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## MODEL OF HALAL MANAGEMENT AND FACTORS IDENTIFICATION THAT AFFECT COMPANY FOR DECISION MAKING IN HALAL CERTIFICATION

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### ABSTRACT

Halal has become one of the imperatives associated with quality products in global trade for food , drugs and cosmetics among countries , not only for the countries predominantly Muslim , but also by the countries of the EU , Far East Asia and the United States as well as Latin America. Certification of halal products is inseparable from desire of company to gain an advantage in trade . On the other hand , require halal certification costs , and human resources in charge of the logistics and supply halal products. The purpose of this paper is to analyze halal management model that fits company needs to certify its products . Then to analyze strategy of company in implementation of halal certification. From the results of this study found that internal factors are very dominant in decision to certify its products, then specifically human factor in the company's production process and implemented where needed commitment to always provide quality raw materials and halal. Further support for the government is a make mandatory to company to process their products in system of Halal Management.

**Keywords:** Factor Identification, Decision Making, Model of Halal Management

### INTRODUCTION

Indonesia as a country of the largest Islamic population in the world (total population of around 255.5 millions population) there should be also a law enforcement from government and implemented by the procedure related to HALAL products in Indonesia (Global halal Forum, 2010).

Indonesia as a Muslim country with the largest Muslim population in the world has a strategic role in the international arena. Not least in the field of certification of halal product range includes food and medicine (<http://www.suaranews.com/2012/01/standar-halal-indonesia-terbaik.html>).

Muslims today form a majority or significant populations in 57 countries. Today, with a total population approximately 1.8 billion, muslim has become the second largest religion in the year 2025. Muslim will represent almost 30 percent of the world population. For ASEAN Countries, there should be a regulation to guarantee that products distributed in the world are halal.

Current Estimate marketing of halal products in the global reach of more than 600 billion U.S. dollars with a Muslim population of the world market of 1.4 billion population. Research of Global Food and Advisory report, marketing halal products in Asian countries is expected in the next 10 years will increase two-fold in which countries such as Indonesia, China, Pakistan and India grew by 7 percent. With a Muslim population of as many as 235 million people (data year 2008), Indonesia is a potential market for halal products in the future. By applying the halal certification system internationally accepted will be more efficient, in terms of cost also ease costs incurred <http://kemenag.go.id/index.php?a=berita&id=79712> accessed on 22nd November 2013

To ensure the smooth running of trade in the Middle East region, need to be proactive because there are 700-800 million people using processed food products from Indonesia <http://m.merdeka.com/uang/bulan-depan-kemendag-ke-timur-tengah-urus-sertifikasi-halal.html> accessed on 22 November 2013

Global Muslim population is estimated at 1.8 billion. Of these more than 780 million Muslims are under the age of 25, representing 43% of the global Muslim population and more than 11% of the entire world population (Ogilvy Noor, 2011)

Alluding to the application of halal certificates for outstanding products in the country, the current obligation to produce and distribute halal products must be fought. Food products that are produced and distributed in Indonesia must be halal. Currently there is no guarantee that the products manufactured and distributed in Indonesia is really halal, especially imported from abroad, except that already have a halal certificate.

<http://kemenag.go.id/index.php?a=berita&id=79712> akses 22 Nov 2013

### **Factors Identification**

Factor analysis technique was originally developed in the early 20th century . This analysis techniques developed in the field of psychometric expertise with business by Karl Pearson, Charles Spearman, to define and measure a person's intelligence. In factor analysis can be divided into two kinds , namely principal component analysis (PCA) and factor analysis (FA). Both of the above analysis aims to explain the wide - covariance structure through linear combination of its constituent variables . So it can be said that factor or variable component is formed instead of the original variables . In general, factor analysis or principal component analysis aims to reduce the data and interpret it as a new variable in the form of variable shape. Basically factor analysis or principal component analysis approach to data at a grouping or formation of a new variable based on the closeness of the relationship between dimensions or the confirmatory factor forming a new variable or factor. (Analisis Faktor. PDF created with pdf Factory Pro trial version [www.pdfactory.com](http://www.pdfactory.com))

### **METHOD**

SWOT Analysis is a strategic planning method used to evaluate the strengths, weakness, opportunities, and threats in a project or a business venture. The four factors that form the

acronym SWOT (strengths, weaknesses , opportunities, and threats). This process involves determining the specific purpose of the business venture or project and identifying the internal and external factors that support and are not in achieving that goal. SWOT analysis can be applied in a way to analyze and sort out various matters affecting 4 factors, then apply the SWOT matrix image, where the application is how power (strengths) are able to take advantage of opportunities that exist, how to overcome the weaknesses that prevents profit (advantage) of opportunities that exist, then how forces (strengths) able to deal with threats are there, and the last is how to overcome the disadvantages (weaknesses) are capable of making threats to be real a new menace. This technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from Fortune 500companies

