Innovation, Alliances and Management of Halal Products as Strategies to Increase MSME Competitiveness in the Era of the Covid-19 Pandemic

Dina Juni Marianti¹, Salihah Khairawati², Wijiharta Wijiharta³

¹,²,³ STEI Hamfara Yogyakarta, Indonesia
E-mail:¹junidina6@gmail.com,²salihahkh@steihamfara.ac.id,³mwijih@gmail.com

https://doi.org/10.54099/aijb.v1i2.169

ARTICLE INFO

ABSTRACT

Purpose – This study discusses the efforts made by MSMEs in the culinary field in the aspects of innovation, alliances and halal products to maintain their business during the pandemic, then these efforts are compiled into MSME recommendations to increase the competitiveness of the New Normal Era.

Methodology/approach – This writing uses a descriptive qualitative method using a literature study of Miles Hubermen's data reduction model with trigulation validity. The author conducted semi-structured interviews by determining the object of the interview based on the criteria.

Findings – The results of the writing are that the MSMEs in the culinary field that the writer interviewed did product innovation, organizational innovation and marketing innovation, some made alliances and all participants carried out halal product management.

Novelty/value – This writing contributes to MSMEs to increase the competitiveness of the New Normal Era and improve knowledge, especially the management of product innovation, organizational innovations, marketing innovations, alliances and halal products.

INTRODUCTION

Drastic changes in the business environment affected by Covid-19 (Bairizki et al., 2021), resulting in MSMEs experiencing a decline in sales and some unable to survive being forced to close their businesses. The transition phase of the pandemic to the normal phase causes changes in consumer behavior (Antúnez et al., 2021) namely a decrease in purchasing power and changes in lifestyle that are increasingly paying attention to the halalness, benefits and cleanliness of food products. In this condition, MSMEs are experiencing a post-pandemic transition period. Thus, MSMEs must be able to compete to be able to continue to operate. In addition, MSMEs often experience the problem of lack of innovation, and stagnant businesses (Silaningsih & Utami, 2018). In this condition, MSMEs should have a strategy that can increase competitiveness that can be applied in the New Normal Era. Therefore, this study provides a strategy to increase the competitiveness of SMEs. Therefore, the question of this research is how are the innovation strategies, alliances and management of halal...
products that are recommended to MSMEs in the culinary business to increase the competitiveness of the New Normal Era.

Attention to halal products is one of the great concerns of society. The importance of halal, healthy and clean food has received special attention during the pandemic and the new normal. People's lifestyles that pay more attention to halal and healthy food occur during the pandemic to date, including non-Muslims who are increasingly interested in halal products since the pandemic until now (CNN Indonesia, 2022). To answer the above problems, the author describes the strategy of innovation, alliances and halal products as an effort to increase the competitiveness of SMEs in the New Normal Era. Most of the authors focus on researching how marketing and promotion strategies can survive during a pandemic in general and theoretically without paying attention to aspects of halal values (e.g., Rosmadi, 2021; Utomo et al., 2021). However, very little writing has been done to focus on researching reality and theory, especially product innovation and its halal (e.g., Rasheed, Shahzad, & Nadeem, 2021) and alliances (e.g., Sugiri, 2020).

The majority of research that discusses business during a pandemic only focuses on solving problems in general and overcoming problems during a pandemic without providing strategies that can be applied to SMEs in the New Normal Era. Another thing that is less noticed is that people's lifestyles during the pandemic have changed, which are more concerned with eating halal, healthy and clean food. To describe these problems, the authors conducted a literature study with a literature review of relevant secondary data with data categories of no more than five years, if any, the data was no more than 20% of the total references used. Analysis of the problem to the solution the author did with a qualitative analysis model, conducted interviews by selecting informants according to the criteria.

The author hopes that MSMEs pay more attention to increasing knowledge related to business development. Because this is an effort to increase competitiveness and expand business reach. The strategic management of MSMEs, especially in the culinary field, is analyzed from MSMEs that have been able to successfully survive during the pandemic until the new normal era. This writing contributes to the development of SMEs as a solution to increase competitiveness, especially culinary SMEs in the New Normal Era. The solution given is strategic management.

LITERATURE REVIEW

Product Innovation

Product innovation is defined as the development and introduction of new products or services to the market to meet customer needs and desires (Fitriyani et al., 2020). MSMEs rely on innovative products and services rather than seeking mass production to achieve cost advantage (Utomo et al., 2021). Product innovation can be accepted by the market if it focuses on the wants and needs of market segments. Acceptance of an innovation product is obtained if it gets market attention. When the product is received, potential consumers use it (Wu et al., 2020).

