THE EFFECT OF EDUCATIONAL BACKGROUND AND SOCIALIZATION ON HALAL CERTIFICATION ON THE INTEREST OF SMALL MICRO ENTERPRISES (SMEs) IN CERTIFYING HALAL PRODUCTS

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ABSTRACT

Halal certification is an issue that is currently developing in the business world in Indonesia, especially businesses based in the food sector. This is due to the Mandate of Law No. 33 of 2014, which requires all products circulating in Indonesia to be halal certified. In reality, there are not a few business actors, especially micro and small businesses, who have not certified halal products. Therefore, it is interesting to study whether the background of education and socialization about halal effects their interest in certifying halal products or not. This study used a quantitative research design with 100 respondents consisting of MSEs in Bangkalan Regency. The data of this study was taken with a questionnaire instrument and analyzed with the help of the Smart PLS statistical application. This study concluded that the background of MSE Education has a positive and significant effect on the interest of small micro-enterprises in certifying halal products. In contrast, socialization about halal certification does not have a significant effect. The results of this research will benefit related agencies to increase MSE awareness of the importance of halal certificates for their products.

Keywords: Education; socialization; Small Micro Enterprises (SMEs); halal certification

1. INTRODUCTION

The halal industry is one of the most developed business sectors today. Based on a report from the State of Global Islamic Economy Report in 2022 that in 2021 the amount of spending from 1.9 billion Muslims in 6 (six) halal industry sectors is USD 2 Trillion (Dinar Standard, 2022, p. 8). The six halal sectors of the industry are Islamic Finance, Modest Fashion, Media and Recreation, Muslim Friendly Travel, Pharmacy, and Cosmetics. Of the six sectors, the largest sector is in the financial sector, and the second is in the halal product sector.

For halal products, the government of the Republic of Indonesia, under Law No. 33 of 2014, requires that all products circulating in Indonesia must have a halal certificate. This is stated in Law Article 67, paragraph 1, which states:

> "The obligation to be halal certified for products circulating and traded in the territory of Indonesia as referred to in Article 4 shall come into effect 5 (five) years from the time this Law is promulgated"

Therefore, the relevant agencies strive to realize the Mandate of the Law on time to carry out various activities, one of which is socialization about the importance of halal certification. This socialization activity needs to be carried out since halal certification is relatively new in the business world. Therefore, it needs to be introduced both related to procedures and benefits, and no less important is the interest of business actors to certify halal products.

In Indonesia, there are quite a lot of business actors who have not certified halal products, especially small micro businesses, even though per year the Halal Product Assurance Organizing Agency (BPJPH) issues halal certificates for 250 thousand products (Firdausi, 2022). However, until now, there have still been more products that are uncertified compared to the number of products that have halal certificates. Therefore, it becomes interesting to study whether the background of education and socialization about halal certification affects the interest of business actors to certify their halal products.

2) METHODS

To answer this research problem, researchers use quantitative research design, namely research that seeks to gain knowledge by using data from numbers as an analytical tool for what they want to know. The data collection techniques used in this study were questionnaires and documentation. A questionnaire is a data collection technique that gives respondents a set of written questions to answer. The number of respondents in this study was as many as 100 MSEs, which is the maximum number of likelihood estimations (Ferdinand, 2006). Meanwhile, the documentation instrument is used to obtain written data on the number of MSMEs from the Office of the Ministry of Cooperatives and the MSMEs of Bangkalan Regency. The data obtained will later be analyzed with Structural Equation Modeling (SEM) with a Partial Least Square (PLS) approach. And all the SEM-PLS analysis procedures in this study were carried out with the help of Smart PLS 3.2.9 software.

In the SEM-PLS analysis procedure, broadly speaking, the steps are divided into three stages: Outer Model Analysis, Inner Model Analysis, and Hypothesis Testing. In detail the steps be explained as follows:

1. Outer Model Analysis (Measurement Model), Outer model analysis in this PLS test is carried out to test internal validity and reliability

2. Inner Model Analysis, This analysis is generally used to predict causal relationships between variables tested in the model

3. Hypothesis Testing is used to evaluate research results against what the researcher wants to achieve.

3) RESULTS AND DISCUSSION

This study, as stated above, used 100 respondents to be able to answer their research questions. All of these respondents consisted of micro and small business actors whose business sectors were engaged in the food sector. In general, the description of the 100 respondents, both in gender and educational background, can be detailed as follows:

Tabel 1. Characteristics of respondents

Gender	
Male	39
Female	61
Educational Background	
No Education	14
Elementary school	35
Junior high school	16
High school	31
Graduate	4

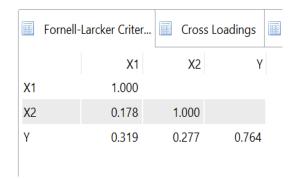## Outer Model Analysis (Measurement Model)

The data obtained from these respondents need to be analyzed with the Outer Model Analysis, which theoretically consists of validity and reliability tests. The validity test is carried out by 2 (two) methods, namely convergent validity, and discriminant validity. Convergent validity is based on a loading factor value ≥ 0.5. The following is the value of the loading factor.

