

Application Of Halal Value Chain Management Principles In Bakery And Cake At Padangsidimpuan City

Ade Khadijatul. Z Hrp¹, Andri Soemitra², Zuhrial M. Nawawi³, Rahmat⁴

¹Sekolah Tinggi Agama Islam Negeri Mandailing Natal

^{2,3} Universitas Islam Negeri Sumatera Utara

⁴ Universitas Graha Nusantara Padangsidimpuan

¹ Jl.Prof. Dr. Andi Hakim Nst Komplek Stain Panyabungan Mandailing Natal

adekhadijatulo4@gmail.com

Abstrak

Sertifikasi Halal tidak hanya memberikan perlindungan hukum terhadap hak-hak konsumen Muslim atas produk non-halal, tetapi juga meningkatkan nilai jual produk karena konsumen lebih bersedia untuk membeli barang dari mereka. Inkonsistensi dalam rantai nilai halal dihasilkan dari penggunaan standar rantai nilai halal lokal yang berbeda, terutama logistik yang tidak selaras dengan standar logistik halal internasional. Tujuan dari penelitian ini adalah untuk menjelaskan penerapan manajemen rantai nilai halal pada produk olahan bakery dan chake di Kota Padangsidimpuan dengan menggunakan pendekatan deskriptif empiris. Proses-proses yang termasuk dalam penerapan manajemen rantai nilai halal untuk produk bakery dan chake bersertifikat halal di Kota Padangsidimpuan: a. pembelian, b. penerimaan, c. produksi, d. pergudangan, e. distribusi, dan f. produk tidak habis. Sebagian besar bisnis bakery dan chake telah menerapkan manajemen rantai nilai halal dalam operasionalnya. Selanjutnya, semua pemangku kepentingan dalam proses sertifikasi halal mendapatkan masukan yang berharga.

Kata Kunci: Halal, Rantai Nilai Halal, Manajemen

Abstract

Not only does Halal certification provide superior legal protection for Muslim consumers' rights to non-halal products, but it also increases the selling value of business actors' products because consumers are more willing to buy goods from them. Inconsistencies in the halal value chain will result from the use of different local halal value chain standards, particularly logistics that are not aligned with international halal logistics standards. The purpose of this study is to explain the application of halal value chain management to processed bakery and chake products in Padangsidimpuan City using an empirical descriptive approach. The following processes are included in the implementation of halal value chain management for halal-certified bakery and chake products in Padangsidimpuan City: a. purchasing, b. acceptance, c. production, d. warehousing, e. distribution, and f. the product is not used up. That the majority of bakery and chake businesses have implemented halal value chain management in their operations. Furthermore, all stakeholders in the halal certification process receive valuable input.

Keywords: Halal, Halal Value Chain, Management,

Introduction

Padangsidimpuan is one of the areas in North Sumatra that has seen the growth of bakery and cake distribution. This is evidenced by the growing number of bakeries

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in Padangsidimpuan, including Subur Bakery, Horas Bakery, Ondo Bakery, and Reza Bakery. Naturally, the number of bakeries in Padangsidimpuan will increase as more entrepreneurs seek to be successful and profitable in this industry.

There is no denying that implementing the right marketing strategy and having positive interactions with customers determine a company's success and progress. Many businesses suffer setbacks and even go bankrupt or close their doors. A bakery may close due to poor taste, an ineffective marketing strategy, or less-than-ideal service quality.

When considering bakery products as products that will be consumed by consumers, one of the most important factors to consider is the taste of the products being sold. Of course, consumers will choose products that have a flavor that they enjoy. As a result, every culinary business is competing to innovate in different flavors based on consumer demand.

Many different types of bread are sold at Reza bakery, including white bread, birthday bread, roll cakes, donuts, pastries, pies, and many different flavors. Price is also an important consideration when selling a product, in this case, bread. Set the appropriate price and persuade customers that the price they pay is proportional to the quality of the bread they purchase.

Customers do not want to feel cheated by the amount of rupiah they spend on bread. In order to ensure product quality, not only must the taste of the food be guaranteed, but also the halalness of the bread. Some of the owners of the bakery and cake industry in Padangsidimpuan City are non-Muslims, as is well known.

