Halal Industry during the Covid-19 Pandemic is The Hidden Blessing

(Industri Halal selama Pandemi Covid-19 adalah Berkah Tersembunyi)

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Abstract:
The MSMEs-based halal industry is one of the sources that should be taken into account to be developed. This study aims to provide a comprehensive review and analysis of the halal industry and micro, small and medium enterprises (MSMEs) in their efforts to maintain economic resilience during a Covid 19 pandemic. This analysis focuses on theoretical, established and empirical reviews that focus on the halal industry as a new fiscal source. This study uses a literature study review approach for the halal industry from various literature on the halal industry and MSMEs from Indonesia and overseas. The literature is also limited to the publication of 2015-2020. The findings of this study are that halal industry is the newest source of Islamic economics that can be relied on in raising the country's fiscal. Of course, it is intended for poverty alleviation, distribution of consumption, public service media and other relevant instruments. However, the halal industry integration system can become a "new engine" in economic fundamentals that needs synergy and support from various parties from the government, SMEs, and private sector so that the real issues and conditions for economic recovery amid the pandemic can be better.

Keywords: Halal Industry; Post-pandemic; Covid-19; Blessings

Abstrak:

Kata Kunci: Industri Halal; Pasca Pandemi; Covid-19; Berkah

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INTRODUCTION

The Covid-19 was announced by the World Health Organization (WHO) as a world pandemic at the end of February 2020. As of this writing, it is still a pandemic whose epidemic continues to be resolved. Slowly but surely, the covid-19 outbreak is spreading to all parts of the world, including Indonesia. The spread of the impact of the plague has spread to all sectors of life, from health, economy, health, tourism and other sectors. Until the decline and correction in the economies of each country reached stagnation to a harmful level. The latest developments regarding the fatality risk data from the covid-19 show a trend that deserves appreciation. Indeed, global risk fatality data has dropped, and for development in Indonesia itself, it has begun to decline by 12 per cent in aggregate.\textsuperscript{1} The complete data can be observed as shown in the bar chart that has been processed below.

Referring to Figure 1 regarding data obtained from the Covid-19 task force regarding the development of the covid-19 fatality risk.\textsuperscript{2} Indonesia, until November 4, 2020 has recorded data confirmed positive for the covid-19 as many as 422 thousand people. However, at the same time, it also recorded data on patients who recovered as many as 355 thousand people or the equivalent of 83.5 per cent of the number confirmed positive. Meanwhile, 14,259 people died. When compared with the number of cases worldwide, Indonesia did not reach 1 per cent or more precisely 0.89 per cent, which is encouraging and should be appreciated. Given that this figure is classified as a relatively minimal number, and anyone hopes that this number can be reduced and minimized as small as possible. A thesis from scientists states that if the trend of fatality risk continues to grow, the country’s economic growth will continue to fall (downfall).

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure1.png}
\caption{The Covid 19 Development Data as of November 4, 2020}
\end{figure}


Many experts say that the impact of the covid-19 is felt in various sectors. As well as leaving behind the health problems that are still being pursued recovery, it also raises multiple economic problems. The problems started from the tourism, restaurant, hotel and other crowd-based business sub-sectors to the collapse of the informal sector economy, which is dominated by the Micro, Small and Medium Enterprises (MSMEs) sector. The MSMEs sector, which is a 98 per cent contributor to the State Budget and 96 per cent of job providers, is inevitable from the impact of the Covid-19 pandemic.

Any increase in positive case growth will be directly proportional to the decline in economic figures, especially in Indonesia. Some time ago, the Indonesian Central Bureau of Statistics (BPS) announced that it had experienced minus growth in the second quarter, reaching 5.32 per cent. At least these significant indicators have illustrated the current situation in society. A decrease in purchasing power, a decrease in distribution that is offset by a decrease in income level, ultimately increases the potential for unemployment and the poverty rate, which will change the behaviour of market participants. The following is Indonesia's economic growth before and during the Covid-19 pandemic.

