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WORD COUNT

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CHARACTER COUNT

**17861 Characters**

PAGE COUNT

**6 Pages**

FILE SIZE

**141.8KB**

SUBMISSION DATE

**Jan 19, 2023 10:21 AM GMT+7**

REPORT DATE

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# The Halal Branding in International Trade of Edamame Soybean Agricultural Products

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(Received : June 11, 2021; Accepted : August 16, 2021)

## ABSTRACT

This paper talks specifically about edamame soybean products that have a Halal Assurance System (HAS) certificate. So far, producers only talked about halal certificates, but now they may be able to have HAS certificates, because if they didn't have SJH, their products couldn't be exported abroad. Through qualitative research methods, this study aimed at exploring halal branding through its process and trade in the export market. Given that Indonesia has a lot of cooperation, making it easier for companies to cooperate with each other in improving the export quality of edamame products. Edamame products are not only local soybean products but also export soybean products. The presence of differentiation in products can be seen from halal branding which has recently emerged as a new phenomenon in the world of business and trade. This phenomenon arose due to the reaction of producers to consumer demand (requirement buyers). The phenomenon of the shift in consumer demand patterns that started from the pattern of religiosity was captured by producers as a new business opportunity in order to compete in both local and international markets. So, producers innovated agricultural products by adding "halal" attributes as a form of responsiveness to consumer demand. The shift in consumer demand can be seen in changes in consumption behaviour that appear, namely, the presence of consumer concern for food labelled halal.

**Key words** : Differentiation, halal, buyer requirements

## INTRODUCTION

The presence of differentiation in products can be seen from halal branding which has recently emerged as a new phenomenon in the world of business and trade (Afzaal *et al.*, 2018). This phenomenon arose due to the reaction of producers to consumer demand (Khan *et al.*, 2017). The phenomenon of the shift in consumer demand patterns that started from the pattern of religiosity was captured by producers as a new business opportunity in order to compete in both local and international markets (Ibrahim and Ismail, 2015). So, manufacturers innovate their products by adding the attribute "halal" as a form of responsiveness to consumer demand (Shnyrkova and Predvoditeleva, 2019). The shift in consumer demand was seen in changed consumption behaviour that appears, namely, the presence of consumer concern for food labelled halal, not only labelled halal but consumers want production transparency to strengthen the halalness of the products consumed (Muharam and Asutay, 2019). The phenomenon of this behaviour shift began

with a shift in people's religious behaviour which is increasingly religious and cares about health, especially after the presence of COVID-19, concern for clean and hygienic food has become a new lifestyle that must be captured by producers as a business opportunity that must be developed (Alamoodi *et al.*, 2020). The study of the sociology of religion positions humans no longer to be homo economicus, but to become homo Islamicus, namely, humans were not economic creatures, but Islamic creatures, so in all their economic activities they were always guided by the teachings of Islam, namely, the Qur'an and hadith. Tracing this in the implementation of daily religion becomes an accentuation of attitudes in economic behaviour, both production, consumption and distribution (Randeree, 2019).

As halal studies were currently becoming a lifestyle trend, halal and labelling have now become an undeniable economic phenomenon, especially in terms of industry and trade (AbidHaleem *et al.*, 2018). The "halal" study was no longer a mere traditional study of Islamic religiosity that is held in Islamic

boarding schools or taklim assemblies, but has become a global study and practice that anyone can do (Kabir, 2014). Halal was not only a study on a local scale, but has expanded to an international scale (Jaka *et al.*, 2019). The contemporary reality, halal has become a global issue that is used as the main identity in marketing Muslim products, both in the form of goods and services (Hamid *et al.*, 2019). Studies on halal and halal product labelling are currently being carried out by non-Muslim countries that are market-oriented and for the sake of smoothness and sustainability of their trade in Islamic countries (De Boni and Forleo, 2019). It's happening to agricultural product edamame soybean. Although, edamame is agricultural product but it's used to have a branding halal.

