

## CONTRIBUTION OF HALAL INDUSTRY TO ECONOMIC GROWTH IN CENTRAL TAPANULI REGENCY

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### ABSTRACT

*The purpose of this study is to find out whether there is a contribution of the halal industry to economic growth in Central Tapanuli Regency and how the halal industry contributes to economic growth in Central Tapanuli Regency. The research method used is a qualitative research method. Data collection is carried out by observation, interviews and documentation, with data analysis techniques, namely data reduction, data presentation and drawing conclusions. The results of this study show that the halal industry contributes to economic growth in Central Tapanuli from the halal food sector which continues to increase, but due to the size of this district hinders halal industry players from having halal certificates so that only some of them have halal certificates. Conclusion This study is that the halal industry in Central Tapanuli contributes positively to economic growth, especially in the halal food sector, although the challenges of the wide area hinder industry players in obtaining halal certificates.*

**Keywords:** Halal Industry, Contribution, Economic Growth.

### **ABSTRAK**

*Tujuan dari penelitian ini adalah untuk mengetahui apakah terdapat kontribusi industri halal terhadap pertumbuhan ekonomi di Kabupaten Tapanuli Tengah dan bagaimana kontribusi industri halal terhadap pertumbuhan ekonomi di Kabupaten Tapanuli Tengah. Metode penelitian yang digunakan adalah metode penelitian kualitatif. Pengumpulan data dilakukan dengan observasi, wawancara dan dokumentasi, dengan teknik analisis data yaitu reduksi data, penyajian data dan penarikan kesimpulan. Hasil penelitian ini menunjukkan bahwa industri halal memberikan kontribusi terhadap pertumbuhan ekonomi di Tapanuli Tengah dari sektor makanan halal yang terus mengalami peningkatan, namun karena luasnya wilayah kabupaten ini menghambat para pelaku industri halal untuk memiliki sertifikat halal sehingga hanya sebagian saja yang memiliki sertifikat halal. Kesimpulan dari penelitian ini adalah industri halal di Tapanuli Tengah berkontribusi positif terhadap pertumbuhan ekonomi khususnya pada sektor makanan halal, meskipun tantangan luasnya wilayah menghambat para pelaku industri untuk mendapatkan sertifikat halal.*

**Kata kunci:** *Industri Halal, Kontribusi, Pertumbuhan Ekonomi.*

## A. INTRODUCTION

Economic growth means the development of activities in the economy that cause the goods and services produced in the community to increase and the prosperity of the community to increase (Dewita, 2022). Economic growth is one of the main indicators in analyzing the economic development of a country. In simple terms, economic growth describes the level of increase in economic activity that generates additional income for the community in a certain period of time. According to Kuznets, economic growth is defined as increasing a country's long-term capacity to provide various economic needs for its population. Therefore, it is not surprising that in the early stages of development, a country's economic planning is generally focused on the growth aspect (Azwin et al., 2023).

Based on this explanation, it can be concluded that economic growth is a process of increasing economic activity characterized by an increase in the production of goods and services, an increase in people's income, and the progress of a country's capacity to meet its economic needs in a sustainable manner. Economic growth is also an important indicator for assessing a country's economic development, which is often the main focus in development planning, especially in the early stages of economic development.

Central Tapanuli is an area with a Muslim minority population. The number of Muslim population in Central Tapanuli Regency is only around 42.53% (Regional Office of the Ministry of Religion of North Sumatra). Given the lack of Muslim population in Central Tapanuli Regency, it is appropriate for halal industry players to have a halal certificate so that consumers who are tourists, not only local residents, can feel confident and safe with the products they consume. However, many halal industry players

who are Muslims are not aware of the importance of halal certificates for food serving, and people in Central Tapanuli do not care about the halal they consume.

**Table 1** Comparison of population by religion in Central Tapanuli

Religion	Population	Percentage
Islam	108.887	42.53%
Protest	145.701	44.91%
Catholic	53.261	12.41%
Hindu	18	0.05%
Buddha	144	0.10%
Confucianism	-	-
Sum	386.895	

**Source :** Regional Office of the Ministry of Religious Affairs of North Sumatra

Central Tapanuli Regency has great potential in the development of the halal industry. Given the large Muslim population, the need for halal products and services continues to increase. In addition, the existence of local resources and government support in encouraging the development of the halal industry provides opportunities for this district to make it one of the leading sectors.

