

Implementation of Halal Strategy in Tile Home Industry as an Effort to Increase Competitiveness in Tulungagung Regency and Trenggalek Regency

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ABSTRACT

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The roof tile home industry in Kediri faces competition from manufacturer-produced rooftops, requiring effective strategies to remain competitive. This qualitative study reveals that: (1) Entrepreneurs collaborate on raw materials and use various payment systems; (2) Marketing varies by region, with limited online adoption due to low social media skills; (3) Internal factors like product quality and pricing, and external competition from alternative materials (e.g., galvalum), impact the industry. Innovation and capacity-building are essential for sustainability.

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INTRODUCTION

In the current era of globalization, business and business competition is very tight. Therefore, every business entrepreneur must have sensitivity to changes in business competition conditions that occur in his environment and set an orientation towards the ability to attract satisfaction in buying in order to successfully run his business. The more small and large business developments that emerge result in an increase in the number of businesses of a similar nature which causes tighter competition. Therefore, companies are required to be able to provide something valuable and can give a good impression to consumers.

Intense competition in the industry requires every business stakeholder to remain observant in seeing the prospects and opportunities for environmental changes. One way to anticipate environmental changes is to determine the right strategy for each decision taken. The important meaning in determining strategy is to take different actions from competing companies in one industry in order to achieve a better position. Broadly speaking, strategies are designed to adjust between company competencies and external demands in an industry.

The strategic aspect includes how to develop a business by improving product quality, creating new products, or cooperating with several related parties. The development of a business is the responsibility of every entrepreneur or entrepreneur who requires foresight, motivation and creativity. (Pandji, 2007: 66).

Development (UMKM) can be defined as an effort to advance or improve or improve something that already exists so that it has a higher value. In Indonesia, the position of micro, small and medium enterprises (MSMEs) has long been recognized as a very important business sector, due to its various real roles in the economy. Starting from the formation of GDP of around 63.58%, its ability to absorb labor of 99.45% or the very large number of business units involved, which is around 99.84% of all existing business units, so that the share is quite significant in the total export value, which reaches 18.72%.

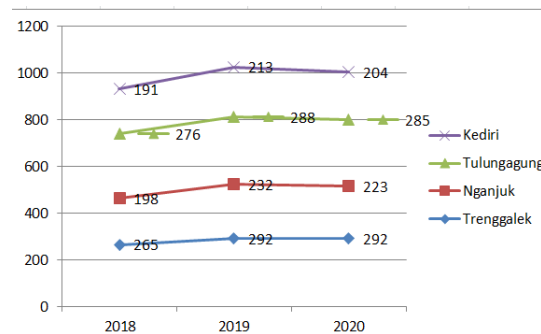
In addition, the existence of MSMEs itself is one of the alternative efforts to reduce poverty through the empowerment of MSMEs, which have proven to have relatively strong resilience in the face of the economic crisis experienced by the Indonesian people. Although we all realize that MSMEs received less attention in Indonesia before the crisis broke out in 1997. However, since the economic crisis hit Indonesia (which has collapsed many large businesses) most SMEs have survived, even the number has increased rapidly, attention to MSMEs has become greater, the strength of MSMEs is also supported by their capital structure which depends more on their own capital

(73%), 4% private banks, 11% government banks, and 3% suppliers. (Pramiyanti, 2008: 3)

In developing a local home industry business, a strategy is needed to build relationships with consumers, so that consumers can become loyal and not move to competitors or factory-made rooftop business actors.

The development of the local roof tile home industry in East Java since 2018 to 2021, especially the Kediri Karisidenan, has decreased. Some home industry owners were forced out of business due to the tight competition between traders. In addition, during the Covid 19 pandemic, several roof tile entrepreneurs complained about the decline in roof tile orders.

Figure 1. Growth of Kediri Karisidenan Roof Tile Home Industry



Source: BPS data, processed 2022

Based on the data in figure 1, the development of roof tiles in the Kediri Residency has decreased throughout 2018 to 2020. The largest number of local roof tile home industries is in Trenggalek Regency, reaching 292 in 2020. Followed by Tulungagung Regency with 285 local roof tile home industries. Next, followed by Nganjuk Regency with 223 units and in Kediri Regency with 204 local roof tile home industries.

