

Halal Industry Development Strategies Based on Small and Medium-Sized Enterprises for Rendang Entrepreneurs in Payakumbuh

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ABSTRACT

West Sumatra has much potential for halal culinary development in Indonesia. One of the famous food products is rendang. According to CNN, this product has gone global and is the most delicious food globally. In the context of halal culinary tourism development, Payakumbuh is one of the cities that contributes to the development of halal culinary businesses, especially rendang. A rendang village in Payakumbuh is a collection of several Small and Medium Enterprises promoting rendang businesses. Rendang entrepreneurs in Payakumbuh also play a role in accelerating the halal industry in their area. Rendang sales can also be accepted by consumers and sent to several regions in Indonesia and even the world. It aligns with Law Number 33 of 2014 concerning Halal Product Guarantees. However, there are also many obstacles faced by rendang entrepreneurs in Payakumbuh in developing their businesses: limited capital, weak managerial skills, and marketing constraints. This research aims to discover rendang entrepreneurs' strategies to develop the halal industry. The method used is qualitative analysis. Next, the analysis technique used is SWOT analysis. Several steps can be taken to optimize rendang sales, including consumer awareness, halal services, digital marketing and supporting services. The government needs to support the development of the halal industry in Indonesia.

Keywords: Halal Industry Development Strategies, Small and Medium-Sized Enterprises, Rendang, Entrepreneurs, Payakumbuh.

INTRODUCTION

West Sumatra, as a place for the majority of the Minangkabau tribe, has enormous potential for the development of the halal culinary industry. One of the most famous halal culinary delights from West Sumatra is rendang, which was named one of the most delicious foods in the world by CNN in 2011. According to this great potential, it should move the local community's economy, especially in the halal food trade.

In general, much research on halal food has been carried out before. About aspects of Sharia law regarding halal and haram food, several studies have been conducted, including by Waharjani (2015), Satria (2021), Lubis (2022), Ihsan & Fata (2022), and

Gani et al. (2023). Furthermore, regarding the management aspect of the halal food industry, previous research has been carried out by Peristiwo (2019), Izzudin & Adinugraha (2021), and Ajidin & Fatimah (2022). The relationship between food products and halal certification has also been explained in research by Talib et al. (2017), Hasan et al. (2020), Pane & Kusuma (2023), and Umami et al. (2023).

Based on data from the BPS-Statistics Indonesia for 2019, the number of Small and Medium-Sized Enterprises (SMEs) entrepreneurs in West Sumatra is at least 100,712 businesses, the majority of which are in the age range of 45-64 years, namely 92,217 entrepreneurs. Of all types of businesses in West Sumatra, most are engaged in the halal culinary food sector, namely 45.26 thousand businesses. Lima Pulu Kota Regency is the area with the highest percentage of entrepreneurs in West Sumatra, with a percentage of 16.75% of the total business in the province. The City of Payakumbuh is ranked 10th in the entrepreneur population in West Sumatra, with a total percentage of 3.67%.

Payakumbuh, as one of the centres of the rendang industry in West Sumatra, must innovate a lot to compete with other local and national products to improve the welfare of the local community. Payakumbuh City's seriousness in managing the rendang industry has begun to be seen thanks to the existence of a rendang village which has been thoughtfully managed so far; Payakumbuh City has been nominated for the 2021 Indonesian Enchantment Award (API) in the shopping destination category (antaranews.com, 2021). Rendang Small and Medium-Sized Enterprises in Payakumbuh City alone amount to 37 SMEs to realize the Payakumbuh City of Randang branding (tempo.co, 2018).

However, there are still some obstacles to the rendang production process in Payakumbuh. Constraints commonly experienced include access to capital, a quality that still needs to be standard, less than optimal marketing and pro, and a duction scale that is that limited. So, the production of rendang needs to be maximized. According to Wibowo et al. in Zelly (2017), several obstacles in the production aspect include 1) the need for more access to market information. This results in production activities needing to be improved regarding business scale-up regarding what must be produced, the characteristics and requirements, the quality and how much quantity must be produced.