According to (Kadir, 2023) in a study entitled "Opportunities for the Halal Fashion Industry in Indonesia: (Development Models and Strategies)" stated that the growth of the halal industry has a significant impact on countries with a majority Muslim population. This sector attracts the interest of market players, especially in the financial industry, consumer goods, fashion, and halal tourism as a source of new product innovation. Based on market theory, the potential for great financial benefits encourages entrepreneurs to compete for this market share. To meet domestic needs as well as export demand to Muslim-majority countries, various countries have developed the production of halal products. Malaysia's commitment to the

industry is reflected in the establishment of the Halal Industry Development Corporation (HDC) and the expansion of halal industrial estates. In addition, the use of technology and collaboration between academics and industry players are key factors in encouraging the growth and innovation of halal products.

The research was titled "*Implications of Halal Certificate in Food and Beverage Industry Business Management*" discussed the significant growth of the halal food and beverage industry in Indonesia, which plays an important role in its contribution to the GDP of the processing industry sector. This growth is influenced by increasing public awareness of the importance of halal product consumption, as well as global trends that encourage halal and thayibban lifestyles. Halal certification plays a vital role in meeting the needs of consumers who care about the halalness of products. This certification provides assurance that products meet halal and quality standards, opens wider market access, and builds consumer trust (Hartini & Malahayatie, 2024).

**Chuzaimah Batubara & It's time for Harahap.** (2022) There are many halal industry sectors that can be developed, ranging from halal food and beverages, halal fashion, halal cosmetics, halal pharmaceuticals, halal tourism, Islamic finance and media and recreation. Halal industrial products must meet the certification requirements of the halal certification body (Batubara & Harahap, 2022).

The halal industry is a sector that focuses on the production of goods and services according to sharia principles, covering various fields such as food and beverages, fashion, cosmetics, pharmaceuticals, and Islamic finance. According to Syariah, the halal industry produces halal goods and services. Halal is also used in halal food, kitchens, fashion, tableware, logos,

and halal certificates. The anonymity of halal itself is haram. To avoid halal, each individual follows the instructions about halal and haram taught by the Qur'an and Sunnah (Harahap & Silalahi, 2021). The halal industry is an activity in processing goods using facilities and infrastructure allowed by sharia (*islamic law*) (Poojayanti, 2020). The halal industry is a process of processing goods based on sharia guarantees, so that the products it produces are good (*thayib*), healthy, safe and not harmful, therefore halal to be consumed, enjoyed or used (Harizah & Usman, 2022). There are many halal industry sectors that can be developed, ranging from halal food and beverages, halal fashion, halal cosmetics, halal pharmaceuticals, halal tourism, Islamic finance and media and recreation. Halal industrial products must meet the certification requirements of the halal certification body (Shalahuddin et al., 2024). Based on various opinions, it can be concluded that the halal industry is an activity in the production of goods and services in accordance with sharia principles (Islamic law), covering various sectors such as food and beverages, fashion, cosmetics, pharmaceuticals, tourism, Islamic finance, and media and recreation. The products produced must not only be halal, but also *thayib*, which is good, healthy, safe, and not harmful. To ensure the halal of the product, certification from the authorized institution is required. The principles of halal and haram in this industry are based on the teachings of the Qur'an and Sunnah, so that every production process must follow the applicable sharia guidelines.

The existence of this industry not only meets the needs of Muslim consumers, but also becomes part of efforts to maintain quality, safety, and goodness (*Thayib*) in any product consumed or used (Lubis dkk., 2021). This is in line with Allah's command in the Qur'an, as written in Q.S. Al-Baqarah (2:168):

