Research Article


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ABSTRACT

The COVID-19 pandemic has had a significant impact on consumer buying patterns. This makes the economic sector receive special attention from the Indonesian government. At present the Indonesian government has implemented a new normal policy to accelerate the handling of COVID-19. This study aims to explain the role of the halal industry in reviving the Indonesian economy in the new normal era, the opportunities for the halal industry in Indonesia, and the possible challenges it faces, and explain what strategies should be followed. This study uses a descriptive qualitative research method. The technique used in this study using a purposive sampling technique. The data used comes from primary data through interviews and secondary data through research, books, other articles, and the official website of the Minister of Finance relevant to the research theme. The results of this study explain that the halal industry has an important role in Indonesia’s economic growth in the new normal era. There are economic sectors that are opportunities for the development of the halal industry, namely halal food and beverages, halal fashion, halal cosmetics, halal media and recreation, halal pharmaceuticals, and halal finance. Apart from opportunities, a number of challenges must be faced, such as challenges arising from government, organizations, development, society or consumers, and existing resources. Strategies also need to be carried out to deal with these challenges, one of which is by prioritizing the halal product category.

Keywords: COVID-19, the economy, and the halal industry

Introduction

Consumer buying patterns are currently changing and shifting due to the COVID-19 pandemic that has hit several countries. In 2022, the Indonesian government announced the implementation of a new normal situation. This is done in the framework of accelerating the handling of COVID-19 from the health and socioeconomic aspects by paying attention to and analysing the readiness of each region. The degree of virus control in various regions, the ability of health services, the level of public sector preparedness, the level of community discipline, and socialization reactions in the new normal context are all included in this readiness. There needs to be socialization,
monitoring, and assessment to implement the new normal policy.

Handling the impact of COVID-19 on the economic sector is one of the goals of the new normal situation. The COVID-19 pandemic has had a significant impact on the economic sector, both on a micro, small, medium and large corporate scale (Iriani et al., 2021). A number of corporate sectors need to think about how to deal with a decrease in turnover related to this pandemic.

MSME actors must adapt and condition the sale of their products and services. To attract customers, it is necessary to improve product quality and modify services. According to Ernawati (2019) product quality is an important component that can influence customer decisions to buy a product. The higher the quality of the product, the greater the consumer’s interest in the product. In addition to improving product quality, MSME actors must also pay attention to the quality of services provided to customers. Quality of service according to Putri (2020) is the service provided to customers in accordance with service standards that have been set as guidelines in providing services.

The halal industry has more potential during the Covid-19 pandemic because people’s lives tend to change by prioritizing hygienic and halal products (Gunawan & Yahya, 2021). The halal industry is developing and has become a global trend, the growth of the halal industry trend is due to changes in the perceptions of the Muslim community and Muslim consumers around the world, including Indonesia (Susilawati et al., 2020). It is proven that the halal industry is growing from year to year, and one of the countries with the greatest potential for the development of the halal industry is Indonesia. The large Muslim community in Indonesia is a significant source of this great potential (Fathoni, 2020).

Food and beverages, tourism, fashion, media and recreation, pharmaceuticals and cosmetics, as well as sharia finance are some of the industries that have the potential to develop in Indonesia (Mubarok & Imam, 2020). Indonesia must become a developer of the halal industry because it has one of the largest Muslim populations in the world. The industrial sector that is estimated to earn the highest income is the culinary sector, and is expected to continue to grow. This is because people are aware that they must consume halal goods (Hasanah, 2021).

In addition, the guarantee of halal products can benefit producers by increasing sales. As is known, getting halal consumers in Indonesia is very easy. Thus, if a product meets halal requirements, then Muslim customers will be interested and buy it (Anwar & Putro, 2020). This shows that there has been rapid progress for the Islamic economy in Indonesia, not only because of the high level of consumption of halal products but also because of the innovations made in the food, fashion, cosmetics, pharmaceutical, tourism, finance, media, and recreation sectors (Hasanah, 2021).

Several previous studies related to this research, namely research conducted by Evita Farcha Kamila (2021) explained that the projection of the halal industry in the new normal era has the potential to be in accordance with the conditions, opportunities, and government initiatives in economic development in the new normal era. In order to advance the economy in the new normal era, the government, business actors, and society can adapt to the new economic pattern in this new normal era.