Organizational Innovation

The theory of organizational innovation used is the theory of efficiency and operational costs. Efficiency is the accuracy of the way (effort, work) in carrying out something (by not wasting time, effort, cost), usability, efficiency, skill, and the ability to carry out tasks properly and appropriately (by not wasting time, energy, cost) (Setiawan & Lagarde, 2019). Operational costs are costs in the form of spending money to carry out main activities (Sulistiani et al., 2021). Operating costs or
operational costs are costs that are not directly related to the company's products but are related to the company's daily operating activities (Word, 2018).

Marketing Innovation

Marketing is a social process by which individuals and groups obtain what they need and want by creating, offering and freely trading products of value with others. (Teck Ling & Chyong Ho, 2020). Marketing management is the process of planning and executing the thought, pricing, promotion, and flow of ideas, goods, and services to create exchanges that meet individual and organizational goals. (Tavares et al., 2020). Therefore, marketing focuses on the target consumer or market.

Alliance

A strategic alliance is a collaboration between two or more companies or other business-related parties who work together to achieve strategically significant goals that are mutually beneficial. (Susanto et al., 2019). A form of mutualistic symbiotic relationship carried out by this company to obtain technology to gain access to a specific market, to reduce financial risk, reduce political risk, and to achieve or guarantee competitive advantage. (Seo, 2020). The purpose of the alliance is to maximize internal performance; collect resources; acquire organizational knowledge; and develop or open new markets (Susanto et al., 2019).

Halal Products

The definition of halal products according to Article 1 Number 5 of Government Regulation Number 69 of 1999 concerning Food Labels and Advertisements states that:

"Halal food is food that does not contain elements or materials that are haram or prohibited for consumption by Muslims, both concerning food raw materials, food additives, auxiliary materials and other auxiliary materials including food ingredients that are processed through genetic engineering processes and food irrigation, and whose management is carried out in accordance with the provisions of Islamic religious law".

The evidence regarding haram objects is explained, among others, in the word of Allah in (Surah Al-Maida (5):3-4):

"It is forbidden for you (to eat) carrion, blood, pork, (meat of animals) slaughtered in the name of other than Allah, the strangled, the beaten, the fallen, the horned, and the wild beast devoured, except for those you had time to slaughter, and (haram) for you) who were slaughtered for idols. and (it is also forbidden) to draw fate with arrows, (to draw fate with arrows) is wickedness. Today the disbelievers have given up hope of (overcoming) your religion, so do not fear them and fear Me. This day I have perfected for you your religion, and have completed My favor upon you, and have approved Islam as a religion for you. So whoever is forced because of hunger and unintentionally sinning, verily Allah is Forgiving, Most Merciful."

In addition to the arguments above, there are several other provisions regarding the halal concept. As in the hadith narrated by Ibn Abbas. "The Messenger of Allah (PBUH) forbade eating every wild animal with fangs, and every kind of bird that has claws for gripping." (HR Muslim). The status of consuming animals that eat feces (jallalah) is explained in the hadith narrated by Ibn Umar. Muslims are advised not to eat meat or milk produced by jallalah animals. "The Messenger of Allah (PBUH) forbade meat and milk from jallalah." (Narrated by Ibn Majah).

METHOD

1Meaning: it is permissible to eat food that is forbidden by this verse if you have to.
The focus of this paper is on SMEs in the culinary field of restaurants, cafes and angkringan. This study discusses aspects or innovations that are in accordance with market conditions, alliances to expand business networks and management of halal products. The focus of this paper discusses innovation strategies, alliances and halal product management. Provide strategies that can be applied to SMEs, especially in the culinary field. This writing uses a qualitative approach. The use of a qualitative approach is because the focus of this paper is to dig up facts and explore the efforts made by MSMEs to survive during the pandemic until the new normal era and provide strategic management solutions to MSMEs in the New Normal Era.

The author explores social phenomena, namely SMEs in the culinary field of previous literature and initiates innovation strategies (product, organization and marketing). In addition to using the literature study method, the author uses a semi-structured interview method. Meanwhile, the exploration of social phenomena is carried out using the method phenomenology. Therefore, the data used in this study are primary interview data and secondary literature studies.