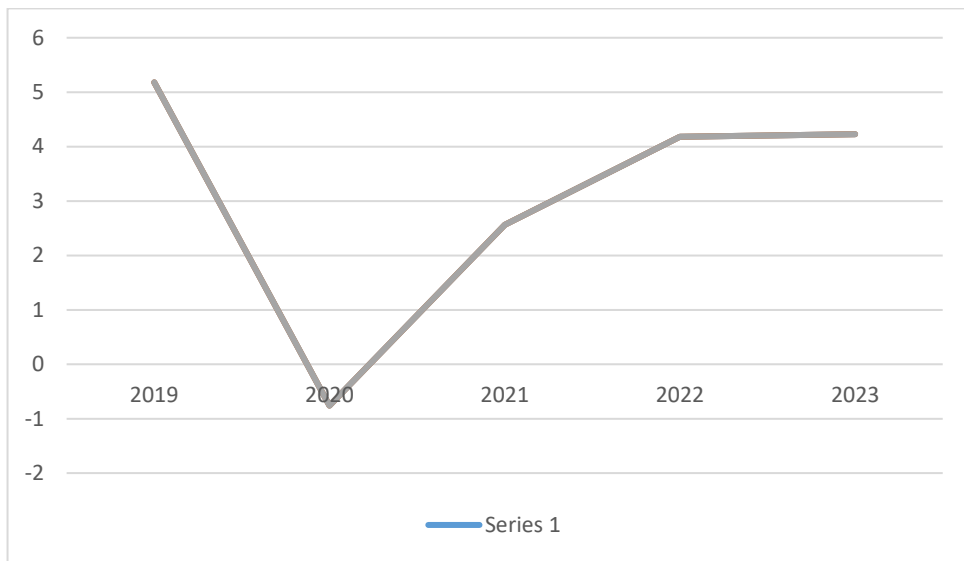
يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

**It means:** *"O people, eat what is lawful and good from what is on earth, and do not follow the steps of the devil; for the devil is the true enemy to you."* Q.S. Al-Baqarah (2:168)

This verse emphasizes the importance of consuming and using something halal and good, which is the main foundation in the development of the halal industry in various sectors of life. The development of the halal industry must start from the smallest sector, starting from the halal industry in small areas to large areas in Indonesia. By utilizing the Muslim population in Central Tapanuli, the potential of Central Tapanuli must be superior in producing halal products. The existence of products that meet halal criteria must be an integral element of trade and economic activities that require the use of standards and quality that can be trusted by consumers around the world. However, it is very unfortunate that the fact that some halal industry players in Central Tapanuli have not fully utilized the potential of the halal industry they have.

**Table 2** GDP Growth Rate Based on Constant Prices by Business Sector (Percent)

Business Field	[2010 Series] GDP Growth Rate Based on Constant Prices by Business Sector (Percent)				
	2019	2020	2021	2022	2023
Gross Regional Domestic Product	5.18	-0.76	2.56	4.18	4.23



**Graph 1** GDP Based on Constant Prices in Central Tapanuli

Source: Central Statistics Agency of Central Tapanuli

It can be seen that data from the Central Statistics Agency (BPS) of Central Tapanuli shows fluctuations in the growth of Gross Regional Domestic Product (GDP) from 2019 to 2023. In 2019, GDP grew by 5.18%, but experienced a significant decline in 2020 with a growth of -0.76%, which is most likely due to the impact of the COVID-19 pandemic. After that, the economy began to recover with a growth of 2.56% in 2021 and increased to 4.18% in 2022. In 2023, growth will increase again to 4.23%. Overall, despite a sharp decline in 2020, the GDP growth trend has shown positive recovery and stability in recent years, reflecting the resilience of the region's economy in the face of challenges.

Research conducted by (Adamsah & Subakti, 2022) shows that the halal industry has an important role in driving regional economic growth in Indonesia. The halal industry continues to experience significant development every year, which of course plays an important role in



boosting the Indonesian economy. The positive impact of this growth can be seen through an increase in Gross Domestic Product (GDP).

Other research shows that the variables of halal food and beverage, pharmaceuticals and cosmetics, Muslim fashion, halal tourism and halal media and recreation simultaneously have a significant effect on economic growth. The halal food and beverage industry, halal pharmaceuticals and cosmetics, Muslim fashion, halal tourism have a significant effect, while halal media and recreation have no partial effect on economic growth (Ibrahim, 2024).

Indonesia has great potential in developing halal industry sectors, including food and beverages, tourism, fashion, media and leisure, pharmaceuticals and cosmetics, and Islamic finance (Mubarak & Imam, 2020). With the largest Muslim population in the world, Indonesia should be able to become a leader in the global halal industry. One of the most potential sectors is food, which is the industry with the largest revenue in Indonesia. This industry is predicted to continue to grow due to the increasing public awareness of the halal products they consume (Hasanah, 2021).