Therefore, sound and even market information is needed by producers. 2) Lack of control over production supplies.: Production supplies include all goods and materials owned by the industry and used in production. Control of supplies is very influential on the smooth distribution of business and maintenance of production quality. 3) Lack of process control. In principle, this control ensures that the production process runs smoothly, on time and produces quality production. 4) Weak maintenance of machines and equipment; this is necessary to ensure a smooth production process. Irregular maintenance will cause damage to the production machine, which will significantly affect the delay in the production process. 5) Weak quality control. Quality control is necessary to prevent a decrease in the quality of the product standards that have been set. It is so that consumers are satisfied when buying products that have been produced. 6) Weak

product studies and research. Small industries can do simple research to improve production processes, work methods, product improvements, and quality improvements, which can increase their productivity.

Related research which mentions obstacles in developing the halal industry was also revealed by Kamiluddin and Hasan (2023), including the quantity and quality of human resources, capital, sharia products, competitors from outside the region, raw materials, marketing strategy, information and technology infrastructure, and government policy. Those are some of the obstacles experienced by SME entrepreneurs, especially Rendang SMEs in Payakumbuh City. Innovation is needed so that SMEs can survive and develop occasionally. Moreover, many people depend on this business for their livelihood, so it is necessary to have the support of various parties so that the welfare of Rendang SMEs continues to improve. In addition, the development of the halal industry in Indonesia is an obligation contained in Law Number 33 of 2014 concerning Guarantees for Halal Products.

METHOD

This research uses qualitative analysis. Furthermore, SWOT analysis is used as an analysis technique in formulating the best strategy for product development. SWOT analysis as a formulation and evaluation material for implementing rendering product development strategies in Payakumbuh. The framework of thought shows that the development carried out by rendang producers so far can be examined using a SWOT analysis by first conducting an environmental analysis; the internal environment is seen from strengths and weaknesses, while the external environment is seen from opportunities, and challenges (threats) to map out the best strategy (Ardy & Yulihasri, 2020).

RESULT AND DISCUSSION

The Meaning

The origin of the word strategy is Strategos, which in Greek is a combination of the words Stratos, namely soldiers and ego or leader. One strategy must have a basis or scheme to achieve the targeted goals. A strategy is a tool to achieve company targets regarding long-term goals, born programs, and allocation of existing resources. Strategy is also interpreted as a pattern of goals, various policies, work programs, decisions or placement of resources that describe how the organization as a whole, what is done and why an organization does it (Ardy & Yulihasri, 2020).

The meaning of the development strategy is an action plan that requires top management decisions in business development to make it happen. Besides that, the development strategy also affects the organisation's life in the long term, at least for five years. Therefore, the nature of the development strategy is future-oriented. A development strategy should be oriented towards long-term plans to manage

environmental opportunities and threats effectively, as seen from the company's strengths and weaknesses (Afridhal, 2017).

Furthermore, several studies related to halal industry development have been discussed in various pieces of literature. First, the research of Putra et al. (2023) discusses the dynamics of differences in halal industry development in several countries. The facts found, for example, are that in the United States and Australia, four organizations provide halal certification for exports. Meanwhile, in the Southeast Asia region, each country's use of different standards has been identified as a significant obstacle to the export-import operation of halal products.

Second, research conducted by Batubara and Harahap (2022) discusses the response and compliance with Sharia regulations of Islam in Indonesia in the development of the halal industry. This research reveals that the halal industry could be more developed in Indonesia due to internal and external factors. These internal factors include a need for more standardization, branding, and limited human resources. In contrast, external factors include the absence of a roadmap for the halal industry and a lack of support from the government.

Third, research conducted by Amiruddin (2022) is related to Sharia Regulations on Halal Tourism and its contribution to developing the creative economy. This research was conducted primarily in the South Sulawesi region. The fact found in the field is that halal tourism has been welcomed by the people of South Sulawesi, as evidenced by the large number of Muslim tourists who appreciate Sharia-based tourism. It is just that the halal tourism industry needs to be developed due to the lack of a regulatory framework that supports it. The researcher also recommends that policymakers, including the Indonesian Ulema Council, make regulations that facilitate the development of the creative economy in South Sulawesi, especially those related to infrastructure, information services, and promotion of creative industry areas.