The food consumed should meet the criteria for being fit to eat and not causing disease (halalan toyyiban), which include:

1. to the desired degree of doneness
2. free of pollution at all stages of production and subsequent handling,
3. free of unwanted physical and chemical changes caused by enzymes, microbial activity, rodents, insects, parasites, and damage caused by cooking and drying pressure.
4. Free of microorganisms and parasites that can cause food-borne illnesses.

If a food product is certified halal, it meets this criterion for safety. A halal certificate is a document issued by the Indonesian Ulema Council (MUI), both central

and provincial, certifying the halalness of a company's food, beverage, medicine, or cosmetic product after it has been examined and declared halal by LPPOM MUI.

The MUI is the authority holder who issues halal product certificates, which is technically handled by the Indonesian Ulema Council's Institute for the Assessment of Food, Drugs, and Cosmetics (LPPOM MUI). Article 29 of Halal Product Assurance Law Number 33 of 2014, which governs the procedures for issuing halal certificates, states that business actors must submit a written application to the Halal Product Guarantee Organizing Agency (BPJPH).

A data sheet containing information on the business actor, the name and type of product, a list of goods and materials used, and information on how to process the product must be submitted with an application for a halal certificate. A halal inspection is carried out by the Halal Product Guarantee Agency (BPJPH). BPJPH has established a Halal Product Agency (LPH) to conduct halal inspections, the purpose of which is to conduct halal inspections and/or product halal testing (Chapter 30 Verse 1).

Chapter 31 requires the halal auditor to inspect and/or test the halal product at the business location during the manufacturing process. If the halal status of a material is in doubt, it can also be tested in a laboratory. At the time of the halal auditor's inspection, business actors are expected to provide the necessary information.

LPH presents its findings to BPJPH after completing its task of conducting a halal inspection, which then sends them to MUI for determination of product halalness (Article 32). MUI holds a Halal Fatwa meeting to ensure the halalness of its products (Chapter 33). The MUI Fatwa Session was attended by expert representatives from relevant ministries, institutions, and/or agencies.

A fatwa meeting is held no later than 30 days after the MUI receives the results of the inspection or submission of the BPJPH to determine the halalness of a product. MUI signs the halal stipulation, which is then submitted to BPJPH for certification. If a product is declared halal at a halal fatwa meeting, BPJPH will issue a halal certificate within 7 (seven) working days after the MUI determines it is halal (Chapter 35).

In contrast, if the MUI halal fatwa meeting determines that the product is not halal, BPJPH returns applications for halal certificates to business actors with

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justification. Furthermore, BPJPH is required to publicize the issuance of halal certificates (Chapter 36). Business entities that have received halal certificates from BPJPH are required to include halal labels on product packaging in clear, legible, and difficult to remove or damage areas of the product (Chapter 38 and 39).

Business actors who violate Chapter 38 and 39 by failing to include the halal label face administrative sanctions such as verbal and written warnings and the cancellation of halal certification. Not only does Halal certification provide superior legal protection for Muslim consumers' rights to non-halal products, but it also increases the selling value of business actors' products because consumers are more willing to buy goods from them. When they see the symbol of a halal certificate, Muslim buyers have legal certainty that a product is halal according to Islamic law.

Literature Review

Halal Label

According to the Law of the Republic of Indonesia No. 33 of 2014, a halal label is a symbol of a product's halalness. According to Government Regulation Number 69 of 1999 concerning Food Labels and Advertisements, a food label is any information about a product in the form of pictures, writing, a combination of both, or other forms attached to the product, inserted into, affixed to, or is part of food packaging.

Muslim customers require the Halal certification. With current scientific and technological advancements, Muslim consumers are unable to determine whether food is halal or not. As a result, certification by a government agency is required to determine the halalness of a food product.

The Indonesian Ulema Council (LPPOM MUI) Research Institute for Food, Drugs, and Cosmetics is in charge of Halal certification. This certification generates Halal certificates. Halal certification is applied to food, medicines, and cosmetics to give consumers confidence that the products they consume are halal. This halal certificate is required for the presence of a halal label (Ramlan, 2014).