This research was conducted by exploring social phenomena (Culinary SMEs) with the phenomenological method. The phenomenological method is carried out by conducting field research first and then concluding the theory from the research (Hadi et al., 2020). In this case, the author first conducted interviews and field observations to examine social phenomena, then the authors linked the results of field research with strategic management theory and then developed it.

The author determines the criteria for the data used. The literature criteria that the researcher uses are literature reviews of accredited national and international journals. The author chooses literature that is relevant to the research theme. The journal criteria used are not more than five years old and accredited. If there is literature that is more than five years old then no more than 80%. Meanwhile, the criteria for the participants who interviewed were the owner or top manager in the culinary field of SMEs (café, angkringan and restaurant); Already operating before the pandemic until the new normal era; has a concept and area to enjoy a food or drink menu.

The author analyzed qualitative data using the Miles Hubberman model. This model includes the stages of reduction, presentation and conclusion–verification (Sugiono, 2018). This stage is carried out until the data is saturated. The following is the analysis of the Miles Huberman method model:

![Picture 1. Miles Hubberman model analysis](image)
RESULTS AND DISCUSSION

This study uses literature and primary data, namely interviews. Interviews were conducted on 18-26, January 2022. The following is a list of participants and interview times:

Restaurant

<table>
<thead>
<tr>
<th>NO</th>
<th>MSME object</th>
<th>Interview Time</th>
<th>Duration</th>
<th>Informant</th>
<th>Culinary Concept</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Luxury Angkringan</td>
<td>18/01/2022</td>
<td>51:84</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Savasana Coffee and Event space</td>
<td>18/01/2022</td>
<td>42:71</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Randu Coffee</td>
<td>20/01/2022</td>
<td>47:39</td>
<td>HR</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Lampung Sambal Warung “Mamak”</td>
<td>20/01/2022</td>
<td>34:09</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bibis Peak Angkringan</td>
<td>21/01/2022</td>
<td>46:48</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Ledok Coffee</td>
<td>21/01/2022</td>
<td>27:34</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>DST Coffee (And So On)</td>
<td>21/01/2022</td>
<td>01:04:05</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Angkringan Lawasan</td>
<td>23/01/2022</td>
<td>41:12</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>D'Monaco</td>
<td>24/01/2022</td>
<td>37:56</td>
<td>HR</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Momoria Caffe And Event Space</td>
<td>26/01/2022</td>
<td>52:16</td>
<td>Owner</td>
<td></td>
</tr>
</tbody>
</table>

Note: A=Angkringan or warung; B=Cafe; C=

RESULTS AND DISCUSSION

Interview Data Analysis Results

<table>
<thead>
<tr>
<th>NO</th>
<th>Nama umkm</th>
<th>Inovation</th>
<th>Innovation Impact</th>
<th>ALIANSI</th>
<th>Alliance Impact</th>
<th>Halal Product Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Angkringan Mewah</td>
<td>Adding new menu or reduce menu</td>
<td>Promoting new menu</td>
<td>Cost Efficiency</td>
<td>Reducing &amp; Avoiding Loss</td>
<td>Menu Supply</td>
</tr>
<tr>
<td>2</td>
<td>Savasana Coffee &amp; Event Space</td>
<td>Creating and adding new menu</td>
<td>Branding new concept, promoting event in social media, cooperatio n with tourism agencies</td>
<td>none</td>
<td>Revenue increased, more popular</td>
<td>Yoga community, selling coffee beans to another coffee shop, travel agencies inviting</td>
</tr>
<tr>
<td>3</td>
<td>Kopi Randu</td>
<td>Developing new menu</td>
<td>Holding event and Employee s</td>
<td>Decreasin g profit</td>
<td>none</td>
<td>none</td>
</tr>
<tr>
<td>No.</td>
<td>Name of Restaurant/Space</td>
<td>Action Taken</td>
<td>Impact on Operations</td>
<td>Sales Impact</td>
<td>Other Notes</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------</td>
<td>--------------</td>
<td>----------------------</td>
<td>--------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Warung Sambal Lampung Mamak</td>
<td>Adding new menu: Meals product from another small tenant</td>
<td>Place renovation for foto spot</td>
<td>Sales Increased</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Angkringan Puncak Bibis</td>
<td>None</td>
<td>Marketing innovation by using shopee food</td>
<td>None</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Kopi Ledok</td>
<td>None</td>
<td>Inviting people to study</td>
<td>Not maximal</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Kopi DST</td>
<td>Developing and Increasing new menu</td>
<td>Having good relationship with customer</td>
<td>Sales Increased</td>
<td>Collaborat ion room</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Angkringan Lawasan</td>
<td>Developing &amp; Increasing new product</td>
<td>Add new service, holding music show events, promoting by social medias</td>
<td>Sales Increased</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>D’Mona co</td>
<td>Adding new menu from customer suggestion</td>
<td>Take away, promoting by influencer</td>
<td>Sales and revenue increased</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Momori a Coffe &amp; Event Space</td>
<td>Replace cheaper raw material, creating and add new menu</td>
<td>Promoting by social medias, cooperatin g with driver online taxi to promoting and delivering customers</td>
<td>Sales and revenue increased</td>
<td>Cooperating with driver online taxi to promoting and delivering customers</td>
<td>None</td>
</tr>
</tbody>
</table>
All MSME participants carry out marketing innovations by increasing convenience, customer satisfaction and expanding marketing reach. In the MSME alliance that collaborates with communities, influencers and partners (such as suppliers), the number of MSMEs collaborating is six out of ten MSME participants. Meanwhile, in product management, the overall (ten) MSME participants manage halal products by ensuring that the raw materials for halal products and the production process do not involve haram materials or tools.