Edamame production and development in East Java was still centered currently in Jember. The management of this business is under the subsidiary PTPN X in collaboration with PT Manage Mina Laut, a company that has an export network in Asia and Europe. Other companies managing edamame in Indonesia such as PT Gading Mas Indonesia Teguh (GMIT) under the auspices of PT Austindo Nusantara Jaya Tbk are new players in the management of edamame products since 2014. Initially this company was engaged in palm oil and sago, but starting in 2012 it switched to edamame production, but at the time was only able to become a local producer. Since 2019, he has started exporting frozen edamame products to the Asia Pacific region, facilitated by AJI HK Limited. This fact positions PT MitrataniDuaTujuh as the only edamame exporter that is able to have an international trading network of more than 20 years. On the one hand, PT GMIT is positioned as a new player in the edamame trade and a competitor to PT MitrataniDuaTujuh.

PT MitrataniDuaTujuh is handling production operations to marketing edamame products. The land area of 1,500 hectares for the development of edamame is either owned by PTPN or in partnership with farmers. In 2018, the number of employees of PT MitrataniDuaTujuh was 300 employees. The partnership pattern applied between the company and local farmers having a land area of 1.5 hectares, sufficient and stable water supply, smooth water disposal and producer a minimum of 8 tonnes per hectare. Every

month about 20 containers of edamame with a capacity of 22 tonnes each are exported to foreign countries, especially Japan. Every month around 4,000 to 4,500 tonnes of edamame from Jember manages to penetrate in the international market and becomes the world's consumption.

The presence of halal certificates on edamame products began in 2004, but only in the form of product certification from LPPOM MUI, East Java Province. This certificate can only be used to make sales in the East Java region and cannot be used to trade outside the region or abroad. PT MitrataniDuaTujuh only confirmed the Halal Assurance System (SJH) in 2016 with the aim of expanding its market share and meeting buyer requirements (consumer demands). Since having the HAS certificate, PT MitrataniDuaTujuh has confirmed that its products have halal branding. Companies that are trying to prove that the presence of halal branding as a differentiation strategy can bring trade success both locally and internationally. This paper had two purposes : firstly to explore halal branding for edamame as soybean agricultural product. Usually soybean was certain as halal, but technology made it to be haram. So, halal assurance was important. The second purpose was to explore and describe the trade of edamame as halal soybean in agriculture.

## RESEARCH METHODOLOGY

In describing the qualitative approach, it was necessary to design type of research. This research used the type of narrative or descriptive research. Narrative in research studied the phenomena that occurred in the research location. This study used a descriptive type of research that was developed with explanatory, exploratory and descriptive. The study involved multiple sources of information (e. g. observations, interviews, audiovisual materials and documents from various reports), and reported descriptions. International trade using halal branding in agriculture product was an interesting phenomenon that needed to be explored. This study traced the overall halal branding that was carried out, in addition to the strategy of increasing sales volume after doing halal branding and international trade models using halal branding.

This study chose a place at PT.

MitrataniDuaTujuh Jember with the reason that a subsidiary owned by state-owned PTPN X in collaboration with PT Manage Mina Laut manages products that were already export competitive and became the mainstay of Jember Regency. The location selection was also based on the phenomenon of the superiority of PT MitrataniDuaTujuh which successfully exported an average of 40 containers of edamame per month to several destination countries. The main destination countries are Japan, while the others are Malaysia, Singapore, United States of America, Australia, several countries in Europe, in the Middle East and other countries. Edamame production PT MitrataniDuaTujuh successfully produced 11,500 tonnes per year for export and local purposes. About 3000 tonnes were absorbed by the local market. So far, Japan's demand for edamame was around 75,000 tonnes per year.

Jember was chosen as the location for edamame development because of its fertile agricultural land and plantations including adequate irrigation facilities, as well as the availability of sufficient and supportive labour to develop agriculture. PT MitrataniDuaTujuh is located precisely on Jl. Brawijaya 83, MangliJember with a land area of 4.2 hectares. Main products other than edamame exported include okra, eggplant, sweet potato, radish, long beans and chickpeas.