Halal labeling and halal certification are two distinct processes that are inextricably linked. If the desired product meets the requirements of a halal product, the halal certification result. The certification is administered by an organization with the necessary authority. The ultimate goal of halal certification is formal legal recognition that the products produced comply with halal regulations.

In contrast, halal labeling is the act of including a written statement or statement on the packaging of a food product to indicate that the item has halal product status. This qualification is important for marketers because halal certification is a measure of producer accountability to customers and business aspects as a marketing tool, increasing consumer happiness and trust are the two main factors (Ramlan, 2014).

To ensure that Muslims can eat it guilt-free, every food package must bear the word "Halal." The inclusion of a halal label on packaged food aims to provide the general public with accurate and simple information about each food product, such as its origin, safety, quality, nutritional value, and other important details.

This halal label's inclusion has an expiration date. The validity period for halal certificates is two years, according to the Decree of the Institute for the Assessment of Food, Drugs, and Cosmetics of the Indonesian Ulema Council concerning Amendments to the Halal Assurance System Regulations.

Management of the Halal Value Chain

The value chain, in general, is a series of processes that businesses use to create value for their customers (Alter, 2002). The value chain can also be defined as a systematic method of dividing a company into its separate activities, and it can be used to investigate how activities within a company can be grouped.

The value chain in this study is built on a standard format with three elements that demonstrate the interaction between (1) processes, (2) information, and (3) actors. These components are critical in highlighting operational issues (Noordin et al 2009).

1. Process

The halal certification process is divided into five steps: (1) Document Application/Approval, (2) Premise Inspection, (3) Panel Committee/Appeal Committee, (4) Halal Certification Issuance, and (5) Supervision and Enforcement. The problem is not with the process itself, but with the execution of tasks within each process if the procedures are not appropriate.

For example, if the certification fee is not paid, the process will be delayed, and the inspection of the premises will be canceled. However, the Auditor may believe that the results of the Application Processing Officer's verification of

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applications and supporting documents are insufficient. During premise inspections, they may require additional clarification.

The halal certification process appears to rely on information and actors to expedite the process. Accordingly, Khairil Anwar et al. (2006) propose the Manufacturers Self Evaluation Support System (MAHSESS), which has the potential to improve the Halal certification process. MAHSESS is a web-based information system designed to assist producers in self-assessing the halal status of their products prior to submitting applications. This system will also provide recommendations for alternative halal ingredients from certified producers.

2. Information

This is crucial information for the halal certification process. Decisions may be uncertain in the absence of reliable information. When applying for Halal certification, additional information is required. More information is available at:

Company profile	Certificates for HACCP, ISO, GPH, GMP, and TQM (if any)
Company Registration	Premises/industry location map
Product name and information/menu to be verified	ID and offer letter for halal executive
Materials used	ID and offer letter for Muslim staff (production department)
Name and address of the material's producer/supplier	Veterinary services department import permit
Halal status of materials and halal certificates or product specifications for essential materials (conformity)	Ministry of health permit (drugs and cosmetics)
Type of packaging material	Product barcode list
Processing and production procedures	

The industry/agency must submit this information (supporting documents) along with the application form. Supporting documents are required depending on the application category. Permits issued by the Ministry of Health for drugs and cosmetics, for example, do not apply to the food product category.

3. Actor

Individuals involved in the halal certification process are referred to as actors in this study. In general, there are six actors playing various roles in the halal certification process. The Halal certification value chain identifies the potential for continuous improvement in Halal certification operations, thereby providing an understanding of the Halal certification system.

They are detailed in the table below. They are in charge of specific tasks during the halal certification process.