According research conducted by Dewi et al. (2022) explained that the halal industry has an important role in the development of economic growth, as shown by the contribution of the halal industry which contributed USD 3.8 billion to Gross Domestic Product (GDP) and investment of USD 1 billion obtained from foreign investors in 2019. In addition, there are halal industry opportunities for those interested in halal travel, halal fashion, halal cosmetics, halal media and entertainment, halal finance, and halal tourism. However, Indonesia must face a number of challenges, both posed by society and consumers as well as posed by the government, organizations, development and existing resources.

The problem raised in this research is what is the role of the halal industry in reviving the Indonesian economy in the new normal era, and what strategies must be carried out by the government and MSMEs as business actors.
Methods

The method used in this research is descriptive qualitative. Descriptive qualitative is a research method that uses qualitative data and is explained descriptively. This type of research method is often used to analyse a phenomenon or event as well as social circumstances (Iqbal & Muslim, 2020). The technique used in this study is through interviews, observation, and documentation. While the data used in this study are primary data through interviews with secondary data, where this data is obtained through research, books, articles, and the official website of the Minister of Finance which discusses issues related to the research theme.

Result and Discussion

Halal Industry in Indonesia

They may also be broken into subsections with short, informative headings. The halal industry is an industry that provides goods and services in accordance with the demands of society. Muslim customers must check a product before consumption to ensure it is halal and avoid using things that are unlawful, because this has been regulated in Islam to only consume halal products (Ab. Wahab & Kamarubahrin, 2019). Businesses that comply with sharia law and are certified by a halal certification authority are considered part of the halal industry. However, in Indonesia, it is not enough for producers to claim that their goods are halal, but an official letter is also needed which can be proof that the products produced are halal. Proof of halal is usually in the form of a halal certificate (Jaiyeoba, 2021).

Halal certificates are obtained through the halal certification stage. Halal certification is a procedure for certifying goods or services in accordance with the provisions of Islamic law (Nukeriana, 2018). Producers can obtain this halal certification in accordance with the requirements of Law Number 33 of 2014 concerning Halal Product Guarantees by registering their products with the Halal Product Guarantee Organizing Agency (Jaiyeoba, 2021). In carrying out halal certification, the Halal Product Assurance Organizing Agency cooperates with the Indonesian Ulema Council. Halal Product Guarantee Organizing Agency cooperates with all parties related to guidance and monitoring of the halalness of a product. In addition, Halal Product Guarantee Organizing Agency also carries out the functions of halal registration, halal certification, and halal inspection, and sets halal standards for a product. Meanwhile, the Indonesian Ulema Council issued a product determination decision to determine the halalness of the product (Hasanah, 2021).

The government has issued Law Number 33 of 2014 concerning Guaranteed Halal Products as a guideline for business actors in producing food. This is done in order to accelerate Indonesia's growth as a halal food producer (Hasanah, 2021). The state has also regulated the issue of halal labeling through laws and regulations. The special regulations governing the issue of halal packaged food products are Law no. 23 of 1992 concerning health, Law no. 7 of 1996 concerning Food and Law No. 8 of 1999 concerning Consumer Protection. Furthermore, there are also regulations other than laws, namely Government Regulation No. 69 of 1999 concerning Food Labels and Advertisements, Decree of the Minister ofReligion No. 518 of 2001 concerning Guidelines and Procedures for Inspecting and Determining Halal Food (Ariny & Nurhasanah, 2020).

Food labels are any information about food, whether in the form of pictures, writing, a combination of both or other forms that are attached to food, put in, pasted on, or a component of food packaging (Nanda & Ikwati, 2020). Based on this understanding, it can be explained that labels contain information. This information is very useful for customers because it allows customers to make the right decision before buying or consuming a product. In addition, the information contained on the label also significantly influences the effectiveness of customers in choosing products and is a benchmark for how loyal customers are to certain brands so that businesses will also benefit. The Halal Product Guarantee Act provides legal guarantee benefits to manufacturers for all the products they make. UUJPH has a good impact on the business world because consumers can be assured that products with halal certification can be accepted for purchase, consumption, or use because there is no doubt about their halal status. In addition, Halal Product
Assurance can benefit manufacturers by increasing sales. Thus, if a product meets halal requirements, Muslim customers will be interested and buy it (Susilawati et al., 2020). The halal industry in Indonesia has strengths in the form of government support, the existence of a certification body that survives, significant campaigns for halal products, Islamic economics, financial development, various high-level agencies have the potential to become centers of innovation, and the significance of the halal trend is not only among Muslims but also non-Muslims, especially in the culinary field. The weaknesses found in the halal industry in Indonesia include cooperation between the industrial sector which is still lacking, awareness of industry players and the public regarding the importance of halal aspects is still low, the policy framework and product protection guarantees have not been established, and the lack of companies that have halal certificates.