In addition, the existence of Halal certification can provide significant benefits for producers. This is because Muslim consumers in Indonesia tend to look for products that are guaranteed halal. With halal certificates, manufacturers will more easily attract Muslim consumers to buy their products (Susilawati, 2020). Therefore, with the increasing demand for halal products, sectors such as food, fashion, cosmetics, pharmaceuticals, tourism, finance, media, and leisure are growing rapidly. Indonesia has shown significant progress in the sharia economy, not only because of the

large consumption of halal products, but also because of the contribution of innovation in these various halal industries (Hasanah, 2021).

However, even though Indonesia has great potential, sharia economic observers from *Institute of Economic and Financial Development* (Indef), Abra Talattov, assessed that Indonesia is still lagging behind in terms of halal goods production compared to non-Muslim countries. This shows that Indonesia has not fully utilized the potential of the halal industry market in the country. Countries such as Thailand and Malaysia, which also have halal industries, excel in capitalizing on this opportunity (Kamila, 2021). As a country with the largest Muslim population, Indonesia needs to maximize the development of the halal industry to be able to compete in the global market.

Therefore, this study aims to find out whether there is a contribution of the Halal Industry to economic growth in Central Tapanuli Regency and how the halal industry contributes to economic growth in Central Tapanuli Regency. This research is expected to provide an overview of the strategic role of the halal industry in supporting the regional economy. It is hoped that with this research, business actors can consider what is the importance of halal certificates for their businesses

## **B. RESEARCH METHODS**

This study uses qualitative research methods. Qualitative research is a research method that aims to understand phenomena in depth. The data obtained in this study include primary data and secondary data (Hasibuan et al., 2020). The qualitative research method was chosen in this study because qualitative research is useful for understanding phenomena in depth through words and language in a natural context (Minarni, et al., 2024) This

method allows researchers to explore rich and in-depth data regarding the behavior, perceptions, motivations, and actions of halal industry players in Central Tapanuli. In addition, the qualitative approach allows researchers to find new knowledge or theories related to the impact of the halal industry on regional economic growth. Descriptive qualitative research is also appropriate for reviewing and analyzing data in the form of documents and other relevant sources Data was collected through three main methods, namely direct observation, in-depth interviews with staff from the Islamic Community Guidance section at the Ministry of Religion Office of Central Tapanuli Regency and halal industry players consisting of 9 halal industries. This method was chosen in order to obtain more specific field data findings and be able to strengthen the arguments in this study so that later we can find out whether there is an influence of the contribution of the Halal Industry to economic growth in Central Tapanuli Regency and how the halal industry contributes to economic growth in Central Tapanuli Regency. , then the analysis of written documents from the Central Statistics Agency of Central Tapanuli, namely collecting information on economic growth from the last 5 years (2019-2023), as well as the number of industries that already have halal certification.

**Table 3** Research informants

<b>He</b>	<b>Name</b>	<b>Position</b>
1	Rusaldi	Staff of the Ministry of Religion (Bimas Islam)
2	Suprpto	Chili chip merchants
3	Misrina	Meatball traders
4	Daughter	Clothing merchants
5	Ica	Accessories merchant

Source: Data processed by researchers, 2025

The data analysis technique used is a data analysis technique according to Sugiyono which includes three activities, namely: (1) data

reduction, (2) data presentation, (3) conclusion drawing or verification (Sugiyono, 2008). The selection of data analysis techniques according to Sugiyono in this study is based on the need to understand and process qualitative data systematically. Three main activities—data reduction, data presentation, and drawing conclusions or verifications—provide a clear structure for analyzing complex information. Data reduction helps researchers to filter relevant information, thus focusing on important elements related to the contribution of the halal industry to economic growth. The presentation of data allows researchers to present the results of the analysis in an easy-to-understand manner, facilitating further interpretation and discussion. Finally, drawing conclusions or verifying ensures that the findings produced are valid and accountable, providing a solid basis for recommendations and policies that may be taken based on the results of the research. With this approach, data analysis becomes more directed and in-depth, in accordance with the characteristics of qualitative research.

## **C. RESULT AND DISCUSION**

### **Result**

Halal industrial products must meet the certification criteria set by halal certification bodies to ensure the halalness of products comprehensively. The fulfillment of this requirement is very important, especially because the majority of the population in Central Tapanuli is Muslim, so the availability of halal products is a very prioritized need (Salahuddin DKK., 2024).

