the Implementation of the Halal Assurance System in Medium-sized Industries in Sambas Regency.

This will be the subject of the research, making it unique enough to warrant further study. This research method describes the implementation of the halal assurance system in small and micro industries to improve the welfare of the Sambas Regency community.

3. RESULTS AND DISCUSSION

The results and discussion in this study are structured in line with the established research objectives, so that each field finding directly addresses the issues being studied. Based on the objective of determining the understanding of Small and Micro Industry (IKM) actors regarding the Halal Assurance System (SJH), the results indicate that most IKM actors in Sambas Regency have a basic understanding of the halal concept, particularly regarding raw materials and product halalness. However, this understanding is still general and does not fully cover the technical aspects of SJH implementation, such as production process documentation, hygiene standards, and halal certification procedures. This indicates that religious awareness already exists, but still needs to be supported by more adequate administrative and managerial knowledge.

Small businesses can be categorized into various types based on their business sector, such as culinary, fashion, education, agribusiness, and others. Small businesses can also be classified based on their level of development, for example as subsistence businesses, micro-enterprises, dynamic small businesses, or rapidly growing businesses. The classification of MSMEs can change as the business grows. Some small businesses can develop into medium-sized or even

large businesses, and their categories will change accordingly. The criteria for small businesses can be classified as follows:

a. Net Worth: More than IDR 50 million to IDR 500 million (excluding land and buildings where the business is located).

b. Sales Revenue: More than IDR 300 million to IDR 2.5 billion per year.

c. Number of Employees: 5 to 19 people (according to BPS).

d. Independent: Not a subsidiary or branch of a company owned, controlled, or affiliated with a large business.

The classification of MSMEs can change as the business grows. Some small businesses can grow into medium-sized or even large businesses, and their categories will change accordingly. Some small business sectors can be seen in Table 4.2 below:

Table 1. Small Businesses by Business Sector

No	Category	Unit Numbers	Year	Employer	Quantity
1	Bidang Kuliner	53	2023	49	Unit, Orang
2	Bidang Fashion	89	2023	62	Unit, Orang
3	Bidang Otomotif	4	2023	4	Unit, Orang
4	Bidang Agrobisnis	439	2023	546	Unit, Orang
5	Bidang Teknologi Internet	5	2023	2	Unit, Orang
6	Bidang Lainnya	1847	2023	2974	Unit, Orang
7	Bidang Kuliner	52	2022	47	Unit, Orang
8	Bidang Fashion	89	2022	62	Unit, Orang
9	Bidang Otomotif	4	2022	6	Unit, Orang
10	Bidang Agrobisnis	439	2022	977	Unit, Orang
11	Bidang Teknologi Internet	5	2022	2	Unit, Orang
12	Bidang Lainnya	1568	2022	2271	Unit, Orang
13	Bidang Kuliner	52	2021	47	Unit, Orang
14	Bidang Fashion	89	2021	62	Unit, Orang
15	Bidang Otomotif	4	2021	6	Unit, Orang
16	Bidang Agrobisnis	439	2021	977	Unit, Orang

(Source: Profil Dinas Koperasi, UKM Perindustrian Dan perdagangan Kabupaten Sambas Tahun 2024)

Table 2. Data on Halal-Facilitating Small and Medium Enterprises

No	Name	Address	Certified Year	Product's Name	Product's Type
1.	Nilda	Jl. Bahagia Dusun Sukamantri RT/RW 013/003 Desa Dalam Kaum	2024	Sambal Ayam Suwir, Sambal Tongkal, Sambal Cumi	Sambal
2	Esti Asteria	Jl. Sejangkung Desa Sebayan	2024	Inudtri Pengolahan Kopi	Kopi
3	Juli Astuti	Jl. Ahmad Marzuki Gang Lubuk RT/RW 006/003 Desa Tanjung Bugis	2024	Minuman dengan Pengelohan	Minuman Kirena