The Implementation

West Sumatra has three types of Small and Medium-Sized Enterprises (SMEs): manufacturing, trading and services. This manufacturing business is an activity whose role is to produce goods (convert) raw goods into semi-finished and finished goods. One example of manufacturing is engaged in food manufacturing. In West Sumatra, rendang food SMEs are a food manufacturing sector that has the potential to be developed, especially rendang food from Payakumbuh City. (Princess, 2018)

Payakumbuh City is an industrial sector generally classified as micro, small, and medium enterprises. Household businesses dominate the majority of these SMEs. According to the Office of Cooperatives, SMEs and Industry in Payakumbuh City, in 2016, according to the trading business license, there were 426 business units engaged in the SME sector. (Wati et al., 2019)

Starting in 2018, Payakumbuh changed the slogan of Galamai City to "The City of Rendang", with the rebranding of Payakumbuh City adding to the positioning of Payakumbuh City, which has so far relied on Batiah and Gelamai. (Ardy and Yuliharsi,

2020). With this new slogan, the City of Payakumbuh is indirectly introducing to the public that Payakumbuh is the centre for rendang sought by domestic and foreign tourists. For the tourism sector, of course, this has become a separate bargaining position for the city of Payakumbuh so that SMEs do not need to bother promoting themselves independently because massive publications by the City Government have assisted them.

The Government of Payakumbuh City, through the Department of Labor and Industry, is quite serious about developing Rendang SMEs that have been integrated with the halal industry in the area. The development of the halal industry is carried out by rendang entrepreneurs and the Payakumbuh City government by registering halal certification and maintaining the halal rendang process, from slaughter to processing and packaging.

The Payakumbuh government has carried out the process of developing the halal industry for food products in recent years. WA (57), as the Head of the Department of Labor and Industry (2020), said, "There are five industrial sectors that receive the full attention of the Payakumbuh government, namely the snack food industry centre, the rendang industry centre, the cocoa industry centre, the weaving industry centre, and the bamboo industry centre. So, three industrial centres in Payakumbuh are closely related to halal products. The three types of centres here are mainly processed food products." (interview, December 12, 2020).

WA (57) added that to support the development of the halal industry in food products, especially rendang, the following strategies were carried out: "The first step in helping small and medium entrepreneurs is to provide basic food safety training. They will then receive PIRT (food processing permits) on this basis. Then we send them to get halal certification, then develop to others, for example, distribution permits, food safety certificates, and shelf life certificates." (interview, December 12, 2020)

According to WA (57) Supervision is also one of the things that is of concern to the Payakumbuh City government in developing the halal industry, especially rendang products "So, although most of these products are halal in Payakumbuh, the products are indeed made from halal raw materials, but the process must also be precise. For example rendang, halal must be from the upstream, not just the end that we see." (interview, December 12, 2020)

Furthermore, according to rendang entrepreneurs in Payakumbuh (SN), halal certification is a very important component in the process of developing a rendang business in Payakumbuh "If there is no halal certification, it will not sell well. If there is no unsold certificate (rendang). Before there was halal certification, there were 20 kg a day, after there was halal certification, 50 kg were sold a day. Even when the pandemic is even increasing. After the covid went up, when Eid al-Fitr went down again, now it's up again. Now the Tangerang branch is getting better." (interview, November 16, 2020)

The main purpose of this step is none other than to have a bargaining position and overall mass production so that consumers can freely choose and buy Payakumbuh rendang products in any quantity. Processing and types of rendang products in Payakumbuh from time to time continue to modify. Several new variants emerged, such as egg rendang, suir rendang, jengkol rendang and various other types. Apart from that,

there are also rendang with various flavors such as slightly sweet, slightly salty, or spicy (Kumar and Wiranegara, 2010).

The Payakumbuh Municipal Government has created an SMEs center which aims to facilitate the business development of SMEs players. SMEs centers are business activity centers in certain areas/locations where there are SMEs that produce the same/similar products, the same raw materials/facilities, and have the prospect of being developed to become an integral part of the cluster (Putri, 2018).

Cited from Ardy and Yuliharsi (2020), the area that became the rendang village in Payakumbuh City is in the Sungai Durian Village area, Lamposi Tigo Nagari District. In this area there are at least nine home Rendang SMEs that are currently still operating, including Dapoer Rendang Riry, Rendang Erika, Rendang Indah, Rendang Usmai, Rendang Neng Keke, Rendang Yolanda, Rendang Yen, Rendang Uni As, and Rendang Evi. All of the Rendang SMEs joined in one community, namely Kampung Rendang Payakumbuh. But actually Rendang Payakumbuh SMEs are not only found in Sungai Durian Village. However, they are also scattered in several sub-districts and other sub-districts in Payakumbuh City.