According to Mr. Rusaldi as a staff of the Office of the Ministry of Religion (Bimas Islam) of the Ministry of Religion of Central Tapanuli Regency stated that:

*"There are several halal industry sectors that are mainstays in Central Tapanuli Regency, namely food produced directly in this area, namely chili chips and salted fish. Others such as cosmetics and clothing are not produced in this area, so both cannot be said to be superior products from this area."*

The halal industry is one of the factors that affect economic growth, because in Central Tapanuli there are several people who work as traders. Economic growth is influenced by GDP (Gross Regional Domestic Product) obtained from buying and selling. This indicates that the increasing number of halal industries in the area makes the public/consumers not hesitate to buy their products so that they can increase sales of these products, with increased sales means that industrial income also increases/increases, meaning that economic growth in the area also increases.

**Table 4** GDP Based on Constant Selling Prices of Business Fields (Billion Rupiah) in Central Tapanuli  
[2010 Series] GDP based on constant prices  
according to business sectors (billion rupiah)

Business Field	2019	2020	2021	2022	2023
Provision of Accommodation and Meals	108.95	101.75	102.8	110.72	119.41
Gross Regional Domestic Product	7024.15	6970.58	7149.28	7447.83	7762.59

Source: Central Statistics Agency of Central Tapanuli

Based on the table, it can be seen that the rate of economic growth in Central Tapanuli has increased significantly from 2019-2023. However, in

2020 there was a decrease in income, this was caused by Indonesia's infection by the Covid-19 virus which resulted in a decrease in the purchasing power of people and tourists to Central Tapanuli.

Mr. Rusaldi stated that:

*"With the establishment of producers in the halal industry, they will open job vacancies for local residents. Therefore, we will not complicate business licenses and halal certification".*

This statement is in line with Mr. Misrina as a meatball trader who stated that:

*"They will always open new job openings when the holiday season has arrived due to the high demand from buyers".*

Both statements are supported by the theory that the halal industry also has an economic influence on employment. In terms of employment, the halal industry is able to open 170,000-330,000 jobs. If the halal industry continues to grow, then this number can be even greater (Azis, 2019).

Halal certification can increase product sales volume. Mr. Suprpto as a chili chip trader stated that:

*"The community considers halal food to be guaranteed cleanliness, after all, the people in Pandan are the majority of Muslims, so the food sold must be registered halal. My sales increased after having a halal label on the packaging".*

The same thing was also conveyed by Mr. Misrina

*"I am a meatball trader, to open a meatball stall in a shophouse like this I feel that there must be a halal certificate, because around here there are rarely food sellers like my meatballs who are clearly halal".*

The method of obtaining food has a direct effect on food halal because it includes aspects such as the source of raw materials, processing processes,

storage and halal certificates. This requires special attention to each supply chain to ensure that the final product meets halal standards in accordance with sharia law (Zailani, 2020).

According to Mr. Suprpto (chili cherry trader) said that:

*"How to get foodstuffs has no effect on the halalness of the product, because we don't fully know whether the foodstuff supplier is Muslim or not, and the goods he uses to get sweet potatoes must be free from haram or not."*

A different opinion was obtained from the opinion of Mr. Misrina (Meatball Trader) who argued that

*"The way we get the ingredients is very influential because halal is not only about the products produced, but also how to produce them"*

With a large Muslim population in Central Tapanuli, it is appropriate for halal industry players to have halal certification for their products. However, based on data owned by Perindag, only a few industry players have registered their products that have halal guarantees. There are only 13 out of 232 halal industry players who have halal certificates. This is in line with Rusaldi's statement as a staff of the Ministry of Religion (Bimas Islam) of the Office of the Ministry of Religion of Central Tapanuli Regency which stated that:

*"We as Binmas make the halal certification process easier so that it is easy to take care of it, but most of them are lazy to take care of it because of its remote location",*

The statement from Mr. Rusaldi was supported by Putri, as a clothing trader who stated that

*"The relevant agencies do not complicate the process of managing halal certificates, but the long distance to Pandan makes traders tend to be lazy to take care of it".*

The following is a table of the Number of Verified Halal Industries in Central Tapanuli:

**Table 5** Number of Verified Halal Industries in Central Tapanuli

He	Industry Type	Number of Halal Industries	Halal Verified Industry	Percentage
1	food	232	13	0.056034
2	Style	49	0	0
3	cosmetics	18	0	0

Source: Central Tapanuli Industry and Trade Office

Based on the table compiled by the Central Tapanuli Industry and Trade Office, it can be seen that out of a total of 232 food industries, only 13 have been verified halal, with a percentage of 5.6%. Meanwhile, in the fashion sector which has 49 industries and the cosmetics sector with 18 industries, none of them are halal verified, so the percentage remains 0%. This data shows that the level of halal verification in Central Tapanuli is still very low, especially outside the food sector, which has the potential to affect consumer confidence, especially among people who prioritize halal certification in choosing products.

With a large Muslim population in Central Tapanuli, it is appropriate for halal industry players to have halal certification for their products. However, based on data owned by Perindag, only a few industry players have registered their products that have halal guarantees. There are only 13 out of 232 halal industry players who have halal certificates.

The challenges faced by business actors in the halal industry in this district were conveyed by Mr. Rusaldi as a staff of the Office of the Ministry



of Religion (Bimas Islam) of the Ministry of Religion of Central Tapanuli Regency who argued that:

*"There is a lack of infrastructure owned by the district where there is only one place to market their sales so traders choose to build a point of sale in their own homes. The competitiveness of halal products is also not innovative, only monotonous from the same product, this is also a challenge for industry players in this field".*

According to Mr. Misrina, a meatball trader thinks that:

*"The distance of the halal certificate registration location makes traders tend to be lazy to go to the relevant office, according to him, with the consideration of this very wide Central Tapanuli, the Ministry of Religion office should provide online services for the halal certification process so that more traders are registered in the Perindag Office data".*

## **Discussion**

### **1. Analysis of the Contribution of the Halal Industry to Economic Growth in Central Tapanuli Regency**

The halal industry has a strategic role in encouraging economic growth in Central Tapanuli Regency. This sector covers various fields, such as halal food and beverages, halal fashion, halal cosmetics, halal pharmaceuticals, halal tourism, Islamic finance, and media and leisure. According to (Salahuddin DKK., 2024), halal industrial products must meet the certification requirements of the halal certification body to ensure the overall halalness of the product. This is important considering that the majority of the population in Central Tapanuli is Muslim, so the need for halal products is one of the top priorities.

Based on the information of Mr. Rusaldi, a staff of the Ministry of Religion of Central Tapanuli Regency, the halal industry sector that is the

mainstay in this area is food, such as chili chips and salted fish that are produced directly in the region. Meanwhile, other sectors such as cosmetics and apparel are not produced locally, so they have not become regional superior products. The contribution of the halal industry to economic growth can be seen from its role in increasing people's purchasing power and creating new business opportunities.

Economic growth in Central Tapanuli is influenced by the Gross Regional Domestic Product (GDP) which reflects the results of economic activities in various sectors, including the halal industry. Based on data from the Central Statistics Agency of Central Tapanuli, GDP experienced a significant increase from 2019 to 2023, although it had declined in 2020 due to the Covid-19 pandemic. This increase shows that economic activities, including the halal industry, contribute positively to regional economic growth.

In addition to increasing GDP, the halal industry also plays a role in creating jobs. Mr. Rusaldi stated that the establishment of halal industry producers opens up job opportunities for local residents, which is supported by the statement of Mrs. Misrina, a meatball trader, that the high demand during the holiday season encourages the opening of new job vacancies.

Halal certification has also been proven to increase product sales volume. According to research conducted by (Rido et al., 2021), the existence of halal certificates in MSME products is able to encourage an increase in buying interest and influence consumer decisions to choose these certified products. Halal certificates not only serve as a guarantee of quality and safety for Muslim consumers, but also play a role in building trust and improving the positive image of a product. This has an impact on increasing the sales volume of MSMEs because halal-certified products are

easier to market widely (Rozan, 2021). Moreover (Shofia & Qadaria, 2022) revealed that halal certification contributes to optimizing MSME income and encouraging positive consumer responses to food products. To obtain a halal certificate, food products must meet the requirements according to Islamic law, including aspects of hygiene, raw materials, quality, and safety of the production process under the supervision of a halal quality management system (Ulfin dkk., 2022). Therefore, it is important to have an official halal certification from an authorized institution to ensure the halalness of the products consumed by the public.