4	Maya Hariani	Dusun Jawa RT/RW 001/001 Desa Jagur	2024	Industri Produk Roti dan Kue	Roti Sagu Mekar Jaya
5	Endah Mustika Dewi	Dusun Nagur, Desa Jagur	2024	Madu Kelulut	Minuman
6	Kurniawati	Jln. Pendidikan Dusun Jawa Desa Jagur no 62	2024	Dapoer Siauling	Bakery
7	Asnilasari	Dusun Sukaraja RT/RW 008/002 Desa Dalam Kaum	2024	Berkah Tn Roti (Roti Sobek, Roti Tawar, Bomboloni Bakar)	Bakery
8	Wulan Purnamasari	Jalan Gusti Hamzah Dusun Inti No. 62 RT/RW 002/001 Desa Pendawan	2024	Jajanan Dieta-Wara	Makanan Ringan
9	Ervina	Dusun Dagang Barat No. 19 RT/RW 005/003 Desa Lubuk Dagang	2024	Keripik Ganyong dan Stik Bawang	Makanan Ringan
10	Rosalita	Jl. Sukaramai Perum Villa Sejahtera IV No. 13 Desa Dalam Kaum	2024	Peyek K' ROS	Makanan Ringan
11	Solikin	Dusun Kaum RT/RW 005/001 Desa Dalam Kaum	2024	Pondok Firdaus	Bakery
12	Risty Utari	Dusun Keramat Mutiara Indah, RT/ RW 013/007 Desa Lumbang	2024	Risty Store	Bakery
13	Ernawati	Jl. Tsyafiudin No. 1 Desa Dalam Kaum	2024	Kue Semprong	Makanan Ringan
14	Edi Jawadi	Dusun Tiga Serumpun RT/RW 012/006 Desa Batu Makjage	2024	Manisan Pala	Makanan Ringan
15	Eria Jumiarti	Dusun Senja RT/RW 003/002, Desa Bekut	2024	Manisan Buah dan Dodol Buah	Makanan Ringan
16	Uray Muriana	Dusun Parit RT 004/RW 002 Desa Sungai Kelambu, Desa Sungai Kelambu	2024	Putu Rateh	Makanan Ringan
17	Junita Della	Dusun Parit RT/RW 004/002 Desa Sungai Kelambu	2024	Kerupuk Opak	Makanan Ringan
18	Koperasi Tebas Gemilang Jaya	Dusun Lestasi, Desa Mensere	2024	Tepung Beras UMME, Kwetiau UMME	Produk Olahan Beras
19	Hermasuryani	Dusun Nahoda RT/RW 008/005 Desa Kuala	2024	Kerupuk Ikan	Makanan Ringan
20	Nayla	Dusun Nahoda RT/RW 008/005 Desa Kuala	2024	Kerupuk Ikan	Makanan Ringan
21	Hamsiah	Dusun Nahoda RT/RW 008/005 Desa Kuala	2024	Kerupuk Ikan	Makanan Ringan