The Role of the Halal Industry in the Indonesian Economy

The COVID-19 pandemic outbreak in Indonesia has not only had an impact on public health but has also had an impact on the Indonesian economy. Various economic sectors have had at least one impact caused by the COVID-19 pandemic, as seen from the decline in the percentage of economic growth which only reached 2.97%, while previously it could reach 5.07%.

According to data obtained from the Ministry of Home Affairs, the number of Muslims in Indonesia as of 31 December 2021 reached 237.53 million. This number is equivalent to 86.9% of the country’s population which reaches 273.32 million citizens. This figure shows that the majority of Indonesia’s population is Muslim. Indonesia’s predominantly Muslim population can provide opportunities for the development of the halal industry. This is considering that the halal context is one of the recommendations aimed at Muslims in consuming a product or service.

The halal industry is an alternative to encourage economic growth (Herdiana & Rusdiana, 2022). This is as a result of consumer demand for the halal industry which is increasing every year. Consumption of halal products in Indonesia currently reaches US$ 144 billion, this has made Indonesia the largest consumer of this sector. The Muslim-friendly tourism sector with a value of US$ 11.2 billion makes Indonesia occupy the 6th position in the world. Indonesia ranks third in the world as a consumer of Muslim fashion with a total consumption of US$ 16 billion. Indonesia’s halal pharmaceutical and cosmetics sectors rank sixth and second respectively with total spending of US$5.4 billion and US$4 billion, respectively.

Conditions The market share of the halal industry which continues to increase is not only used by Indonesia, but also by other countries such as New Zealand. New Zealand is one of the world’s largest exporters of halal meat, distributing 65% of halal meat to non-Muslim countries. In addition, there are countries such as Thailand that call themselves the Halal Kitchen of the world, Korea is the World’s Main Destination for Halal Tourism, China has the Highest Modest (Halal) Clothing Export, Japan makes the Halal Industry a Key Economic Contributor by 2020, Australia as the Largest Supplier of Halal Beef in the world, Brazil as the Largest Supplier of Halal Poultry, and England as the Islamic Finance Hub of the west.

Strategy for Developing the Halal Industry in Indonesia

To meet consumer demand effectively and create regulations that attract investment, Indonesia can adopt a strategy for developing the halal industry by strengthening cooperation between halal certification bodies, producers, academics, researchers and the government (Qoniah, 2022). This will position Indonesia as a leader in the global halal economy and halal industry. In addition, Indonesia must also be able to prioritize the halal product category to become a leading exporter of halal goods.

Promoting local business exports and international trade while assisting the use of market intelligence is another strategy that can be used. There needs to be a law that is used to support export activities. Increasing manufacturing competitiveness by applying the latest technology for better production and obtaining high quality raw materials. In addition, it can also simplify the rules governing Islamic
finance. This is necessary to help their successful convergence with halal economic growth.

Apart from the government, MSME actors must also pursue a business development strategy (Affandy, 2021). MSMEs in the halal market have a variety of options to deal with the new normal situation, one of which is by offering various goods and services related to health and hygiene, including masks, hand sanitizers and face shields. However, all sharia economic actors must also be able to adapt and be aware of changes in people’s behavior. Activities carried out remotely will become more common, for example financial transactions will increasingly rely on internet banking services. Product purchases will also focus on online transactions.

For sharia economic actors who want to advance Islamic economics and finance, a deep understanding of digital technology and user convenience in online transactions is very important to master. People will also tend to save and be more selective in spending, as a result of slow economic growth. This is an opportunity for Sharia economic actors to be more serious about improving the quality of their goods and services so that they remain competitive and win the hearts of the people.

Conclusion
The results of this study explain that the halal industry has an important role in Indonesia’s economic growth in the new normal era. The halal industry is an alternative to encourage Indonesia’s economic growth. Strategies that can be taken to deal with these obstacles include developing the halal industry by strengthening cooperation between halal certification bodies, producers, academics, researchers and the government, prioritizing halal product categories, promoting local business exports and international trade, simplifying the rules governing Islamic finance, offers various goods and services related to health and hygiene, and understands digital technology and user convenience in online transactions.

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