The emergence of rooftop developments in Indonesia is very competitive between existing local products. Compared to a number of other countries, the use of Rooftop Solar Power Plants (PLTS) aka PLTS Atap in Indonesia is still lagging behind. Even so, the use of PLTS Atap is increasingly in demand. This can be seen from the number of installed PLTS Atap which has increased quite significantly both monthly and annually. Head of the Engineering and Environment Sub-Directorate of Various EBT of the Ministry of Energy and Mineral Resources Martha Relitha Sibarani explained that the use of Rooftop PLTS continues to increase to reach 1,580 customers by December 2019. She explained that in January 2018 the number of Rooftop PLTS users was only 351 customers, then increased to 609 customers by the end of 2018. This means that the number of Rooftop PLTA users has more than doubled annually. One of the obstacles

for the industry is capacity charge, and the Permen (Minister of Energy and Mineral Resources Regulation) was only issued at the end of last year, they are just feeling it.

Martha claims that her party will continue to encourage the use of Rooftop PLTS while observing its development. She said that the government will see what obstacles hinder the use of Rooftop PLTS, and what alternative solutions can be provided. Including by changing regulations if necessary. Martha described that in November 2018 her party had issued ESDM Ministerial Regulation Number 49 of 2018 concerning the use of the Rooftop PLTS system by PT PLN (Persero) consumers. By considering a number of inputs, said Martha, the policy was then changed twice in ESDM Ministerial Regulation Number 13 of 2019 and ESDM Ministerial Regulation Number 16 of 2019. We first see what the obstacles are, what we can consider. There are several things we do to increase the use of Rooftop PLTS.

Figure 2. Growth in Rooftop Use



Source: IESR

From the IESR figure 2 above, it is shown that the use of rooftop scales has increased since 2019. Furthermore, based on research conducted by UNAIR News, rooftop PV users in Indonesia are in the areas of Jakarta, Banten, West Java, East Java, and Bali.

In the analysis of the installation of rooftop PV roofs which are increasingly in demand, this will also have an impact on the development of the local roof tile home industry in the Kediri Residency. The threat of using rooftops on a large scale will indirectly shift the use of tile roofs. The main material of roof tiles, which is clay, if continued on a large scale will also have an impact on natural resources which are increasingly decreasing. Therefore, the initiation of the use of rooftop roofs is given more attention in its use.

Halal certification is often identified with food products, but currently halal certification has also spread to other sectors, including non-food products. The application of halal strategy to roof tile products is believed to provide added value, considering the increasing trend of consumer awareness of products that are labeled halal and safe. The implementation of halal strategy in the roof tile industry is expected to increase the competitiveness of local products, both in the domestic and international

markets. Halal recognition can be a product differentiation that attracts consumer interest, especially for market segments that care about the halal production process, cleanliness, and product quality. Adopting a halal strategy is not without challenges, especially in terms of certification costs, changes in the production process, and education of small business actors regarding halal requirements. However, if implemented properly, this strategy can open up opportunities for market expansion, both domestically and for export.

Local home industries in rural areas are known as additional sources of family income and also as a support for agricultural activities which are the main livelihood of most rural communities. In this case, the economy in East Java, especially in Trenggalek Regency and Tulungagung Regency can be seen from the development of the local roof tile industry, which is one of the local goods producing industries that is growing rapidly but is slightly extinct due to the production of factory-made rooftops. Therefore, the local roof tile product industry in order not to be left behind in business development, how we must have a strong appeal so as not to be left behind in the original local products of Trenggalek and Tulungagung Regencies themselves. In maintaining reliable production quality, good promotion is very necessary for professional work management to bring prosperity to various parties in the local business.

In the field of local roof tile production here, we don't need to worry about the results, we can directly see and know directly from the direct manufacturing system, paying attention to the manufacturing patterns and strength methods of the local products. And compared to factory-made rooftops, we can't see them directly, from seeing the manufacturing processes and their own strength. From here we can see and understand the results expected by consumers who want to strengthen and develop the business of these local products or follow simpler trends.

From several opinions of local roof tile production owners in the Kediri residency, they are now experiencing initial competition. (Hamid: Trenggalek Roof Tile Entrepreneur, 2022) Local home industry entrepreneurs in general must also be considered to provide breakthroughs in order to continue to exist in strengthening the economic aspect of marketing in the special area of the Kediri residency. (Pani: Tulungagung Roof Tile Entrepreneur, 2022) When viewed from the values of business ethics in the needs of the community, the marketing value of local roof tile business owners and comparisons that sell rooftops. However, compared to shop owners who sell different rooftops, the owner can negotiate at a price that cannot be determined, because he returns the purchase capital. Different from local industry owners, because he relies on his own processed goods and the strength of his workers. (Excerpt: Kediri Roof Tile Entrepreneur, 2022).