**Figure 2**

*Indonesia's Economic Growth Rate of Q1-Q2 2018-2020*

![Graph showing Indonesia's economic growth rate from Q1 of 2018 to Q2 of 2020 with a decline in growth from Q1 to Q2 2020.*


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Indonesia's economic growth since 2018 is still positive at around 5 per cent. However, starting at the end of 2019, economic growth has declined due to the trade war between the United States and China. A trade transaction gap between the two countries in the import tariffs of goods has triggered economic instability in almost all countries in various parts of the world. The two countries are strategic trading partners (export-import) for Indonesia itself, both in exports and imports. So that if there is a gap in trade relations between the two countries, sooner or later, it will affect the balance of the economy and domestic business. This gap does not seem over in early 2020. It turns out that the covid-19 outbreak has made the economic conditions of Indonesia and the world also decline. The lowest condition for Indonesia's economic growth occurred in the second quarter of 2020, as reported by the Indonesian Central Bureau of Statistics (BPS), which said that Indonesia's economic growth in that quarter was minus 5.32 per cent.

This condition still occurs and requires systematic handling and synergy between institutions, both from the main and regional levels, from the micro-business sector and cooperatives to the corporate business. These efforts can be classified into efforts to mitigate the risk of the Covid-19 pandemic. The government's conventional fiscal instruments consisting of taxes, budget reallocation of ministries, to the issuance of long-term and short-term government securities, have been issued by the government through the Ministry of Finance in July-August 2020. The value of the Covid–19 recovery budget since it was declared a pandemic outbreak at the end of February 2020 by the leadership of the country, which is based on appeals from the World Health Organization (WHO) to date has continued to increase but has not been able to resolve the covid-19 outbreak fully. Besides conventional fiscal, Islamic fiscal such as zakat and waqf can be explored to help reduce the burden caused by the pandemic, and of course, the halal industry. Because the halal industry in Indonesia is still primarily based on MSMEs businesses, such as halal food and drinks, halal fashion, halal tourism, halal management, and other businesses.

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Figure 3
Ranking of Indonesian Halal Industry Sub-Sector in the World in 2019

As the information contained in Figure 3 regarding the ranking of the halal industry sub-sector in Indonesia in the world in 2019, it has been ranked 5th in the world, with a market value reaching 1,200 trillion. Then for the latest rankings from several other index rankers, some say that Indonesia's ranking has reached rank one from all over the world. The chronology of the explanation in the previous section shows the urgency of the situation caused by the covid-19 pandemic, which requires many resources. The government has provided financial resources for the recovery of victims affected by the covid-19 outbreak in various sectors. Therefore, a comprehensive study of the elaboration of various instruments is needed, such as the halal industry as a fiscal instrument, both theoretically and practically in the Indonesian context. So, the formulation of the problem relevant to the formulation of the problem in this study is how the halal industry can be a blessing in the post-covid-19 pandemic with a literature study review approach.

RESEARCH METHODS
As stated in the abstract section at the beginning of the article, this study uses a qualitative approach. A qualitative approach that uses a literature review strategy explicitly. An approach that relies on literacy and an understanding of the literature relevant to the topic of study being researched. There are several limitations to the review used in the literature review strategy. First, the article's publication was published in 2010 or later, it is necessary because it is necessary to keep the information, reviews and data up to date. Second, the article discusses the halal industry's discussion scope as a new economic force seen in terms of potential, industrial development, and market expansion. It is then discussed from

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both the theoretical and empirical sides. Third, the material used as literature is obtained from studies in journals using both Indonesian and English as an introduction. It was done because the study of the halal industry was still newly recognized and developed, not more than the last decade or since 2010, or along with the arrival of the industrial revolution 4.0.  