Administrative staff	Processing application forms, supporting documentation, and certification fees
Officer of Application Processing (Technical and Sharia)	Examining and validating application forms and supporting documentation
Auditor (Technical and Sharia)	Examining product ingredients from a technical and sharia standpoint, On-site examination, Preparation of inspection reports, Halal certification committee internal pre-meeting
Manager of the Certification Department/Head of the Halal Unit	Halal certification committee internal pre-meeting, Pre-approval for Halal certification, Making halal applications available to the halal certification pane
Panel of Halal Certification (Technical and Sharia)	Making halal approval/rejection decisions
Halal Certification Secretariat	Setting up halal certification panel meetings, Halal certification is issued

Halal value chain management is the administration of halal networks with the goal of extending halal integrity from the point of origin of products to the point of purchase of consumers. It is critical to ensure that halal products are received at the point of purchase in order to highlight halal value chain management (Tieman et al., 2012).

On the other hand, maintaining the integrity of the halal food value chain will ensure the halal market's fulfillment. If consumer trust in halal food is violated due to food product contamination with illicit sources, this can lead to negative consumer sentiment and reduce market confidence (Vanany et al., 2020).

The Halal Assurance System in Indonesia uses Standard Operating Procedures owned by a factory to achieve the halal policy objectives of the factory. All critical activities in the halal production process, such as R&D,

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Purchasing, Quality Assurance or Quality Control, Warehousing, Production, and Distribution, have procedures in place.

The procedure may differ depending on the process technology or level of complexity at each plant. As a result, standard operating procedures should include the following activities: (1) procedures for purchasing materials; (2) procedures for using new materials; and (3) procedures for changing and adding new suppliers (Mohamad Nadrattuzaman Hosen, 2008).

In summary, the following figure depicts the system chain for implementing the Halal Assurance System:

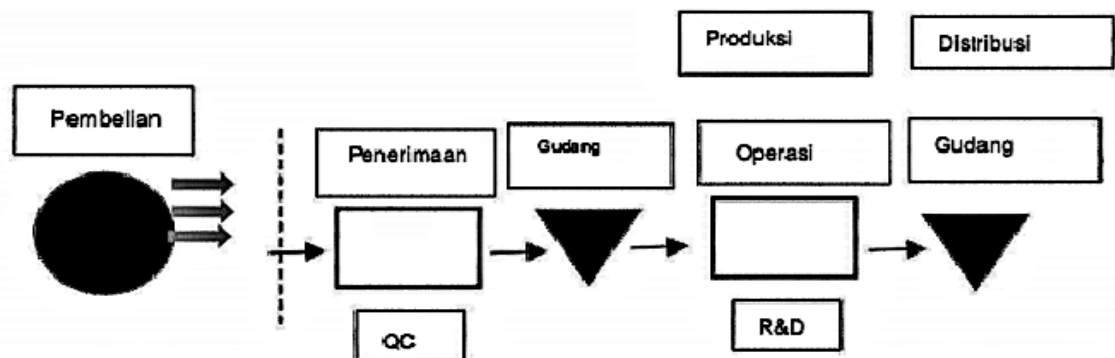


Figure 1.
Halal Assurance System Administrative System Chain

In the halal value chain, there are eleven features of food integrity that can be classified into four dimensions: raw materials, production, service, and consumers. All actors in the Halal value chain must maintain mutual integrity and cooperation. Ali and Suleiman (2018) Furthermore, because the current halal value chain is global, the use of different local halal value chain standards, particularly logistics that are not aligned with international halal logistics standards, will by definition create inconsistencies in the halal value chain.

Transportation, storage, and handling practices of halal terminals that jeopardize the integrity of the entire halal value chain. To preserve the integrity of halal food, local trades and retailers must develop new halal standards to meet halal requirements recognized by halal processing, packaging, storage, and transportation of halal products (Supian, 2018).

Halal Product Guarantee Agency: LPPOM MUI and BPJPH

On January 6, 1989, LPPOM MUI was founded to conduct halal inspection and certification. This institution was established in 1988, following the use of lard. LPPOM MUI is currently collaborating with the Indonesian Food and Drug Supervisory Agency (BPOM), the Ministry of Religion, the Ministry of Agriculture, the Ministry of Cooperatives and SMEs, the Ministry of Trade, the Ministry of Industry, the Ministry of Maritime Affairs and Fisheries, the Ministry of Tourism and Creative Economy, and universities. There are currently thirty-four LPPOM MUI offices in Indonesia (MUI, 2021).