[http://id.wikipedia.org/wiki/Analisis\\_SWOT](http://id.wikipedia.org/wiki/Analisis_SWOT)

### **PROBLEMS**

From the data LPPOM MUI 2013 on List 12 Key Success Factor LPPOM MUI Respondent: Halal Standards, Audit, Training, Dissemination, Regulation, Stakeholders, Human Resources, Technology, Finance, MUI Fatwa Commission, Organization of Halal world. List of Key Success Factor 8 MUI LPPOM used in these studies (LPPOM MUI, 2013) namely: Halal Standard, Audit, Socialization, Stakeholders, Human Resources, Technology, Finance and MUI Fatwa Commission. 8 Key aspects of the success of this factor, we will map the steps to find the right strategy to get the strategy analysis

Internal Aspects as follows: halal standard, Auditor, socialization, human Resources, fatwa commission

External Aspects as follows : stakeholder, technology, and Finance

### **RESULT AND DISCUSSION**

From the analysis of key success factor according to the respondents LPPOM MUI 8 key success factor of 12 factors can be explained that,

1. Halal standards, analysis of W-O Strategy found that Enhancing cooperation and coordination among the field in the preparation and documentation of lawful standards so that

the time required to develop and document the halal standards become more efficient. Because Determination halal standard requires no small amount of resources such as money, expertise, and staff.

Nusran,2013 said, Time certification process before using CEROLL SS-23 000, need more time 3 months (90 days), but now, Only 40 working days process, so there is a rate of acceleration about 44% or 2.3 times faster than before using the online-system. Suggested by online system, can fast and easy to operate as well as IT systems that can process data much more quickly and precisely, so that could be expected when certification process only took about 20 days, so there are 2 times more rapid acceleration, can ultimately number of halal products certified more in the near future

cheaper the cost of Halal Certification, to make more ease and simplify the company to certify its products and better socialization of urgency Halal certification to Company and manufacturers including benefits achieved when product is Halal certified, can make growing number of firms vying for certifying products / company (LPPOM-MUI, 2010)

Registration process of halal certification is done online , where component costs include registration fees , forms and books , audit fees, costs and expenses laboratory analysis of halal certification.In general , the cost of certification is cheap relatively (for a company ) , depend on the class of business and production capacity , such as large enterprises (A1), medium-sized enterprises (A2),small business (A3) Other aspects that affect the cost of certification is hassle examination , such as class B1 materials if the critical point of 4 or more and the amount of 5 or more, then the class B2 is a critical point where the critical point of maximum 3 does not require the assessment exceed 2 steps (derivatives ) can be assured already, and types of simple products such as bottled water and activated carbon. The last aspect is the use of technology , such as modern technology (C1) that if the dominant production process using conventional machinery and technology (C2), if the production process using most of manpower (Nusran,2013)

2. Audit (inspection), analysis of S-O strategy found that utilizing the skills of instructors of Halal Assurance System training owned LPPOM to provide training to the company's internal auditor internal auditor so ability to be increasing which implies the implementation of the supervision process improvement halal assurance system in the company.

LPPOM MUI data until year 2013, the number Halal Auditor of LPPOM in the 33 provinces are as follows at table 1:

NO	AUDITOR LEVEL	NUMBER (PERSON)
1	DISTRICT/CITY	155
2	PROVINCE	345
3	NATIONAL	100
4	INTERNATIONAL	76
	NUMBER	676

Source: LPPOM MUI, 2013

We do not get proper ratio and significant to be linked to how fast increase in number of certified products, as well as how to keep a minimum a number of acceleration of pace of presence of a new product that has potential to in certificate

3. Socialization, analysis of W-T Strategy showed that Improve dissemination activities carried out by LPPOM MUI invites parties to participate actively in socialization of halal products to the public Forms of halal socialization to companies in Indonesia, which has been done by LPPOM-MUI are : Implement Indonesia Halal Expo (INDHEX), Issuing Halal Journal Magazine, Carry Halal Goes to Campus/School, Halal Travel and Halal Comics, Through Social Media with Facebook (LPPOM-MUI, 2013)

4. Stakeholders, analysis of S-T Strategy found that Maintain stakeholder confidence that LPPOM MUI is the best institute which has competence in establishing a halal product both technically and Syar'i. Thus, LPPOM MUI can obtain stakeholder support to be the sole halal certification body in Indonesia.

