

# CHAPTER I

## INTRODUCTION

This chapter consists of the background, problem formulation, research objective, research scopes, and outline of the report.

### 1.1 Background

Economic activities are needed to meet the community's needs along with the times and the increasing economic growth. Therefore, economic activity became an effort to improve people's standard of living. Employment opportunities that can absorb labor from each generation for the community are needed to fulfill their living needs. Indonesia, full of natural wealth, has yet to maximize its potential, so people must utilize and develop existing abilities and potential. Micro, Small, and Medium Enterprises (MSMEs) are the most strategic sectors of the National economy and involve many people's lives, so MSMEs are the primary source of the national economy. MSMEs are also a group of economic actors with a significant role in Indonesia's economy (Ulya and Agustin, 2022).

Micro business growth is used as a source of growth in employment and income opportunities. MSMEs have a strategic role in the government's efforts to reduce poverty and respond by absorbing much labor. Based on data from the Coordinating Ministry for Economic Affairs 2023, MSMEs contribute to economic growth at 57% of the national GDP and 97% of the total national workforce to employment. Therefore, this business sector deserves to be called a pillar of the nation's economic development (Budiman and Herkulana, 2021). One sub-sector that contributes significantly to GDP is the food and beverage industry. Based on data from the Ministry of Industry of the Republic of Indonesia, the growth of the food and beverage industry reached 5.35% in quarters I-2023. In the same period, the food and beverage industry contributed 38.61% to the GDP of the non-oil and gas processing industry.

Currently, the entire food industry in Indonesia must have a halal certificate. This is based on Law No. 33 of 2014 concerning Halal Product Assurance. The law concerning Halal Assurance System Article 4 states that products entering, circulating, and being traded in Indonesian territory must be halal certified. Halal products include the provision of materials, processing, storage, packaging, distribution, sales, and presentation of products. If MSMEs do not have halal certification, processed food and beverage products can be withdrawn from circulation by the government (Arsyan et al., 2019). There is an institution that specifically audits products consumed by Muslims in Indonesia. Halal certification is handled explicitly by the MUI, operated by LPPOM-MUI (Lembaga Pengkajian Pangan, Obat-obatan, dan Kosmetika Majelis Ulama Indonesia). However, in 2019, the halal certificate registration procedure was delegated to the BPJPH (Badan Penyelenggara Jaminan Produk Halal) of the Ministry of Religious Affairs. In addition, LPPOM MUI still acts as an examiner or inspector during the certification process.

There are still many MSME players who are not aware of the importance of halal certification. Meanwhile, Law No. 33 of 2014 requires halal certification for all business actors. The definition of business actors includes individuals or business entities in the form of legal entities or non-legal entities that carry out business activities in the territory of Indonesia, which in this case includes MSME business actors. With this regulation, all MSME players engaged in processed food are legally obliged to carry out halal certification (Savitri and Putra, 2022).

Oneil Cake and Bakery is one of the businesses engaged in the food industry. This business was established in 2013 in Bukittinggi, West Sumatra. Oneil Cake and Bakery produces various types of food, including cakes and brownies, fried foods, and traditional foods. Providing snack box services causes production at Oneil Cake and Bakery to often depend on customer requests or can be categorized as make-to-order. However, Oneil Cake and Bakery also stock several products but only in small quantities. The Oneil Cake and Bakery products can be

seen in **Table 1.1**. Products in Oneil Cake and Bakery can be seen in **Figure 1.1**. Oneil Cake and Bakery has 11 employees and an owner running the business. These employees include sales, production, and cleaning services. Oneil Cake and Bakery operate daily from 07.00 AM to 05.00 PM with a one-hour break. Employee day off is one day alternating on Saturday and Sunday.

**Table 1.1** Product Category

No	Cake and Brownies	No	Fried Food	No	Traditional Food
1	Sponge Cake	1	Chicken Potato Risole	1	Mud Cake
2	Swiss Roll Cake	2	Ragout Risole	2	Mangkuk Ubi Cake
3	Chocolate Steamed Brownies	3	Sausage Tofu Schotel	3	Lemper Ayam
4	Brownies Roll	4	Egg and Chicken Solo Sausage	4	Lapis Beras
5	Brownies Lapis Legit	5	Spicy Mayonnaise Risole	5	Lapek Jagung
6	Banana Cake	6	Original Mayonnaise Risole		
7	Rainbow cake	7	Vermicelli spring rolls		
8	Lapis Talas Cake	8	Cassava Croquettes		
9	Marmer Cake	9	Mini Tofu Martabak		
10	Lapis Surabaya	10	Cracker Ragout		