The Ministry of Religion is in charge of ensuring the halalness of products in accordance with Law Number 33 of 2014 on Halal Product Assurance and Government Regulation Number 31 of 2019 on Law Implementation (SK BPJPH Number 12 of 2020, 2020). BPJPH was established under the Ministry of Religion to ensure that a product traded in Indonesia is halal (BPJPH, 2021).

BPJPH is collaborating with several ministries and institutions, including MUI and the Halal Inspection Agency (LPH), to put halal product guarantees in place in Indonesia. This guarantee ensures the community's safety and the availability of halal products. On the other hand, producing and selling halal products can increase the added value of business owners.

Small and micro enterprises account for a sizable portion of the Indonesian economy's structure. Product development and quality improvement in these sectors have the potential to be leveraged in the halal value chain. As a result, BPJPH must pay attention to and support halal certification for sectors by developing halal certification administration for business owners, particularly small, medium, and micro enterprises (SK BPJPH No. 12/2020, 2020).

In fact, since its inception in 2020, BPJPH has required time to oversee the development of Indonesia's halal industry. BPJPH currently only operates at the central level. The Regional Halal Certification Task Force is in charge of halal certification in several provinces.

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Methodology

The purpose of this study is to explain the application of halal value chain management to processed bakery and chake products in Padangsidempuan City using an empirical descriptive approach. The responses of respondents to the implementation of halal supply chain management by stakeholders were analyzed.

Padangsidempuan City's bakery and chake product business unit conducted the research. The researcher employed a sampling method based on product type, specifically chake, bakery, and other dry breads, from all bakery and chake industries in Padangsidempuan City. Data was gathered through interviews with stakeholders involved in the halal supply chain for bakery and chake products in Padangsidempuan City, particularly business owners with MUI halal certification.

Researchers also observed the business activity process at each business location. Data was gathered through interviews, observations, and documentation. While transcription is used in data analysis because it explains the actual business situation, it is especially useful in the implementation of the halal value chain. The technique used for analysis is descriptive qualitative analysis.

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Results And Discussion

Halal Standards Implementation in the Food Industry

Halal is derived from the Arabic word al-hillu, which means al-ibaahatu, or something permissible under Sharia law. Halal is an etymological term that refers to a practice, use, or cultivation that is permitted by Islamic law because it has been separated from the ties that limit or harm a substance.

Accompanied by a focus on obtaining substance rather than the prohibited results of muamalah (Ali, 2016). Halal and haram are concepts that apply to all aspects of Muslim life. Not only on food consumption, but also on living (Salindal, 2019). Furthermore, halal is not solely a religious issue. It is also an important topic for debate in business and commerce. Halal has evolved into a global symbol of quality assurance and a way of life (Lada et al., 2009).

Food was chosen over other sectors for this study because it is an important factor that is frequently discussed across various ethnic and social groups, as well as religions, and because humans care about what they eat. Muslims, for example, want Halal food, and Jews want Halal food. Furthermore, Hindus, Buddhists, and other religious groups believe that a vegetarian diet is part of a healthy diet.

Meat is treated differently than other types of food and strictly within these groups (Riaz & Chaudry, 2003). Because of their religious beliefs and identity, various religious groups forbid the consumption of certain foods (Supian, 2018). According to the State of Global Islamic Report (SGIE), the halal food industry remains promising, despite the fact that industry participants have been severely impacted by the COVID-19 pandemic.

Muslim food spending increased by 3.1% in 2019, from \$1.13 trillion to \$1.17 trillion, and is expected to fall slightly in 2020 before reaching \$1.38 trillion in 2024, at a CAGR of 3.5% over the next five years. The halal food industry is working to improve the value chain.

The government and industry stakeholders are also working to strengthen the industry. Stakeholders have recognized the importance of improving halal industry education, and banks are assisting in the expansion of the halal food industry (State of the Global Islamic Economy, 2021). It is critical for manufacturers and manufacturers to understand that the primary motivation for practicing Islam is to obey Allah's commands.