The literature obtained for this article is the result of research. Reviews of the research results were also obtained from the Google Scholar search engine (https://scholar.google.com) and several open journal systems (OJS) from several universities in Indonesia and even in the world. It is done because all literature sources originating from Indonesia and abroad can be detected and reached with only one search engine. Apart from using search engines and OJS, the keywords used to search for literature sources in this study are 'industri halal' for articles in the Indonesian language and 'halal industry' for articles in English.  

**Figure 4**  
**Conceptual Framework**

![Conceptual Framework](image)

Source: Processed by the researcher.


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The articles obtained from search results were as many as 20s. The article was considered relevant to be included in the discussion discussed in the results and discussion chapter. The following also adds a frame of mind to make mapping and understanding of the research flow easier.

Referring to the framework of thinking as shown in Figure 4 above, several things can be observed. First, the emergence of an epidemic has resulted in the emergence of a pandemic that impacts all sectors of life. Second, at least there are the healths, economic, psychological and social sectors. Stakeholders see this as a joint test where solutions must be found together. Third, the formulation of policies and synergies between institutions that are then outlined in the form of fundamental assistance and protection of rights by issuing several regulations has been carried out to mitigate the increase in pandemic risk. Fourth, the final flow of the flow chart in Figure 4 is the production of products and services, which begins with a synergy that involves various fiscal instruments and the halal industry. In the end, this mitigation effort hopes that it can maintain national economic resilience.

RESULT AND DISCUSSION

As referring to the previous section and the framework of thought, this section reviews the theoretical, operational and practical role of the halal industry and its integration with state fiscal instruments; as stated earlier, the approach used in this research is literature review analysis. The reviews in this section follow the flow of the framework outlined in the previous section.

1. The theoretical halal industry

   The halal industry is an engaging “media” and a “sexy issue” that comes with the era of the industrial revolution 4.0. An era dominated by any operating system based on "big data" and the internet. The presence of the halal industry which coincides with the industrial revolution, is considered inappropriate for some. Because when it requires the focus and involvement of many parties, it is precisely the large-scale social restrictions caused by the pandemic of the coronavirus disease 2019 outbreak, making many stakeholders no longer free to interact and transact, looking for funding sources[1] and land sources profession[19].

   Physical health, mental and spiritual factors are clearly tested during a pandemic. Various material-oriented and non-material-oriented exams keep coming and going. For Muslims, the existence of this epidemic has become a form of test and a media for self-reflection that is real. Material, mental, and empathic encouragement are necessary to awaken people's "awareness" to survive and improve.

   Then when discussing things that are more conical about the development of the covid-19. The risk index caused by the covid-19 pandemic

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19 Sardar and Nafik, “Kesejahteraan Dalam Perspektif Islam Pada Karyawan Bank Syariah.”
in the world until the writing of this article is classified as sloping. However, this is not the case with Indonesia, whose fatality risk growth is still increasing, with positive cases reaching 200 thousand and recovering 170 thousand by the end of October 2020. The impact caused by the pandemic in the health, economy and other fields is still heavy. Particularly in the aspect of the sharia economy, the impact of the pandemic has seen changes from banking to informal businesses (cooperatives and MSMEs). However, as a believer and optimist during all these trials, you must believe that there is a way behind the trial.

The Indonesian economy, which the consumption sector has so far supported, and the MSMEs sector as the most significant contributor to Indonesia’s GDP, require attention and assistance. Some government policies in recovery efforts have been enacted. Such as direct cash assistance, they provide relaxation in the form of deferred tax payments, subsidies to the tourism and hotel business sector, which value reaches 600 trillion. Various fiscal sources have been mobilized, from taxes, budget reallocation, to issuance of debt securities. Until now, several recovery efforts have been carried out by the government while looking for new fiscal formulas and sources to maintain Indonesia's economic resilience during the covid-19 pandemic.