22	Ranik	Dusun Pasar Lama RT/RW 001/001 Desa Parit Baru	2024	Kerupuk Ikan Bilis	Makanan Ringan
23	Selvi	Dusun Pangkalan Tuik RT/RW 002/001 Desa Twi Mentibar	2024	Amplang Bunda	Makanan Ringan
24	Misra	Dusun Danau RT/RW 004/005 Desa Kuala	2024	Ikan Asin	Olahan Ikan
25	Intan	Dusun Damai RT/RW 013/002 Desa Parit Baru	2024	Kerupuk Ikan	Makanan Ringan
26	Purnika Dewi	Dusun Danau RT/RW 003/005 Desa Kuala	2024	Rempeyek	Makanan Ringan
27	Hakimah	Dusun Pasar Lama RT/RW 001/001 Desa Parit Baru	2024	Kerupuk Ikan Bilis	Makanan Ringan
28	Indah Lestari	Dusun Nahoda RT/RW 008/005 Desa Kuala	2024	Kue Lapis	Kue dan Roti
29	Siti Aisyah	Dusun Danau RT/RW 003/005 Desa Kuala	2024	Amplang Aishwa	Makanan Ringan
30	Paulina	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Berkah	Makanan Ringan
31	Ranik	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Ranik	Makanan Ringan
32	Eni Utari	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Aini	Makanan Ringan
33	Parida	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Ditra	Makanan Ringan
34	Ramilawati	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Ramila	Makanan Ringan
35	Rusta	Dusun Pasar Lama RT/RW 011/001 Desa Parit Baru	2024	Kerupuk Ikan Bilis	Makanan Ringan
36	Marina	Jl. Perum Penjajap RT/RW 003/013, Desa Penjajap	2024	Bakso, Tahu Isi, Naget	Olahan Ikan
37	Uray Isnalisa	Jl. Sosial Dusun Cempaka RT/RW 006/013 Desa Penjajap	2024	Basreng, ikan asin kerupuk, ikan asin belah tiga	Makanan Ringan dan Olahan Ikan
38	Nur Sriyanti	Jalan Pangsuma RT/RW 008/002 Desa Lonam	2024	Siomay Ikan, Abon Ikan, Bakso Ikan, Ikan Asin, dll	Produk Olahan Ikan
39	Liu Ni Khiun	Jl. Sejahtera RT/RW 002/006 Desa Gugah Sejahtera	2024	Kecap Asin dan Cuka Makan	Bumbu Masak
40	Zakiyah	Dusun Karya Bhakti RT/RW 008/004 Desa Semata	2024	Kue Jodoh	Makanan Ringan

41	Megi	Dusun Mensemat RT/RW 007/002 Desa Mekar Jaya	2024	Sirup Bunga Telang	Minuman Ringan
42	Fitri Yanti	Dusun Binawarsa RT/TW 001/001 Desa Sagu	2024	Kue Kembang Goyang	Makanan Ringan
43	Winda	Dusun semanjak RT/RW 002/001 Desa Tri Gadu	2024	Bubur Padas Instan Tri Gadu	Makanan Ringan
44	Pitroini	Dusun Sejati RT/RW 003/001 Desa Sijang	2024	Sirup Nanas	Minuman
45	Julita	Dusun Matang Kuang, RT/RW 002/001 Desa Matang Segarau	2024	Kerupuk kulit pisang, tepung pisang	Makanan Ringan
46	Dini Afriyanti	Dusun Panggilan Bakti RT/RW 006/003 Desa Sempadian	2024	Stik Buah Naga	Makanan Ringan
47	Naziah	Dusun Bangang RT/RW 004/002 Desa Kubangga	2024	Kerupuk Ikan Teri, Kerupuk Ubi, Kerupung Tepung	Makanan Ringan

(Source: Sambas Trade Consultative Meeting Data 2024)

In 2021, the indicator achievement showed quite satisfactory results, with 2,271 business units reaching 104.40% of the established target. This achievement is evident in the number of business units that grew and developed after receiving training and mentoring from the West Kalimantan Provincial Trade and Industry Office, both through regional and national budget funds. In addition to training, post-training guidance and packaging design services were also provided to the mentored business units. This performance achievement was measured through the following activities implemented in 2021:

a) Technical Training on Product Packaging Design Development, held in Pontianak from March 26-29, 2022, with 20 business units participating.

b) Technical Training for the Development of Various Agricultural and Agro-Based Products, held in Pontianak from November 13th to 15th, 2022, with 20 Business Units participating.

c) Technical Training for Quality Management of Processed Food Products, held in Pontianak from November 25th to 26th.