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Food must be *tayyib*, which means safe, healthy, nutritious, and of high quality, in addition to *halal* or *mubah* (Aghwan, 2019). *Halal*, particularly in food, generally includes the concept of farm to fork. In general, it must be nutritious and made with *halal* ingredients, while also being clean (Lada et al., 2009).

However, with rising health concerns, the *halal* food industry is now in demand not only by Muslim consumers but also by non-Muslim consumers (Supian, 2018). *Halal* food products are important in the *halal* product market, as they connect several sectors of the *halal* industry.

As a market entry strategy, more and more businesses are choosing to provide *halal* certification services for their products. The availability of *halal* certification is an important marketing strategy for increasing customer loyalty. It also improves the organization's image and reputation.

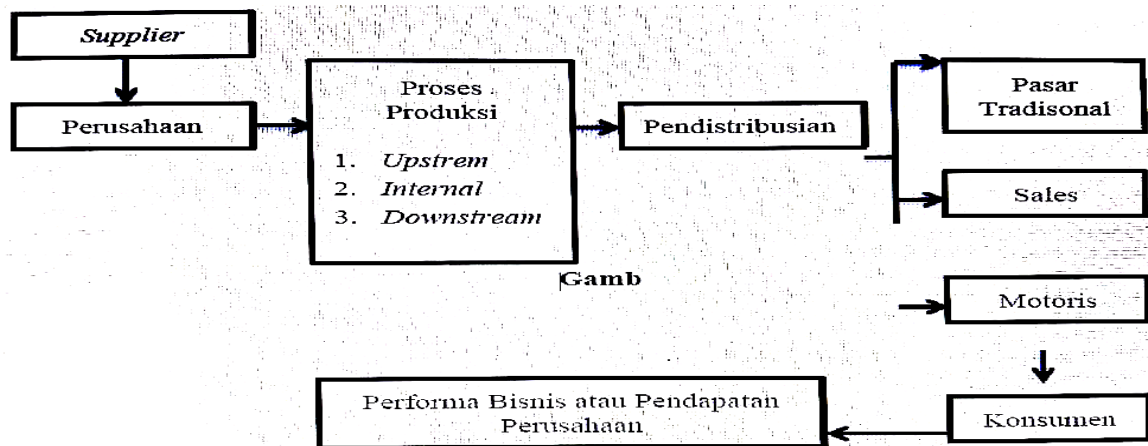
Furthermore, certification can boost profits and boost consumer confidence in purchasing decisions. As a result, both Muslim and non-Muslim consumers readily accept products bearing the *halal* logo (Salindal, 2019). According to Articles 22 and 23 of the *Halal* Product Guarantee Law, the location, size, and equipment of the *Halal* Production Process (PPH) must meet several requirements.

To begin, *halal* products necessitate separate slaughtering, processing, storing, packaging, distributing, selling, and displaying facilities and equipment than non-*halal* products. Second, the *Halal* Production Process keeps things clean and sanitary. Third, *najis*-free (dirt). Finally, non-*halal* ingredients are not used in the process.

Entrepreneurs who are unable to separate the space and equipment required for the *Halal* Production Process face administrative approval in the form of a written warning and administrative fines (UUJPH, 2014).

Management of the Halal Value Chain in Bakery and Cake Products

The bakery and chake value chain management begins with the purchase of raw materials for bread and continues until the finished product is ready to be marketed and sold to end consumers. The following is an overview of the value chain for the Padangsidempuan City bakery and chake.



Gamb

A distinguishing feature of the halal value chain process is the avoidance of food product cross-contamination throughout the process (Maman et al., 2018). Cross-contamination between halal and non-halal foods can be viewed from two perspectives. First, cross-contamination occurs when non-halal ingredients are mixed together in the production of halal food, including the substitution of non-halal meat and the use of prohibited ingredients.