5. Human Resources, analysis of W-O strategy found that enhance the competence and professionalism of human resources through education and training focus in accordance with the needs of employees to improve their performance.

. Requirements to become a halal auditor

be other things that cause it is not easy to recruit a reliable halal auditors, because they must have science background disciplines like Food Industry, Chemical Industry, Industrial Engineering, Pharmacy, Biology and Agriculture area and of course has spirit in Islamic behaviors (Nusran,2013)

6. Technology, analysis of S-O strategy found that LPPOM MUI improve cooperation with universities in conducting research to find new technologies in the examination of the critical point of halal products.

7. Finance, analysis of S-T Strategy found that the Approach to the authorities (government and legislative) to be issued by the government policies have a positive impact on survival LPPOM MUI.

8. MUI fatwa commission, analysis of S-O strategy found that MUI Fatwa Commission Improving the performance so that the results of the fatwa can be quickly identified and used as a reference by the public national and international) and interested parties

**Model of Halal Management**

From the analysis of the above strategy, according Nusran (2013), that the amount of product to get halal certification required significant acceleration program planning by LPPOM MUI halal certification which involves a number of variables such as sufficient number of auditors, to maximize the online system, cooperation with the company, socialization effective, then to harmonize work with government support will be obtained when the certification process is shorter, so it will lead to the number of products and the number of companies that are certified halal. The model is as shown in the picture below

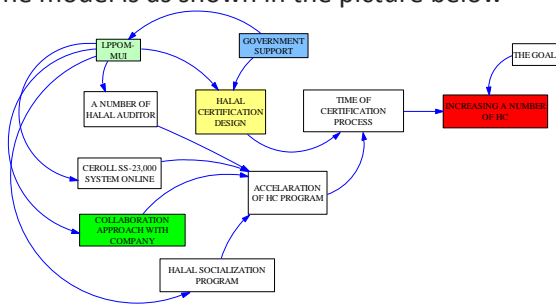


Figure 1: Thinking Model of Halal Certification Design (Adopt from Nusran,2013)

Number of companies that get Halal Certificate is 4,292 companies with have been described, is expected to increase the number of products that are halal certified, supported with data growth companies or manufacturers who are able to Halal certification in the last 5 years. (Nusran,2013).

LPPOM-MUI has issued 4,706 halal certificates for about 20 thousand types of products the company produced 1,500. (data through 2008) <http://kemenag.go.id/index.php?a=berita&id=79712> akses 22 Nov 2013

Here is the data Certificate Number, Product Name and registered Company in LPPOM MUI as follows at table 2:

NUMBER OF CERTIFICATE, PRODUCT NAME & COMPANY

YEAR	NUMBER HC	NUMBER PRODUCT NAME	NUMBER COMPANY
2008	921	10242	548
2009	470	10550	353
2010	750	27121	692
2011	650	26413	623
2012	600	17249	552
2013 *)	283	7714	179
			4.292

SOURCE: LPPOM MUI 2013 \*)DATA TILL 11st March 2013

For a number of companies in Indonesia which has the potential for certification in the various categories (large-scale, small-scale, medium-scale, household scale industries, restaurants and catering services), currently do not have data on Indonesian companies that have the potential for certification., because data that owned by LPPOM comes from data registration of Halal certification. For Company Directory throughout Indonesia requires cross-sectoral cooperation as the data in the ministry of industry and trade.It is very important to need support from government by requiring all products, especially products that massive, the plural society in consumption.

**Conclusion**

The following conclusion can be driven from this study that

1. Required appropriate model to apply to the company, so the company more flexibility and feel benefit from decisions certify their

products, not a burden on the company's costs and convoluted procedures.

2. Product Certification will enhance public confidence thus increasing the sales volume of the company.

3. the Model of Halal Certification will easy to understand to policy of halal certification for companies that circulated in Indonesia and beyond while increasing of volume sales and profitability to increase more confidence of consumer in products that are certified.

4. To increasing of Halal socialization Model in public awareness also affects the perception of and interest in the company to certify its products, so that the power value of the product that has not been certified.

5. LPPOM MUI both at central and local levels to hold the company's approach to education and explanation about ease of procedure, and cost is relatively inexpensive, so support accelerated product certification process. Finally with halal certification would improve branding company that will positively affect the improvement of image of halal products.

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