Mr. Suprpto, a chili chip trader, stated that his sales increased after the product had a halal label, because people were more confident in the quality and cleanliness of the product. The same thing was conveyed by Mrs. Misrina, who emphasized the importance of halal certification to attract consumers, especially in areas with a majority Muslim population.

The main problem that often arises in rural development is the low quality of human resources. Most of the villagers depend on the agricultural sector, with few working in other sectors. This condition prompted researchers to examine how the Human Development Index (HDI) and inflation affect economic growth. HDI itself describes the level of community welfare in an area, which involves aspects of education, health, and income (Mutolib dkk., 2019). The quality of Human Resources (HR) has an important role and has a significant positive impact on the effectiveness of village fund management, which in turn encourages community economic growth. The competence of human resources in the village apparatus is a key factor in ensuring the success of every stage of village fund management, starting from planning, implementation, financial recording process, to the reporting stage. All of these stages must be carried

out systematically and measurably, starting from the disbursement of funds from the Central Government to the Regional Government, to being managed optimally at the village level (Nazara & Gea, 2023).

However, the challenges in the development of the halal industry in Central Tapanuli are quite significant. One of the main problems is the low level of halal verification. Based on data from the Central Tapanuli Industry and Trade Office, of the 232 food industries, only 13 have halal certificates, while the fashion and cosmetics sectors do not have any certification at all. This shows the lack of awareness and motivation of business actors to take care of halal certification, even though the process has been simplified by the government.

Another challenge is infrastructure and accessibility issues. Rusaldi said that limited infrastructure makes traders choose to sell at home rather than in shopping centers. In addition, the long distance to the Ministry of Religion office is an obstacle for business actors to take care of halal certification. Putri, a clothing trader, also said that although the process of obtaining a certificate is not complicated, the distance makes traders reluctant to take care of it.

Different perspectives have emerged regarding the importance of the raw material procurement process in maintaining halal products. Mr. Suprpto argued that the method of obtaining food ingredients does not have a significant effect on the halalness of the product, while Mr. Misrina emphasized that the process of obtaining raw materials is very influential, because halal is not only related to the final product but also the entire supply chain. This view shows the need for further education to business actors about the importance of maintaining halal standards from upstream to downstream.

The lack of innovation in the development of halal products is also a challenge. The products produced tend to be monotonous and less competitive in the market. This was conveyed by Mr. Rusaldi who highlighted the lack of diversification of halal products in Central Tapanuli. To overcome these challenges, training and assistance are needed for business actors to create more innovative and competitive products.

Considering the area of Central Tapanuli which reaches 2,194.98 KM<sup>2</sup>, it is appropriate for the relevant agencies to consider the procurement of online services so that traders can more easily take care of halal certification. If the level of traders who have halal certificates increases, then the level of economic growth affected by the halal industry will automatically increase (Sihombing, 2022).

The halal certification process that can be submitted online is an innovation to make it easier for business actors, including traders in Central Tapanuli. However, the challenges that arise are the lack of understanding of traders about this mechanism, as well as the perception that the process still requires the submission of physical files to the Ministry of Religious Affairs (Depag) to ensure the validity and validity of the documents. This is due to the need for direct verification of the completeness and authenticity of the document, which cannot be fully verified digitally. This condition shows that although digitalization provides convenience, the presence of manual procedures is still considered important to maintain the integrity of halal certification. Therefore, more intensive socialization and education is needed for traders regarding the halal certification flow so that process efficiency can be achieved without reducing the accountability aspect.

One of the internal challenges faced by Indonesia is the low awareness of halal among the public. Public understanding of the concept of halal is

still limited, where many people assume that all products circulating in the automated market are halal (Rahyu D.K., 2024). This halal awareness is closely related to the level of religiosity and knowledge about halal. According to research (Nusran dkk., 2021), religiosity has a more significant impact on the consumption behavior of halal products than just knowledge about the product.