Table 2. Loading factor

	Loading Factor	
X1	1,000	
X2		1,000
Y1		0,768
Y2		0,620
Y3		0,871
Y4		0, 787
Y6		0,753

From the data above, it can be seen that all values are above 0.5 which thus the data above can be declared valid. As for the validity of the discriminant, it can be seen from the values of the Cross Loading and Fornell-larckel criterion. The results of the discriminant validity test can be seen as follows:

Table 3. Fornell-Larckel Criterion

	Fornell-Larcker Criter...	Cross Loadings	
	X1	X2	Y
X1	1.000		
X2	0.178	1.000	
Y	0.319	0.277	0.764

The above data is the result of the Fornell-Larckel Criterion value, which shows that the AVE's square root value is greater than the correlation value between the latent variables so that, in this case, it can be said to have met the criteria to be declared valid. Meanwhile, the Cross Loading value can be seen as follows.

Table 4. Cross loading

Discriminant Validity

	Fornell-Larcker Criter...	Cross Loadings	He

	X1	X2	Y
X1	1.000	0.178	0.319
X2	0.178	1.000	0.277
Y1.1	0.264	0.221	0.768
Y1.2	0.125	0.106	0.620
Y1.3	0.336	0.259	0.871
Y1.4	0.217	0.226	0.787
Y1.6	0.213	0.202	0.753

This data shows that the value of the correlation coefficient of the indicator to the construct of its association is greater than the value of the correlation coefficient with other constructs for example in indicator X1 the value is 1,000 whose value is more significant than 0.178 and 0.319 and so on so that thus the indicator can be declared valid.

For reliability tests, the measurement is based on the value of composite reliability and Cronbach alpha, whose measurement pattern is if composite reliability and Cronbach alpha ≥ 0.7 means they have high reliability. The results of the data test can be seen as follows:

Table 5. Value of composite reliability dan Cronbach Alpha

Construct Reliability and Validity

	Matrix	Cronbach's Alpha	rho_A	Composite Reliability	Average
		Cronbach's Alpha	rho_A	Composite Reliability	Average ...
X1		1.000	1.000	1.000	1.000
X2		1.000	1.000	1.000	1.000
Y		0.822	0.861	0.874	0.584

From the data above, it can be seen that the composite reliability and Cronbach alpha values are higher than 0.7 so it can thus be stated that the data has high reliability.

Inner Model Analysis

This structural model analysis is used to predict causal relationships between the variables tested in the model; the Inner Model Analysis can be seen from three things, namely R 2 (R- Square or Coefficient of Determination, Q 2 (Q- Square or Predictive Relevance) and F 2 (f- Square or Effect Size). The results of the three Inner Analyses are as follows:

Table 6. R2 (R- Square or the Coefficient of Determination)

R Square

Matrix	R Square	R Square Adjusted
	R Square	R Square ...
Y	0.152	0.135

From this R Square data, it can be concluded that the model built by the independent variable used to be able to explain the variable Y by 15.2%, the rest is explained by other variables outside this study. In other words, the variables X1 (educational background) and X2 (socialization about halal certification0 together affect the interest of SMEs in certifying halal products even though it is only 15.2%.
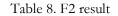
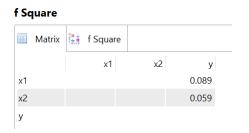The result Q2 can be seen in the figure as follows:

Table 7. Construct crossvalidated redundancy

Construct Crossvalidated Redundancy

	Total	Case1	Case2	Case3	
		SSO	SSE	Q^2 (=1-S...	
x1		100.000	100.000		
x2		100.000	100.000		
y		500.000	463.489	0.073	

The value of Q2 from the data above is 0.073 this means that these variables and data have not been able to explain or predict the model well.
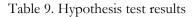
As for F2, it can be seen from the following data:

Table 8. F2 result

f Square

Matrix f Square			
	x1	x2	y
x1			0.089
x2			0.059
y			

In simple terms, F Square is a way to test the magnitude of the influence of each free variable on the bound variable. The data above shows that X1 can explain variable Y by 0.089 or 8.9%, while X2 can explain variable Y by 0.059 or 5.9%. This means that both free variables, if partially tested equally have the same effect on variable Y even if they have little effect on variable Y.