Rendang Village in Payakumbuh City, precisely in Lampasi District, is very close to egg production centers. At first the home industry that developed only produced egg rendang, then developed variants that were produced other than egg rendang including meat rendang, suur rendang, lung rendang, eel rendang, corn rendang, and cassava rendang. (Wati et al, 2019)

But in terms of promotion there are still obstacles, namely Rendang entrepreneurs still rely on tourists visiting Payakumbuh to buy their products, or other export cooperation such as pilgrims leaving for Saudi Arabia. In addition, the marketing process is still in the beginner category, namely based on orders, and traditional word of mouth marketing.

The managerial side is still not optimal because it still relies on one person, namely the owner. The owner is directly involved in managing all aspects starting from access to capital, production, marketing, and management of employee resources. So that the development of the rendang industry is slow. Even though in terms of taste and product packaging, it has shown encouraging results. There needs to be better innovation, including digital marketing through social media so that consumers from various regions outside West Sumatra and Payakumbuh can experience rendang products directly from their area of origin. The use of digital media to improve business results is also carried out by asnaf entrepreneurs, as in the research of Nuryati and Bahri (2022) and in the research of Rani et al (2022) which links the strategy of asnaf entrepreneurs in developing the halal industry in Malaysia.

Based on the problems above, this study tries to look at four aspects, namely what are the strengths, weaknesses, opportunities and threats of the small and medium rendang industry in Payakumbuh City using the SWOT approach. The function of the SWOT Analysis is to obtain information from the situation analysis and separate it into internal

issues (strengths and weaknesses) and external issues (opportunities and threats). The SWOT analysis is based on literature reviews from various sources.

First, from the external side, it can be grouped into opportunities and threats. The opportunity consists of High public response to the rendang industry, especially in Payakumbuh and Rendang cuisine is claimed to be the world's most delicious food. Then, Threats consist of the decline in people's purchasing power during the COVID-19 pandemic and global competition in the halal culinary industry. Furthermore, from the internal side, it can be grouped into Strengths and Weaknesses. Strengths consist of Local government support for promoting the rendang industry and The packaging process has started well. Meanwhile, weaknesses include weak marketing of rendang products and managerial at rendang SMEs needing to be maximized.

Based on the analysis above, it is necessary to have a strategy so that the development of rendang SMEs based on the halal industry can be more optimal. First, producers must understand what consumers want (producer awareness). In this case, producers can improve many aspects, namely service that picks up the ball, product quality that continues to increase, prices that are relatively affordable and aspects of product quality (taste) that are maintained. In addition, there is a guarantee for consumers if the product purchased does not match the product quality qualifications promised by the manufacturer. (Suhartanto et al, 2020). Second, strictly maintaining halal products (halal services). Of the many aspects of buying and selling food, the halal aspect of products, especially rendang, is a critical point that consumers will consider. Especially for Muslim consumers, the halal aspect is the first priority when deciding to buy.

Therefore, in addition to rendang products that must have halal certification, these products must be maintained as halal occasionally (Sanchez & Moral, 2020). Even the Muslim millennial generation, known to be critical in choosing products, also pays great attention to this halal aspect when deciding to purchase products (Amalia et al., 2020). Then, in digital marketing, the development of technology-based marketing is emphasized. On the other hand, optimal branding is also needed so that Payakumbuh-style rendang can be more in demand by consumers from anywhere (Jaiyeoba et al., 2020). The fourth was optimizing tourist attractions (ancillary services). Entertainment can often boost product sales (Spillane in Ardy and Yulihastri, 2020). For example, it invites tourists visiting Payakumbuh to participate in the marauding process. You can also promote it with well-known public figures, such as Chef Gordon Ramsay's *marandang* show on National Geographic.

CONCLUSION

Payakumbuh City has considerable potential in the development of the rendang industry. The geographical aspect significantly influences the development of these rendang SMEs because they are located near the source of raw materials for rendang. Apart from that, the people have always been accustomed to producing rendang for traditional events and migrated relatives. However, there are also many obstacles faced by rendang SMEs in Payakumbuh in developing their business, from limited aspects of capital and good managerial skills to marketing constraints. Some steps that can be taken to optimize rendang sales include consumer awareness, halal services, digital marketing

and ancillary services. This research can be helpful for halal culinary entrepreneurs to increase their sales income and also for the government to create reasonable regulations to support the halal business ecosystem.

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