**Figure 1.1** Oneil Cake and Bakery products

Currently, Oneil Cake and Bakery still do not have a halal certificate. Therefore, Oneil Cake and Bakery still do not comply with Law No. 33 of 2014 concerning the Halal Assurance System. This causes Oneil Cake and Bakery products to be withdrawn from circulation by the government. One of the

requirements for obtaining a halal certificate is that there must be a halal assurance system following HAS 23000. HAS 23000 is a document that contains the LPPOM MUI halal certification requirements. The Halal Product Assurance System criteria are requirements for halal certification in Indonesia, as the BPJPH (Badan Penyelenggara Jaminan Produk Halal) stipulated. The Halal Product Assurance System has five principles: commitment and responsibility, materials, halal product processes, products, and monitoring and evaluation. Therefore, this research helps Oneil Cake and Bakery design the Halal Product Assurance System to obtain a halal certificate.

## 1.2 Problem Formulation

The problem formulation of this research is how to design a halal product assurance system as a requirement to obtain a halal certificate at Oneil Cake and Bakery?

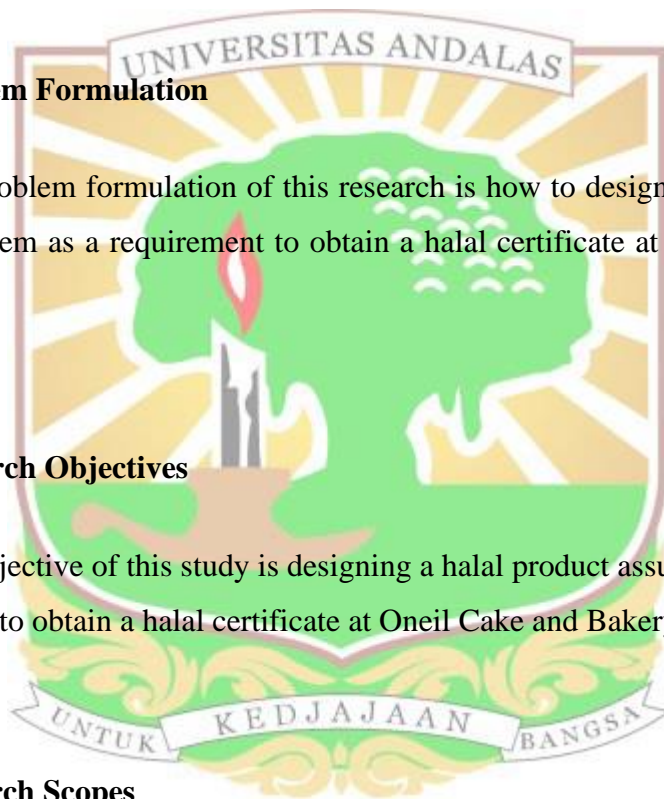
## 1.3 Research Objectives

The objective of this study is designing a halal product assurance system as a requirement to obtain a halal certificate at Oneil Cake and Bakery.

## 1.4 Research Scopes

The scope of the research is as follows:

1. Halal Product Assurance System Manual and critical point identification is only carried out on Chocolate Steamed Brownies.
2. SOPs design is carried out on Lapis Surabaya, Fudgy Brownies, Tapai Cheese Cake, Banana Cake, Marmer Cake, Bolen, Vanilla Choux, and Roll Cake. This is because other products will not be sent out of town or rarely made.



## 1.5 Outline of Final Project

The outline of the final project are as follows:

### CHAPTER I INTRODUCTION

This chapter contains the background, problem formulation, research objective, research scope, and outline of the final project.

### CHAPTER II LITERATURE REVIEW

This chapter contains a literature review about, Micro Small and Medium Entreprises (MSME), halal and haram, legal regulations for halal products in indonesia, halal certification, halal certification procedure, Halal Product Assurance System, Porter's Value Chain, Standar Operational Procedure (SOP), and previous study.

### CHAPTER III RESEARCH METODOLOGY

This chapter contains the stages of research are preliminary study, literature study, problem formulation, data collection, data processing, discussions, and conclusions.

### CHAPTER IV RESULT AND DISCUSSION

This chapter contains data analysis about Halal Product Assurance System Manual, Critical Point Identification, and SOP Design.

### CHAPTER V CONCLUSIONS

This chapter contains conclusions and suggestions for future research.