The hypothesis test is as follows:

Table 9. Hypothesis test results

Path Coefficients

Mean, STDEV, T-Values, P-...	Confidence Intervals		Confidence Int		
	Original ...	Sample ...	Standard ...	T Statistic...	P Values
x1 -> y	0.279	0.286	0.094	2.973	**0.003**
x2 -> y	0.228	0.227	0.118	1.936	**0.053**

This data shows that X1 has a significant effect because its p Value is 0.003 or less than 0.05, while X2 has no significant effect because its P-Value is 0.053 with an alpha rate of 5%.

The last one is the Goodness of Fit Test, the data obtained are as follows:

Table 10. Fit test

Model_Fit

Fit Summary	rms Theta	
	Saturated...	Estimate...
SRMR	0.082	0.082
d_ULS	0.187	0.187
d_G	0.070	0.070
Chi-Square	41.594	41.594
NFI	0.805	0.805

This SRMR value indicates that the model already meets the goodness of Fit criteria with the marginal fit category. This means that the model is acceptable because it can represent the data in the field.

The issue of halal has continued to be an exciting study in recent years. Not only talking about the great potential of the halal business, but also what has been achieved, what is being carried out, and the development plan of this halal-oriented business. The large number of studies focusing on halal shows the amount of interest and urgency of this halal for the business world. A halal business is currently in demand by Muslims and non-Muslims (Hasnah Hassan & Hamdan, 2013; Mathew et al., 2014).

However, non-Muslims have the same interest in halal products, the interest of Muslims and non-Muslims is motivated by different motives. For Muslims, as is well known, consuming halal products is a religious obligation or can be called an emotional motive. Meanwhile, for non-Muslims, this halal product is their choice because it promises a clean, hygienic (food safety), and environmentally friendly product (Rezai et al., 2012).

On the contrary, from manufacturers' perspective, the desire to halal certify their products can be said to be relatively low. Not a few studies state this, even from different research such as Akim's and Julian's works which also produced the same conclusion that MSME entrepreneurs processed potatoes in Kerinci District, Jambi, have a deficient awareness of the importance of this halal certification.

Whereas in theory and many previous studies state that if these business actors understand the benefits of this certification then they will certify their halal products because, based on existing studies, this halal certification can expand market share and increase business income (Bakhri, 2020; Khairunnisa et al., 2020; Qomarudin et al., 2021; Syaifudin & Fahma, 2022; Utami, 2011).

Even though this halal certification has many benefits, there are still very many MSEs who have not certified their halal products. From 100 respondents, this study traced that there were MSEs who were interested or limited to having the desire to register their products to have a halal certificate. And this research shows that the background of education and the socialization of halal certification can arouse the interest and desire of MSEs to certify their halal products.

As the data that has been stated at the beginning that the highest educational background of this research respondent is indeed on average a Senior High School (SMA), however, at this level of education, MSEs have been able to think critically and evaluatively whether they need to certify their halal products or not. Likewise with the socialization of halal certification which also increases the desire of MSEs to certify halal, the more often this socialization is carried out, the greater the desire of MSEs to certify their halal products.

The results of this research will certainly be preliminary information for related agencies that to succeed in their program, they must carry out socialization as often as possible and must be able to cover all existing micro-business actors because one of the complaints from these business actors is the absence of socialization for those whose business scope is minimal even though the target of Law no. 33 of 2014 is all micro business actors, small, medium and large. So far, socialization has targeted more small and medium-sized enterprises through related agencies. Microbusiness owners, however, do not have access to this activity, thus, it is merely inevitable that they have very insufficient knowledge of the requirements for halal certification.

Despite all that, this study has many limitations that can be used as opportunities for other researchers. This research only uses 2 (two) factors that can affect the interest of MSEs in halal certification, namely educational background and socialization about halal certificates. Of course, many other factors also affect the interest of MSEs in halal certification, such as assistance, grants for halal certification, etc.

CONCLUSION

From the discussion above, it can be concluded that educational background affects the interest of SMEs in certifying halal products even though the effect size is relatively low, while socialization about halal certificates does not have a significant effect. This conclusion should be a challenge for the relevant agencies to be even more intense in providing socialization and education about the importance of halal certification.

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