In line with the objective of analyzing the implementation of the Halal Assurance System in SMEs, the research findings indicate that the implementation of the Halal Assurance System in Sambas Regency is still in its early stages and is not yet fully optimized. Some SMEs have attempted to implement halal principles by selecting guaranteed raw materials, maintaining cleanliness in production areas, and separating certain production equipment. However, this implementation has not been systematically standardized due to limited understanding of standard HAS procedures. This situation indicates that HAS implementation remains traditional and based on habit, rather than a structured system.

Definition of Implementation

The SMEs studied are home-based food businesses producing processed foods (e.g., cookies, chips, or herbal drinks). These businesses employ 3–7 people, have limited production capacity, and employ simple production processes. The business owner also serves as the manager and primary decision-maker, including in quality management and business legality.

The implementation of the Halal Product Assurance System (SJPH) in Small and Micro Industries (MSMEs) has positively contributed to improving community welfare. This is evident in increased product competitiveness, market expansion, increased sales, and improved product quality. Furthermore, SJPH can also boost consumer confidence and drive overall economic growth.

The following are some of the contributions of SJPH implementation to MSMEs in improving community welfare:

1. Increasing Product Competitiveness:
    a. Halal certification is an important requirement for maintaining product quality and halal status, thereby increasing MSME competitiveness in the market.
    b. Halal-certified products have added value, both from a health and economic perspective, and can be an effective marketing tool.
    c. With halal certification, MSMEs can expand their market share, especially among Muslim consumers who are increasingly concerned about the halal status of products.
2. Increasing Sales and Revenue:
    a. Halal certification can increase consumer trust, which ultimately can increase MSME product sales volume.
    b. Increased sales will have a positive impact on MSME income, thereby improving their welfare.
    c. Through digital marketing and collaboration with various media platforms, MSME product sales can be optimized, which also contributes to increasing revenue from the Islamic Community Guidance Journal.
3. Improving Product Quality and Production Processes:
    a. The implementation of SJPH encourages MSMEs to continuously improve product quality and maintain consistency in the production process.
    b. The halal standards implemented in SJPH require MSMEs to pay attention to raw materials, production processes, and product packaging, thereby improving overall product quality.
    c. MSMEs are also encouraged to continuously innovate in improving product quality and production processes to meet the applicable halal standards set by the Islamic

Community Guidance Journal.

4. Increasing Consumer Trust:
    a. Halal certification provides consumers with assurance that the products they consume are safe, of high quality, and comply with halal principles.
    b. Increased consumer trust will have a positive impact on consumer loyalty and enhance the reputation of MSMEs.
    c. Consumers who feel safe and comfortable consuming halal products will be more loyal and tend to recommend the products to others.
5. Local Economic Growth:
    a. By increasing the competitiveness and sales of MSMEs, local economic growth will also be stimulated.
    b. Increased MSME income can create new jobs and reduce poverty in the area.
    c. A strong halal ecosystem can also attract investment and develop other related industries.
6. Halal Infrastructure and Ecosystem Development:
    a. The implementation of SJPH also encourages the development of supporting infrastructure for the halal industry, such as production facilities that meet halal standards, halal certification bodies, and halal-related training.
    b. With adequate infrastructure, MSMEs can more easily meet halal certification requirements and develop their businesses.
    c. A strong halal ecosystem will also create a conducive business climate for the development of halal MSMEs in the future.

Thus, the implementation of SJPH in MSMEs plays a crucial role in improving community welfare by enhancing product competitiveness, increasing sales and revenue, improving product quality, enhancing consumer trust, and ultimately growing the local economy.

Definition of Small and Micro Industries (IKM)

Small and Micro Industries (SMEs) are labor-intensive industrial enterprises that play a role in creating jobs and driving the local economy in Indonesia. These businesses utilize local resources and face classic obstacles such as access to capital and marketing. However, SMEs also serve as a crucial social safety net for equitable income distribution and business opportunities.