After seeing and knowing the extent of the competition of local roof tile production in the Kediri residency and the existence of factory-made rooftops. Researchers are interested in conducting more in-depth and further research on the Local Roof Tile business in Tulungagung Regency and Trenggalek Regency, which have more rapid business development than other roof tile businesses in the Kediri Residency.

RESEARCH METHOD

Based on this research including field research. The research was conducted in the Local Home Industry of Tulungagung Regency and Trenggalek Regency. Then the approach used according to the type of data, this research approach is qualitative. Qualitative research is a research procedure that produces descriptive data in the form of written or spoken words of a person or observed behavior (Moleong, 2007).

The location of the study was in the home industry of roof tiles in Tulungagung Regency and Trenggalek Regency. The researcher chose the location in Tulungagung Regency and Trenggalek Regency because when viewed from the development of the business in Tulungagung Regency and Trenggalek Regency, the home industry of roof tiles in Trenggalek Regency and Tulungagung Regency has increased quite rapidly and has the uniqueness of the availability of raw materials for roof tiles or natural resources, namely clay which is still abundant. The researcher used exploratory research, namely the field orientation of the location being studied regarding the details of the data from observations, to find ways to approach or how to respond to questions or comments from each and tried to be accounted for in the following description (Muhajir, 2001).

This data source was obtained by means of in-depth interviews with the owners of the Local Roof Tile Home Industry in Tulungagung Regency and Trenggalek Regency. Related to secondary data sources, researchers used books, articles, archives, magazines that discuss distribution channels and strategy determination. Researchers used several data collection methods, namely: [1] Interview Method, [2] observation method, and [3] Documentation.

RESULT AND DISCUSSION

The home industry economic system is an economic system to protect against economic or trade activities in a local community environment, which is managed by each business owner themselves. To run and develop a home industry system, there needs to be mature preparation related to the system's policies. Such as preparation in every person who has a roof tile production must have clear quality and excellence, from the owner or workers who will help manage it.

Therefore, in developing a local roof tile home industry business and roof tile marketing, a clear strategic design is needed. In every roof tile industry in Tulungagung Regency and Trenggalek Regency.

Implementation of Halal Strategy for Local Roof Tile Home Industry in Tulungagung Regency and Trenggalek Regency

Based on the data obtained, the readiness of roof tile industry players in Tulungagung and Trenggalek varies. Several small to medium-scale industries have shown interest in implementing halal certification, especially because they see it as an opportunity to increase competitiveness. However, obstacles such as limited understanding of halal requirements and certification costs are still major obstacles. The roof tile industry that has implemented a halal strategy has made various adjustments in its production process. For example, changes in the selection of raw materials to be free from substances that are not permitted in halal standards and implementing stricter cleanliness standards. In addition, business actors also undergo training related to halal production procedures and receive support from related institutions.

The implementation of halal strategy has been proven to have a positive impact on the competitiveness of roof tile products. Respondents from among consumers showed greater interest in products that have halal certification, on the grounds that the quality and safety of production are more guaranteed. This also has an impact on the positive image of the local industry which is increasingly seen as a professional and trusted business actor. The implementation of halal strategy also has an impact on increasing demand, especially from consumers who care about halal certification. This makes halal-certified roof tile products more competitive, even potentially entering a wider market, both in the national and international markets. This shows that the implementation of halal strategy can open up wider expansion opportunities for the roof tile home industry.

Despite challenges, such as additional costs to obtain halal certification and limited technical knowledge of business actors, support from local governments and certification bodies helps overcome these obstacles. Assistance in the form of training, certification cost subsidies, and technical assistance allows home industries to overcome these obstacles. Implementing a halal strategy in the roof tile industry in Tulungagung and Trenggalek can be an innovative solution to increase competitiveness. With support from related parties and awareness of industry players regarding the importance of a halal strategy, local roof tile products can gain a stronger position in the market. The implication shows that halal certification for non-food products not only increases sales value but also strengthens the positive image of the local industry.

Local Roof Tile Home Industry Business Development Strategy in Tulungagung Regency and Trenggalek Regency

In reality, home industries are able to survive and anticipate economic downturns that result in inflation and various other causal factors. Without subsidies and protection, home industries are able to increase the value of foreign exchange for the country. Meanwhile, the informal sector is able to act as a buffer in the economy of the lower classes.

Although it is not visible, each small business is interdependent with other small businesses morally and in the spirit of trying. Various efforts to develop businesses are carried out by home industries in order to survive amidst tight business competition. The development of home industry-based businesses such as roof tiles must be based on careful planning, creative ideas in business in order to develop the business.