When assessed from a macro-economic point of view, it is clear and the halal industry is a unique instrument. It is small in value, but the potential for turnover volume is enormous. As suggested by Fisher's Theory, if there is a small amount of money in circulation in a region but is rapidly turning around, the economy will come alive. The halal industry can also be an anti-cyclical instrument. The meaning is if most companies and corporations in Indonesia produce using raw materials from abroad. So the halal industry and MSMEs in Indonesia can provide and even meet the raw material needs of their fellow MSMEs. So once again, if there is an economic turnover in the middle to lower economic circles in a small but fast volume, it is hoped that it will revive economic activity.

2. The operationally and practically halal industry

The presence of the halal industry is one of the focuses of developing the world’s sharia economy, including Indonesia. Indonesia must take a significant role and take advantage of this momentum as a "aji mumpung" and a long-scale strategic policy. As quoted from the words of Vice President-Ma’ruf Amin, “Indonesia must be the center of the world’s halal products, and be able

to become a producer. Not only as a stamp maker of halal products”. Of course, this statement can be used as a trigger for enthusiasm for all people in developing the halal industry in the world. The establishment of institutions such as the Halal Product Guarantee Audit Agency (BPJPH), the National Committee for Sharia Economics and Finance (KNEKS) and various other institutions is proof of the government’s seriousness in working on the halal industry and also Islamic philanthropy.24

Together with Islamic philanthropy, the halal industry is now being developed by the government, private sector, and society. The halal industry is believed to be a new 'engine' in strengthening the Indonesian economy amid the Covid-19 pandemic.25 It is not unreasonable, considering that when talking about Islamic economic instruments during the pandemic, almost all of them experienced a decline in performance such as insurance, banking, finance, capital markets and other relevant aspects. Meanwhile, the halal industry is increasingly being encouraged by strengthening in several supporting aspects, such as: first, regulations such as the Halal Product Guarantee Law (UU-JPH) Number 33 of 2014; second, the establishment of supporting institutions such as the Halal Product Guarantee Agency (BPJPH) on October 17, 2017 in order to continue the mandate of the JPH Law whose authority is under the auspices of the Indonesian Ministry of Religion and the establishment of the National Committee for Sharia Economics and Finance (KNEKS) which is a transformation of the institution. The National Sharia Finance Committee (KNKS), which aims to realize national resilience through strengthening and developing the sharia economy; third, the establishment of halal Special Economic Zones (KEK) which have started in four areas, namely the industrial areas of Bintan Island, Batam, Pulogadung-Jakarta, and Sidoarjo-East Java.

Through KNEKS, which has compiled the Master Plan for Indonesian Sharia Economics (MEKSI), it is also believed that it can confirm that the government is increasingly supporting the existence of Islamic economics and finance in Indonesia. The emergence of the halal industry is also believed to be a new dimension that can be offered to the business world and sharia economic activists, especially in the era of the covid-19 pandemic. Several points can be conveyed regarding the positive effects of the emergence of the halal industry; First, the halal industry, SMEs and Islamic finance are one unit and have been identified with the real sector. Even though the economic condition is sluggish amid a pandemic, at least this can be started by strengthening Islamic financial cooperation as a source of financing with the halal industry and SMEs as business implementers that can absorb 96 per cent of employment opportunities; Second, the halal industry can be an alternative to new investment destinations in addition to other mainstream sources such as deposits and securities where the risk level is more controlled. So that if this happens on a large scale, it will, in turn, affect the business structure on

national scale; Third, the halal industry is projected to develop rapidly in Indonesia in the next 1-2 decades, considering that due to the demographic bonus and the dominance of the Muslim community in Indonesia, it will not only become a potential market but will also become a producer of halal products oriented towards meeting local needs. But also exports.