The choice of location was not only due to the fact that edamame products were already export products, but also because of the halal branding carried out by PT Mitratani, in addition, already had a HACCP and BRC certificate. The existence of quality control owned by PT MitrataniDuaTujuh showed that the company guaranteed the safety of products to be sold in both international and local markets. PT MitrataniDuaTujuh was a pioneer in the presence of edamame products with a halal guarantee system.

In this study, researchers determined the object of research in PT MitrataniDuaTujuh Jember Regency. The researchers were given permission letter to PT MitrataniDuaTujuh to carry out data collection. The data were taken in the way the researcher desired. The researcher established intimacy with the informants, though initially the researchers did not know the informants. Due to closeness, researchers were allowed to enter the

production room. So, researchers saw the process of making edamame from upstream to downstream and ensure that "halal" was really understood in the context of the production process.

In order of perfection, the data were then collected by means of interviews. Interview was a technique of extracting information from informants by asking questions and communicating directly. In this study, the type of interview technique used was in-depth interviews. In conducting interviews, researchers had a draft of questions as a guide. So, the interview was called a semi-structured interview. Researchers first made interview guidelines according to research needs. The collected data were analyzed as source triangulation and method triangulation. Source triangulation was to compare the data obtained from one informant and cross-checking with other informants in order to obtain valid data. Researchers confirmed the validity of the obtained data.

## RESULTS AND DISCUSSION

Branding halal was actually carried out by PT MitrataniDuaTujuh since 2004, but the halal certificate was still local. The data were obtained from interviews with Mr. Yudi, a halal supervisor at PT MitrataniDuaTujuh, Jember Regency, Mrs. Neny from the marketing division and Mrs. Ida from the QC division, that Halal certification obtained by PT MitrataniDuaTujuh only came from LPPOM East Java. It was not for national or international trade so the products were not to be recognized for their halal certificates in national or international trade. However, the halal certificate was recognized by the international community due to quality, therefore, the products were easily competing in the international market.

In 2016, the Halal Product Guarantee Law No. 33 of 2014, PT MitrataniDuaTujuh proposed standardization with a Halal System Assurance certificate (SJH). Since then PT MitrataniDuaTujuh was participating in halal certification training conducted by the central LPPOM MUI, namely, the SJH (Halal Assurance System). Now, PT MitrataniDuaTujuh was committed not to just having products with a halal label, but there was a halal branding process from upstream to downstream

products. PT MitrataniDuaTujuh was committed to leading and excelling in terms of quality food products. It can be seen that halal certification with SJH had more detailed rules, not only in terms of the halalness of its products but also in terms of food safety. This HAS certificate followed the standard of HAS 23000. The halal assurance system (HAS) was an obligation for every company that had food products, especially those with export markets. There were at least 11 points in the assessment from HAS.

The management of HAS by PT MitrataniDuaTujuh was carried out due to requests from consumers and export destination countries. This motivation made PT MitrataniDuaTujuh committed to doing halal branding on its products. The branding process was seen starting from the submission process, to the implementation process and the evaluation or audit process.

Apart from that process, there was also a production process that used halal in every process :

1. Screening, the process of separating edamame from dirt, there was a checklist from the audit team to separate contaminated goods.
2. Washing I, washing edamame so that it became halal food.
3. Washing II, washing safe with chlorine to halal levels.
4. Gradding, sorting process to select the quality of edamame, starting from Grade 1, Grade 2, etc.
5. Washing, re-washing edamame products.
6. Blanching, the process of cooking in the machine for 2 min 30 sec at 120°C.