The economic challenges faced by lower-income communities have led to the independent establishment of Small and Micro Enterprises (SMEs), a phenomenon that has seen rapid growth in Indonesia. Small and Micro Industries encompass a wide range of business sectors, including culinary, fashion, agribusiness, and various other manufacturing businesses that utilize simple technology. The criteria are established by Law No. 20 of 2008. SMEs can be businesses run by individuals, households, or small

businesses. The classification of SMEs is based on annual revenue, total assets, and the number of employees. Meanwhile, those that do not fall into the MSME category or are considered large businesses are productive economic enterprises run by business entities with total net assets or annual sales revenue greater than those of medium-sized enterprises.

MSMEs also contribute to job creation for people from various economic strata. In the culinary sector, MSMEs often pioneer food innovation, such as developing traditional products into ready-to-eat frozen meals to reach modern markets without abandoning local flavors. MSMEs contribute significantly to job creation and economic empowerment in Indonesia. Many micro-entrepreneurs start with limited capital and utilize their home kitchens as production sites, reflecting the spirit of small-scale entrepreneurship.

One of the challenges facing public welfare is economics. This issue has long been a problem that has not been fully addressed by the Indonesian government and society. The rapid growth of SMEs (Small and Micro Enterprises) is one way Indonesians can mitigate this problem. People are using SMEs to generate income and create jobs.

The socioeconomic inequality that exists in Indonesia, in particular, has been a complex issue since the founding fathers established this nation, as the economy itself is a primary factor in public welfare. As a result of economic instability, there is no synergistic relationship between the existing economy and public welfare. Social justice is a goal and aspiration of the people, and improving the standard of living is closely linked to social justice. A country's economic indicators can be used to determine its level of economic development.[1]

Community Welfare Indicators

Well-being is a benchmark for determining whether an individual or a community group is prosperous. Well-being can be indicated by good health, a growing economy, a high level of education, and a decent quality of life. Community well-being is one of the objectives of the Sustainable Development Goals (SDGs), which reflect the government's success in developing a country's economy. Well-being can generally be measured by looking at several aspects of life, namely:

a. Material quality of life, such as housing, food, and so on.

b. Physical quality of life, such as physical health, the natural environment, and so on.

c. Mental quality of life, such as educational facilities, cultural environment, and so on.

d. Spiritual quality of life, such as morals, ethics, and harmonious adjustments.

Economic growth is a benchmark for a region's economy. High and sustainable economic growth is a primary condition or necessity for the continuation of economic development and increased well-being. Development is a process of change for the better within a community. According to Todaro, economic development as a

[1]Syamsuri, N. R. (2022). Eksplorasi Konsep Falah Perspektif Umar Chapra. MAMEN (Jurnal Manajemen).

multidimensional process includes changes in structure, attitudes to life, and institutions, in addition to including increasing economic growth, reducing income inequality, and eradicating poverty.[2]

One of the most important indicators of successful economic development is improving the quality of human resources. Economic development is defined as an effort to reduce poverty, address income inequality, and create jobs. High economic growth is a development goal for developing countries, and human development is determined by economic growth.

To measure the success of development in a region, indicators are needed that can measure people's welfare and serve as a basis for measuring success. Indicators of people's welfare are quite broad, multidimensional, and complex, so the level of people's welfare can only be assessed through measurable indicators across various development aspects.

Therefore, the implementation of SJPH in MSMEs plays a crucial role in improving community welfare by increasing product competitiveness, increasing sales and revenue, improving product quality, enhancing consumer confidence, and ultimately, overall local economic growth.