Apart from the presence of the halal industry, there is also the strengthening of Islamic philanthropy such as waqf and productive zakat, which are believed to be an alternative fiscal source besides taxes. Particularly for zakat, this philanthropic fund has several features including: first, and zakat can reduce the accumulation of assets in certain groups and then distributed to the wider community who are categorized as inadequate. Second, zakat is believed to help provide a country’s economic balance, because zakat is given to poor and poor people. Where the needy and poor are one of the economic problems that a country must have and must be resolved; Third, zakat can also support the vision and mission of the Sustainable Development Goals (SDG’s) in reducing poverty (SDG’s 1), eliminating hunger (SDG’s 2), health (SDG’s 3) and decent education (SDG’s 4). All of this is under the impact caused by the Covid-19 pandemic.

3. The halal industry has the potential to become a source of state fiscal instruments

When talking about the halal industry in Indonesia, ideally, it is no longer talking about the laws of a product and service that someone consumes. However, more significant than that, whoever believes that most Indonesians who are dominated by Muslim communities will choose halal products over those that are dubious (syubhat). So when talking about the halal industry, it is more about products and markets that will be able to become a "new engine" or a new source of national income in the long run.

The study conducted by several analyzes relating to strategies and synergies in the development of the halal industry. The research approach is the same, namely by using a literature review approach. This study concludes that; first, the development of the halal industry needs contributions from many stakeholders. It is starting from government agencies as regulators, market supervisory institutions, the private sector and MSMEs. Second, the strengthening of the halal industry is expected to absorb quite a lot of the

30 Yudha, Pauzi, and Azli, “The Synergy Model for Strengthening the Productivity of Indonesian Halal Industry.”
workforce. As MSMEs that can absorb employment opportunities in Indonesia, and. Third, there need to be additional limitations and a change in mindset at the community level, especially the middle to lower class people, to try and create new products and services. Especially in industrial revolution 4.0, it is possible to promote and introduce products to the general public at no cost because many free advertising platforms can promote goods. It is all done in order to ground the sharia economy at a practical level in the community, as well as as an answer to economic stagnation caused by the crisis due to the Covid-19 pandemic.

The development of Islamic Economics, both theoretically and applied, continues to be carried out globally, and the same thing is happening in Indonesia.31 Figures who develop the Islamic economy from various backgrounds of expertise continue to grow and change their era. Scientific, banking and non-bank industries, until recently there is a halal industry are real examples of the object of sharia economics. Nobody knows when the universal and global sharia economy will be stable and exist, but everyone who has taken part in this development is a fighter. Fighters who do not necessarily feel the results of their struggle. Suffice it to believe that the process is nothing in vain, and the struggle will be rewarded with an equal or even multiplier kind. The use of Islamic philanthropy and the presence of the halal industry is expected to be a blessing that has not been realized for a long time and is now one of the solutions.

4. Integration of the halal industry in Indonesia's fiscal system

The emergence of the halal industry in the world, which began in early 2017 until today, has made the halal industry accommodated in the economic system in predominantly Muslim countries, including Indonesia. In terms of both practical and theoretical aspects and policies that are oriented as new fiscal sources other than taxes and zakat. The halal industry is believed to play a role as a fiscal source, considering that the halal industry is synonymous with micro, small and medium enterprises (MSMEs). Particularly in Indonesia, MSMEs have positioned themselves as contributors to the structure of the National Income Budget by 97 per cent and absorbing employment by 96 per cent.

This study is reviewed in the scope of the literature review study. The halal industry tends to be oriented towards the micro-business sector, which is then expected to play a role in reducing the gap in market demand and supply, improving the quality of consumer purchasing power, and helping to restore economic strength to various intersecting fields such as health, education and social affairs. The halal industry, which is present alongside the industrial revolution 4.0 in 2015 or the last five years since the writing of this article, has been empirically proven by the existence of several countries that act as producers of the halal industry. It is noted that several countries have claimed themselves as one of the 'players' in the world's halal industry, like Brazil and

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Australia as the world’s centre for meat and poultry, Thailand as the world’s kitchen centre, Japan as a country with its halal products.

Furthermore, the embodiment of several studies presented in the previous section has also shown some crucial points in realizing the integration of the halal industry into the Indonesian fiscal system. First, one of the ways offered to realize the integration of the halal industry into the Indonesian fiscal system is to make the halal industry a new fundamental source, which can also be said to be a newly cultivated field, which is not considered an alternative fiscal source.