According to one of the traders, another challenge is that "the distance of the location to register for a halal certificate makes traders tend to be lazy to go to the relevant office, according to him, considering this very wide Central Tapanuli, the Ministry of Religion office must provide online services for the halal certification process so that more traders are registered in the Ministry of Religion data". It can be concluded based on the above statement that the lack of halal awareness among the public makes business actors lazy to have a halal certificate, in addition to the sales location that is far from the place where the certificate is made, people who do not care about halal certificates are also an influence for traders who do not care too much about the importance of halal certificates.

## **2. Efforts to Improve the Halal Industry in Central Tapanuli**

The halalness of a product is a need that must be met by every consumer, especially for Muslim consumers. In Indonesia, the importance of this aspect is strictly regulated through Law Number 33 of 2014 concerning Halal Product Assurance (JPH). In Article 1 paragraph (2) it is stated that "Halal products are products that have been declared halal in accordance with Islamic law." The existence of this regulation emphasizes the urgency of the halal-haram issue in every production chain run by business actors. In addition, this regulation is a tangible form of the state's commitment to providing protection to consumers, especially related to

ensuring the halalness of products circulating in the community (Amalia dkk., 2023).

Efforts to improve the halal industry in Central Tapanuli require synergy between the government, business actors, and the community. One of the strategic steps is to increase the awareness of business actors about the importance of halal certification through continuous education and socialization programs. The government can collaborate with religious institutions and community organizations to convey information about the benefits of halal certification, not only from a religious perspective but also as a strategy to increase the competitiveness of products in the market.

In addition, simplifying the halal certification process is an important key in encouraging the participation of business actors. Local governments can develop digital-based services to facilitate the registration process and submission of certification documents. This service is expected to overcome distance and accessibility constraints that have been an obstacle for business actors in remote areas.

Increasing the capacity of human resources (HR) is also an important factor in the development of the halal industry. Training and workshops on halal business management, product processing, and digital marketing can help business actors improve their competence. This program can be carried out on a regular basis by involving experts in the halal industry and experienced business practitioners.

The development of supporting infrastructure also needs to be considered. Local governments can build halal industry centers that are equipped with production, packaging, and distribution facilities that meet standards. This center not only functions as a production site but also as a training and consulting center for business actors.

Collaboration with Islamic financial institutions can be a solution to overcome capital constraints that are often faced by small and medium business actors. Islamic financial institutions can provide financing schemes that are in accordance with sharia principles, so that they can encourage the growth of the halal industry in a more inclusive manner.

Local governments can also encourage the promotion of halal products through participation in national and international exhibitions and exhibitions. This activity aims to introduce halal products from Central Tapanuli to a wider market, so that it can increase competitiveness and open up export opportunities.

In addition, it is important to build an integrated halal industry ecosystem. This involves various parties, including the government, business actors, academics, and the community. This ecosystem can encourage innovation, collaboration, and sustainable knowledge exchange in the development of the halal industry.

Finally, periodic evaluation and monitoring of the development of the halal industry needs to be carried out to measure the effectiveness of the programs that have been implemented. The results of this evaluation can be used as a basis for improvement and development of more effective policies in the future. With these various efforts, it is hoped that the halal industry in Central Tapanuli can develop significantly and make a greater contribution to regional economic growth.

#### **D. CONCLUSION**

The halal industry contributes significantly to economic growth in Central Tapanuli Regency through increasing GDP, creating jobs, and increasing people's purchasing power, especially in the food sector.



Although halal certification increases consumer confidence, challenges such as low awareness of business actors, limited infrastructure, and lack of product innovation still hinder development. To improve the halal industry, continuous education, simplification of the certification process, human resource training, infrastructure development, access to sharia financing, and product promotion in a wider market are needed. Synergy between the government, business actors, and the community, as well as periodic evaluations, is the key to encouraging sustainable halal industry growth and having a positive impact on the regional economy.

The suggestion for the development of the halal industry in Central Tapanuli Regency is to increase the awareness of business actors about the importance of halal certification through more intensive education and socialization, as well as to simplify the certification process by providing digital-based services to overcome accessibility constraints. Local governments need to develop halal industry centers equipped with production and training facilities, as well as strengthen financing support through Islamic financial institutions for small and medium business actors. In addition, there is a need for more competitive product innovation and wider promotion to introduce halal products to the national and international markets, as well as conduct periodic evaluations to ensure that the programs implemented are effective in encouraging the growth of the halal industry and improving the regional economy.

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