According to information from the Head of Industry, he stated:

> *"Some SMEs have complied with halal assurance procedures, while others have not. This requires attention in planning outreach to business actors so that their products gain consumer attention and increase their marketing. Halal products are growing and rapidly becoming a new force in the market. Halal-related issues have a significant impact on how a product is perceived by customers. Because halal is no longer solely religious, halal requirements also determine how business procedures should be conducted. Halal is now a pure symbol of product quality assurance. Therefore, the Indonesian government is implementing a halal assurance system to ensure halal food production."*

This is in line with the results of an interview with the Head of Industry, who stated:

> *"The planned implementation of a halal assurance system for small and micro industries in Sambas Regency seeks to encourage businesses to register their businesses to obtain halal certification for their products. As part of this implementation, we are providing training and outreach to businesses to increase product sales."*
>
> *"Halal and haram are crucial issues and are seen as central to diversity. Every Muslim who intends to use or use, especially consume, something is religiously required to first verify its halal and haram status. If it is halal, then it is permissible to use, use, or consume it. However, if it is clearly haram, it must be avoided by a Muslim. The importance of halal and haram is so pressing that*

[2]Miachael Todaro & Stephen Smith, *Pembangunan Ekonomi Edisi Kesebelas*, (Jakarta, Penerbit Erlangga), hlm. 109.

some scholars have stated, "Islamic law (fiqh) is the knowledge of what is halal and what is haram."[3]

Community Welfare Development

From an Islamic economic perspective, falah is realized through the implementation of sharia principles that govern the relationship between humans and God, humans and their fellow humans, and humans and their environment. Economic activities based on Islamic values such as justice, balance (tawazun), and social responsibility aim to create collective well-being.

The Islamic economic system seeks to prevent excessive economic inequality, exploitation, and moral decay that often occur in conventional economic practices. By implementing zakat (alms), the prohibition of usury (riba), and Islamic business ethics, Islamic economics ensures that wealth does not circulate only among certain groups but also benefits society at large. However, in its efforts to achieve falah, Islamic economics faces various challenges both conceptually and in implementation. These challenges include aligning sharia values with the complex dynamics of the global economy, implementing just and effective policies, and instilling moral and spiritual awareness in individuals and society.

Falah (well-being) is an Islamic concept that refers to success, prosperity, and good fortune, encompassing both worldly and afterlife dimensions in a balanced and holistic manner. Falah does not only mean material wealth, but also encompasses spiritual and social aspects, as well as a good quality of life in accordance with Islamic sharia and ethical principles, ultimately leading to maslahah, or the common good.

The word "well-being" itself is derived from the root word "sejahtera," which indicates a positive condition, namely a state in which its members live in prosperity, health, and peace. Meanwhile, "society" refers to a group of individuals who are strongly bound by shared systems, traditions, conventions, and laws, and who strive for a shared life. According to Michael P. Todaro and Stephen C. Smith, human happiness refers to the level of satisfaction of basic needs such as adequate housing, adequate clothing, food, education, and health.

Alternatively, we can argue that social welfare is a condition in which individuals can optimally utilize available resources, taking into account budgetary constraints and specific circumstances, to meet material and spiritual needs. Social welfare is a crucial component of economic development patterns, and the success of economic development is measured by increasing levels of social welfare. Social welfare indicators serve as tools that provide direction or data for measuring this.

The Social Welfare Index is a measuring tool that assesses the level of success of a society, used to assess whether a society is achieving success or not. In general, several factors can be used as indicators for assessing social welfare, such as income, education

[3]Gema Rahmadani, Halal dan Haram Dalam Islam, Jurnal Ilmiah Penegakan Hukum, vol.2 No.1 (Juni 2015), hlm. 20.

level, health services, demographic structure, employment levels, tariffs and consumption patterns, housing and environmental conditions, and poverty levels.

According to al-Ghazali, well-being is the achievement of public interest. Public interest itself is the maintenance of the objectives of Islamic law (Maqasid al-Shari'ah). Humans cannot experience happiness and inner peace until true well-being for all humanity in the world is achieved through the fulfillment of spiritual and material needs. To achieve the objectives of Islamic law and the realization of public interest, he describes the sources of well-being, namely: maintaining religion, soul, mind, descendants and property [4].