Economic development carried out by each roof tile industry in the Kediri Residency can have an impact on increasing the economy of the surrounding community. To support the local roof tile home industry in the Kediri Residency, it must be prepared carefully regarding how to control marketing, management, HR development and product development. Each roof tile entrepreneur has regulations in carrying out development, market competition and marketing. Between roof tile entrepreneurs, one helps another regarding roof tile raw materials. In order to review roof tile sales, roof tile home industry entrepreneurs have a negotiation system and several payment methods such as transfers, installment payment systems, and direct payment systems.

Independence in business development from an Islamic perspective can be seen in the Kediri Residency Roof Tile Home Industry business. This includes the principles of Islamic economics which are the ethics in running the Kediri Residency Roof Tile business unit which is managed by each roof tile entrepreneur, including: [1] Shidiq, [2] al-Adl, [3] Amanah, and [4] Keeping promises and not cheating. Home industry roof tile entrepreneurs who apply the principles of Shidiq, al-Adl, Amanah and do not cheat have a tendency to consumer loyalty. Some consumers will repurchase roof tile products. Loyal consumers will provide recommendations to others, so that roof tile entrepreneurs rely on word of mouth promotion.

Developing a business is the responsibility of every entrepreneur or entrepreneur who needs foresight, motivation and creativity. Local home industry roof tile business actors in Tuungagung Regency and Trenggalek Regency try to maximize ideas or creativity in selling products in order to develop their business.

Some roof tile entrepreneurs do not use an online marketing system because the owner's inability to operate social media. However, the home industry roof tile business can continue to run due to word of mouth promotion which is balanced with good quality roof tiles. For home industry roof tile entrepreneurs, the Covid-19 pandemic has

a major impact on drastically decreasing sales. Furthermore, for entrepreneurs who use an online marketing system, they have a wide reach and access to reach target consumers.

The role of entrepreneurs has a major impact on increasing business. Strategically, business development can increase competitiveness because it has a real role in determining the relative cost position and relative differentiation.

The development of local roof tile home industry business in Kediri Regency must be able to have ideas or ideas to improve the business. With the development and marketing with new systems and methods and sophisticated systems such as online marketing and cash or transfer transaction systems and maintaining skills, good quality management of roof tiles will help increase production and sales in the local roof tile home industry in Tulungagung Regency and Trenggalek Regency.

Inhibiting and Supporting Factors for the Development of Home Industry Roof Tile Business in Tulungagung Regency and Trenggalek Regency

In addition to having the same good quality and supported by the success of running existing entrepreneurial management, then the progress of the era is an economic principle that has been implemented since its inception and until now is a good thing and needs to innovate in every sector of the roof tile industry. It is undeniable that in developing a home industry roof tile business there are obstacles and supporters in implementing competitive strategies.

The inhibiting factor in the development of a home industry roof tile business in Tulungagung Regency and Trenggalek Regency is the main raw material of clay roof tiles which is a non-renewable natural resource and can run out. When compared to artificial rooftops, roof tiles are more easily moldy or mossy so they need extra care. This is what makes people prefer to use other products to replace roof tiles such as using artificial rooftops. In addition, installing roof tiles takes quite a long time when compared to installing rooftops.

The proper utilization of human resources and natural resources regarding understanding the potential can be fully explored and utilized. The essential thing of business development strategy is the management and utilization of full and continuous human resources so that they can work optimally, effectively and productively in achieving organizational or company goals. At this stage, roof tile entrepreneurs in Tulungagung Regency are trying to minimize obstacles to business development by: choosing a clay excavation location on a valley or mountain cliff that has good kaolin compounds for making roof tiles. Furthermore, to maintain soil quality, business owners must change the location of the excavation every time the excavation location is deemed deep enough. When compared to artificial rooftops, roof tiles have the advantage of being stronger, more sturdy and not noisy when exposed to rain.

The development of the roof tile home industry business will run optimally if it can read the characteristics of the roof tile product and the conditions of market competition that occur. Although other products have emerged to replace roof tiles such as artificial rooftops, home industry roof tile products still survive and are in great demand in the community because roof tiles have the image of a sturdy, strong and leak-proof roof when compared to other products.

In the form of market competition from every roof tile production entrepreneur in the Kediri Residency, it is important to see the extent of the impact that entrepreneurs can feel to encourage economic growth. Each region has a different system in terms of marketing.

It is undeniable that the aspect of competition is an inhibiting factor in marketing the results of the goods produced, starting from competitors from goods that have the same purpose or use. There are 2 factors of competition in the roof tile industry, namely internal and external factors.