Second, calls for community participation from elements of MSEs, cooperatives and even corporations to ‘open their eyes’ and realize that the significant opportunities in providing halal products are wide open because halal products are not only a matter of awareness and understanding of the law of halal-haram. Nevertheless, also about the ability and willingness to produce to meet the need for public goods and services, which tend to prioritize preferences for imported products because they are better and cheaper and more affordable.

Even so, the role of businesspeople at the local level to the national and even global levels in the form of corporations greatly determines the sustainability of the halal industry because it is from these micro-entrepreneurs that they can deal directly with the community and know the actual market conditions. Suppose the halal industry can be edited and delivered literacy at the local level. In that case, the hope is that the public can trust results and outputs, then the development of the halal industry in Indonesia, in particular, can be effective.\(^{32}\)

In the context of Indonesia, with the typology of society that has been dominated by the Muslim community, of course literacy regarding the halal industry, the application of halal and haram laws in food and all its derivative products, there is no longer any need for socialization. However, education and literacy regarding the halal industry and halal products and services need to be developed.

Third, coordination between government institutions, especially data collection on groups of financial institutions and micro, small and medium industries, as well as organizing community programs for the production of halal products and the social security system together are essential to ensure that programs implemented in the development of the halal industry in Indonesia can be explicitly targeted.\(^{33}\)

Fourth, the halal industry supervisory agency, which is incorporated from all kinds of elements, must be able to adapt to the latest socio-economic conditions in formulating industrial policies. Investments in information technology and sources of raw materials and expedition from the new economic sector must be able to be studied appropriately so that the halal


industry policy can match the times. At the same time, scientific studies related to the needs of small and medium-sized communities which are the dominant segmentation of society in Indonesia and the potential of the halal industry from various economic sectors must also be increased so that a comprehensive picture of the potential of the halal industry and its ability to meet the needs of the poor. And the planning of halal industrial policies and efforts to reduce the burden of the crisis caused by the pandemic can be implemented better.

CONCLUSION

Based on the introduction, objectives, literature study approach and discussion, this study aims to obtain a comprehensive discussion of the halal industry. Various attempts to integrate the halal industry into Indonesia's fiscal system are, of course, still facing obstacles, namely; First, Indonesia is still a market country, not yet a producing country. If Indonesia can only meet the needs of domestic halal products, it will become a source of enormous potential state revenue. That is why the mindset and market behaviour should use commodities and raw materials from fellow MSMEs in Indonesia. Second, the consumptive character that dominates people's behaviour is a market opportunity for producing countries, considering that for ASEAN alone, Indonesia is an ASEAN market by 25 per cent. If a specific country wants to open a market, then Indonesia is a country that deserves to be the primary market. However, the potential for the halal industry should again continue to be developed and try to position itself as a producer of halal products. Then following the conditions of the covid-19 pandemic, it seems to encourage the halal industry of MSMEs to start and even survive amid the sluggish economic conditions that hit.

Referring to these conclusions, some reviews can be given as recommendations. First, researchers and academics who want to explore the study of the halal industry are still very wide open. Because the halal industry is still a new issue and it needs many points of view and methods to find novelty or novelty on emerging problems. Second, for regulators, the system of synergy and integration of the halal industry still needs to be guarded during the development period. The formulation of the JPH Law, the establishment of a halal Special Economic Zone (KEK), and cooperation with expeditions to realize halal expeditions are forms of effort in developing and strengthening the halal industry, even in pandemic conditions full of economic uncertainty and. Third, for practitioners, whoever wants and wishes to be involved in the development of the halal industry needs to continue coordinating with agencies or associations of business people to increase the scale of capital and asset development. It is also necessary to provide a database concerning all production line needs and models and strategies for developing the halal industry market both locally and globally.

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