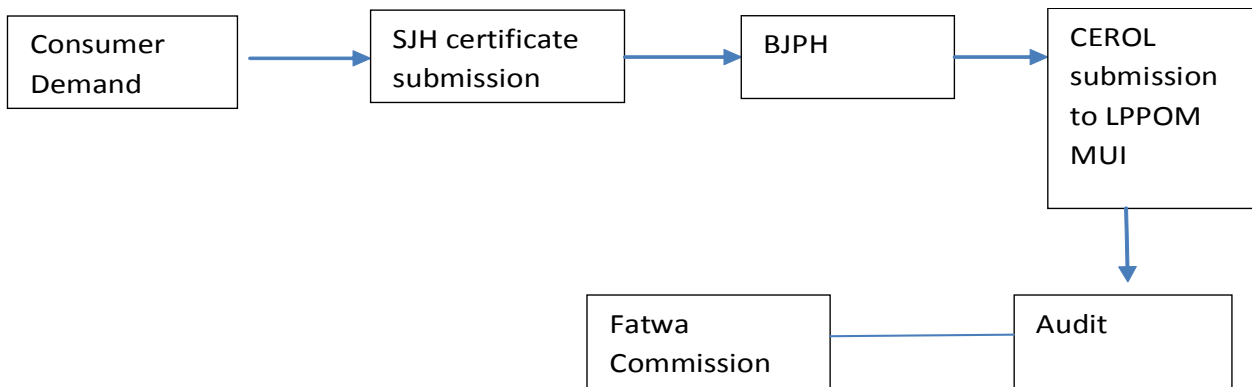
In this process, no substances were added, so the edamame remained fresh.

7. Cooling 1, the edamame cooling process, so that it did not take too long to cook.
8. Cooling 2, the cooling process to prepare for the freezing process.
9. Elevating, the process of removing water so that it did not contain a lot of water.
10. Dewatering, drying edamame before entering IQF.
11. IQF (Individual Quick Freezing), the process of freezing edamame quickly for 8 min.
12. Packaging, it must be ensured that the raw materials for packaging were halal and free from chemical contamination.
13. In transportation process, it was ensured that the vehicle was free from najis contamination, especially from livestock.

Thus, branding halal changed every process in edamame agricultural trade. Every process was followed in HAS. The process showed that PT MitrataniDuaTujuh processed agricultural product soybean to be halal product by using halal value chain. It meant every process and network was halal.

So far, PT MitrataniDuaTujuh, before having a SJH certificate, did not dare to build a broad trading pattern, except for the Japanese market, because Japan never required a halal certificate. In conducting this trade, PT MitrataniDuaTujuh cooperated with traders or buyers in Japan and in other countries. Initially PT MitrataniDuaTujuh collaborated with JETRO (Japan External Trading

The pictures of the halal branding process at PT MitrataniDuaTujuh



Organization), but since having SJH has expanded its market to the Middle East, UAE, Malaysia, Singapore, Australia and so on. In marketing its products, PT MitrataniDuaTujuh conducted exhibitions both locally and internationally, attending events held both locally and internationally. Trade Expo was one of the events participated by PT MitrataniDuaTujuh, since having SJH, halal product expos were followed, such as the FeSyar event. At exhibition moments, business owners were given the opportunity to present the results of their bids. The following were the stages of international trade in edamame products :

- (a) Buyer orders entered PT Mitratani by submitting an RPO (repurchase order) document.
- (b) Product checking and shipping transportation was carried out by PT Mitratani.
- (c) PT Mitratani conducted “booking confirmation”, related to shipping by container by scheduling ships to depart.
- (d) Determination of stuffing was ordering a container car or truck that carried goods. Halal logistics was considered here.
- (e) Plant quarantine checks to see plant health.
- (f) Rent containers and trucks by contacting shipping companies.
- (g) Preparation of documents consisting of invoices, Packing list, PEB and beneficiary’s certificate.
- (h) The stuffing process was done by loading export goods into containers. A phytosanitary certificate was issued to the product owner and his proxies.
- (i) Trucking insurance for protection.
- (j) The ship after departing must issue a Bill of Loading as proof of payment and transportation documents.
- (k) In withdrawing money, there must be LC, B/L and phytosanitary certificate.
- (l) PT Mtrtani documents sent to correspondent bank.

The international trade model for edamame products used the usual model, meaning the same in exports. The difference was only when entering a market which required a halal

certificate, the inspection was more stringent. In addition, PT Mitratani also utilized international networks, so that its products were sold and accepted in those countries.

## CONCLUSION

Halal branding used every aspect. In agriculture, for example, edamame, halal branding had some advantages for agricultural trade. In halal branding for soybean to give assurance to consumers that edamame was one kind of soybean having halal assurance system was higienic and healthy product.

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