Internal factors include several entrepreneurs in the same field, namely roof tiles, both from the surrounding area or from outside the area, some of whom have distinctive characteristics in the form they make, such as quality, quantity, motifs, and prices that are relatively different.

External factors include several large industries that produce goods that have the same uses as Rooftop (Galvalum, and Esbes and others), which are currently more likely to be used by the public compared to roof tiles, because they are more likely to be cost and time efficient. In essence, the quality and quantity of goods produced play an important role in captivating consumers.

The weaknesses for managers of a small industry include internal factors from the home industry itself. For local roof tile home industries in the Kediri Residency, this weakness lies in the characteristics of the similarity of production products. Therefore, entrepreneurs must be balanced with a mature strategy to be able to compete, such as developing quality, quantity, motifs, and prices.

Based on the explanation above, it can be concluded that in order for local roof tile home industry entrepreneurs in the Kediri Residency to be able to survive in tight competition, internal factor problems must be balanced with the right marketing strategy. This strategy can be in the form of using online media and the right quality, quantity, motifs, and prices.

Competition in Home Industry Roof Tile Business in Trenggalek and Tulungagung Regencies

Imperfect market competition occurs because roof tiles and rooftops have different prices and types of products, although functionally they are roof products. The

higher the level of competition, the more complex the market and consumers who are starting to be critical of the market, resulting in marketing activities that really need to be carried out professionally. With good marketing, a good competitive strategy will be obtained. Imperfect market competition occurs because roof tiles and rooftops have different prices and types of products, although functionally they are roof products.

The weaknesses for managers of a small industry include internal factors from the home industry itself. For local roof tile home industries in the Kediri Residency, this weakness lies in the characteristics of the similarity of production products. It is undeniable that the aspect of competition is an inhibiting factor in marketing the results of goods produced, starting from competitors from goods that have the same purpose or use. There are 2 factors of competition in the roof tile industry, namely internal and external factors.

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External factors include, several large industries that produce goods that have the same use as, Rooftop (Galvalum, and Esbes and others), which at this time tend to be used more by the community compared to tiles, because they tend to be more efficient in cost and time. In essence, the quality and quantity of goods produced play an important role in captivating the hearts of consumers.

CONCLUSION

Implementation of halal strategy in roof tile industry in Tulungagung and Trenggalek can be an innovative solution to increase competitiveness. With the support of related parties and awareness of industry players towards the importance of halal strategy, local roof tile products can gain a stronger position in the market. Halal certification in non-food products not only increases the selling value but also strengthens the positive image of the local industry. The role of the roof tile industry in the development of local roof tile home industry business in Tulungagung Regency and Trenggalek Regency is filled with rules that are strengthened by the Islamic economic system in it by implementing the following elements: [1] Behaving Well (Shidiq), [2] Behaving Fairly (al-Adl), [3] Honest and Trustworthy (Amanah), [4] Keeping Promises and Not Cheating. Each region in Tulungagung Regency and Trenggalek Regency has a different system in terms of marketing. Some roof tile entrepreneurs do not use online marketing systems because the owners are unable to operate social media. The home

industry roof tile business can continue to run due to word of mouth promotion balanced with good quality roof tiles. For entrepreneurs who use an online marketing system, they have a wide reach and access to reach target consumers.

Inhibiting factors in the development of the home industry roof tile business in Tulungagung Regency and Trenggalek Regency are related to the availability of non-renewable natural resource raw materials, as well as the nature of roof tile products that grow moldy/mossy more quickly and the installation of roof tiles takes a long time. Furthermore, supporting factors in the development of the home industry roof tile business in Tulungagung Regency and Trenggalek Regency are the selection of the location of the land excavation, maintaining the quality of the soil and the nature of the roof tiles which are strong/sturdy, not noisy and not easily leaking.

Imperfect market competition occurs because roof tiles and rooftops have different prices and types of products even though they are functionally roof products. There are 2 competition factors in the roof tile industry, namely internal and external factors, including the following: [1] Internal factors include several entrepreneurs in the same field, namely roof tiles, both from the surrounding area or from outside the area, some of whom have distinctive characteristics in the form they make, such as quality, quantity, motifs, and relatively different prices. [2] External factors include several large industries that produce goods that have the same use as Rooftop (Galvalum, and Esbes and others), which are currently more likely to be used by the public compared to roof tiles, because they are more likely to be used because of cost and time efficiency. In essence, the quality and quantity of goods produced play an important role in captivating the hearts of consumers. Because basically in the impact of local roof tile market competition and rooftops have the goal of independence to meet their life needs.

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