Second, cross-contamination occurs when halal and non-halal food are mixed in the same storage container, transportation vehicle, or retail shelf, especially if proper packaging is not used. Cross contamination is possible throughout the halal supply chain process; therefore, bakery and chake processed production must strictly adhere to UUJPH and general LPPOM MUI Halal Assurance System guidelines. Supian (2018)

The first step in implementing a halal value chain is to obtain a halal certificate from a Halal Certification Agency. In Indonesia, halal certificates are valid for four years from the date of issuance, unless the product's ingredient composition changes. In order to monitor and implement product halal assurance regulations, BPJPH will collaborate closely with relevant ministries and institutions (UUJPH, 2014).

Entrepreneurs who have obtained halal certificates must, according to articles 25, 38, and 39 of the Law on Halal Product Guarantee,:

1. Business Actors who have obtained Halal Certificates must::
 - a. Attach Halal Labels to Halal Certificated Products;
 - b. Maintain the Halalness of Halal Certificated Products;

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- c. Separate the location, place and slaughter, processing tools, storage, packaging, distribution, sales, and presentation of Halal and non-halal Products;
 - d. Renew the Halal Certificate if the validity period of the Halal Certificate expires;
 - e. Notifying BPJPH of changes in the composition of materials
2. Halal Certificated Business Actors are required to place Halal Labels on:
 - a. Product Packaging;
 - b. Certain parts of the Product; and/or
 - c. Specific Places on Products.
 3. The Halal Label, as defined in Chapter 38, must be visible and legible, and not easily removed, removed, or damaged.

Analysis of the Application of Halal Value Chain Management Principles in a Bakery and Cake in Padangsidimpuan City

The bakery and cake industry must go through the following stages to obtain halal



Figure 3
Stages of Achieving Halal Certification

According to the research, the halal policies set by business owners in their business activities include:

- a. Establish policies regarding materials, tools, and production processes to meet LPPOM MUI halal standards.
- b. Creating alignment with the production team to maintain halal standards starting from the production process.

- c. Highlighting the processing stage of processing ingredients with halal standards.
- d. Paying attention to halal guarantees on all materials used.
- e. Maintain environmental cleanliness and cleanliness for every element in production activities, sterilize tools used in processing, and ensure employees are healthy and clean.
- f. Conduct training at the start of recruitment to understand production process standard operating procedures (SOP).
- g. Provide training to kitchens to handle food hygienically, for example clothing, hand hygiene, gloves, masks, head coverings, aprons, etc.
- h. Emphasizes the supervisory process of halal management.

All critical activities in the halal production process, such as research and development, purchasing, quality assurance/quality control, warehousing, production, and distribution, are required by Indonesia's Halal Assurance System. In Padangsidempuan City, the implementation of halal value chain management for halal-certified bakery and chake products includes:

- a. Purchase process
- b. Acceptance process
- c. Production
- d. Warehousing
- e. Distribution
- f. The product is not used up

Conclusion

In Indonesia, Halal certification is required. MUI, LPPOM MUI, and BPJPH are three institutions in Indonesia that will have a significant impact on the future growth of the halal industry. According to the study's findings, entrepreneurs who have obtained halal certification are more likely to apply halal principles in their business operations.

As a result, the MUI's Halal Assurance System criteria were followed. Research and development, purchasing, quality assurance or quality control, warehousing,

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production, and distribution are all major halal production processes. As a result, these processes meet the halal assurance criteria.

Furthermore, the majority of halal business owners have no trouble implementing halal value chain management. However, some issues remain, such as the scarcity of additional halal-certified materials. The mechanism for obtaining permits from BPOM for halal labels or logos demonstrates an administrative system overlap.

The halal certificate's validity period is deemed insufficient, and MSMEs are burdened by high management costs. Based on this research, it is possible to conclude that the majority of bakery and chake businesses have implemented halal value chain management in their operations. Furthermore, all stakeholders in the halal certification process receive valuable input.

When it comes to lengthy services or procedures, policymakers must look for solutions. As a result, stakeholders can work together to support the halal food product assurance program. The hope is that the halal industry, particularly the Indonesian halal food sector, will grow and play an important role in the global halal industry.

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Ade Khadijatul. Z Hrp, dkk

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