An interview with the Head of Industry stated:

> *"The planned implementation of a halal assurance system for small and micro industries in Sambas Regency aims to encourage businesses to register their businesses to obtain halal certification for their products. As part of this implementation, we are providing training and outreach to businesses to increase product sales."*
>
> *" Halal and haram are crucial issues and are considered central to diversity. Every Muslim who intends to use or use, especially consume, something is religiously required to first verify its halal or haram status. If it is halal, then it is permissible to use, use, or consume it. However, if it is clearly haram, a Muslim must avoid it. The status of halal and haram is so urgent that some scholars have stated, "Islamic law (fiqh) is the knowledge of halal and haram. Halal documentation is the weakest aspect. Small and medium enterprises (SMEs) have not yet been able to develop halal policies, halal manuals, lists of materials and suppliers, production SOPs, and internal audit records. Most of these documents are missing due to limited knowledge and human resources."*

Based on an interview with a business owner, he stated: The process of obtaining halal certification for the products I sell requires following the applicable regulations from the Head of Industry of Sambas Regency, including filling out a form through the Sambas Trade, Industry, Cooperatives, and SMEs Office. Then, I wait for a registration number to proceed to the next stage. The product I sell is sago bread. [5]

[4]Faisal Baasir, *Kritik dan Solusi: Kumpulan Tulisan Tentang Ekonomi 2001-2003*. Cetakan Pertama.. (Jakarta: Pustaka Sinar Harapan, 2003), hlm. 29.

[5]Wawancara dengan pelaku usaha roti sagu Ibu Maya pada tanggal 22 Februari 2025



Figure 2. "Mekar" Sago Bread Packaging

The image above represents the survey results and is documented as evidence in this research. The snack products have undergone guidance and registration for halal assurance by the business owners. Technical guidance and assistance in implementing the Halal Assurance System (SJH) began with the introduction of products to be certified halal. The selected products are processed by MSMEs that have been well-packaged and are also sold by resellers due to high demand.

The above explanation aligns with an interview with an entrepreneur who stated:

> *"As business actors, we always follow the applicable processes and regulations to obtain halal certification. This is done to reach a wide sales audience and to instill consumer confidence in our products."*

Data from the Ministry of Cooperatives and SMEs in 2019 showed that only 69,577 MSMEs out of 65 million businesses, or 0.11 percent, had halal certification. The low number of MSMEs with halal certification has prompted the government, through the Halal Product Guarantee Agency (BPJPH), to implement a series of initiatives to encourage MSMEs to obtain halal certification, such as the SEHATI (Free Halal Certificate) program launched in 2021.

Interview results indicate that most SMEs understand the basic concepts of halal certification, but lack a deep understanding of document requirements, certification processes, and the Halal Assurance System. Their knowledge is typically gained through short training sessions from relevant agencies, information from social media, and the experiences of other certified SMEs. However, their understanding of technical aspects such as creating material matrices, halal policies, internal audit procedures, and supplier monitoring remains very limited.

4. CONCLUSION

Based on the description of "Implementation of the halal assurance system in Small and Micro industries in developing the welfare of Sambas Regency", the conclusion of this study is presented. The implementation of the halal assurance system in Small and Micro industries in developing the welfare of Sambas Regency is: trying to provide encouragement to business actors to register their businesses in order to obtain halal assurance on their products. The form of implementation is holding training and counseling to business actors so that the products sold are increased. Technical guidance and assistance in the implementation of SJH begins with the identification of products to be certified halal. The selected products are processed products of MSMEs that have been well packaged. Finally, in relation to the objective of assessing the contribution of Halal Assurance System (HAS) implementation to improving community welfare, the research findings indicate that the implementation of HAS has a positive impact on increasing the income of MSMEs and the stability of their businesses. Increased consumer confidence drives sales growth, which ultimately contributes to improving the economic conditions of business owners' families. Therefore, the implementation of the Halal Assurance System serves as an instrument for community economic empowerment that not only strengthens religious values but also supports the sustainable development of community welfare in Sambas Regency.

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