Theory Exploration
Increasing business competitiveness, especially SMEs based on the exploration carried out, namely: the strength of vision; product differentiation; internal development; focus on the market; alliance (networking); and halal products. The exploration that the author did gave the results of the theory or idea. In the theory of competitive advantage, Porter describes it into three aspects of excellence which are better known as generic strategies covering aspects: overall cost leadership, differentiation (differentiation), and focus (focus).(Muhardi, 2004).

After doing exploration, the writer examines that there are several aspects that can be an effort to increase business apart from Potter's theory, so the exploration carried out is to develop Porter's theory. The power of vision in an organization is the foundation, ideals and goals for the business to continue to survive and develop, so that when times are difficult the organization can survive. Product differentiation is to make variations or innovations that have value, are oriented to consumer preferences and good quality so that they can compete with other products. Internal development needs to be carried out with production cost efficiency and operational cost efficiency. Focus on the market, namely marketing management is carried out with a focus on studying segments or markets.

Alliance and halal products. Alliances (networking) are useful for developing businesses such as getting education, collaborating with other businesses, etc., what should be prioritized is an alliance with the aim of gaining knowledge to develop a business. Halal products are a mandatory requirement for the Muslim segment, besides that, a halal lifestyle that pays attention to benefits and cleanliness is a necessity for Muslim consumers.

DISCUSSION
Eight out of ten writing objects had closed their business during the pandemic but returned to operation after some time. The eight MSMEs are: Luxury Angkringan, Randu Coffee, Lampung Sambal Warung “Mamak”, Puncak Bibis Angkringan, Ledok Coffee, DST Coffee, Lawasan Angkringan, D’Monaco and Memorioin Caffe. Even though it was not operating for a while, several MSMEs other than Kopi Ledok had product innovations and/or alliances whose influence was during a pandemic, namely making MSMEs survive during a pandemic and reducing losses.(Tjahjana et al., 2021).

Innovation and alliances can support to increase sales turnover(Garcia-perez et al, 2020). However, problems in business do not only discuss aspects of innovation and alliances but also many things, such as branding, Human Resources and others. Therefore, MSMEs not only need innovation but also need alliances with the aim of education so that they can learn many things to deal with future problems and know how to avoid problems in business.(Jones, 2016).

MSMEs carry out a management activity. Management is concerned with organizing activities, leadership, all work from planning and evaluation. All organizational activities are goal-oriented, created for competitive advantage and profit orientation. In addition to strategic management, MSMEs are also needed as a way to achieve goals. Conditions in the New Normal Era are starting to stabilize and the level of competition is getting higher, on the other hand, MSME income is starting to gradually improve but the conditions are still not the same as before the pandemic. Therefore, in this transitional period, MSMEs need strategic management to develop their businesses and be able to compete in the New Normal Era.

The basis of business strategies to help gain competitive advantage needs to be applied by MSMEs. To achieve competitive advantage requires differentiation (innovation), operational cost efficiency and focus on segments or markets. product innovation aims to provide products that are
unique, have good value and quality so that they are able to meet consumer expectations (Oktavinus et al., 2019). Products that are produced must think about the operational costs of production so that the product can be accepted by the market and has cost efficiency. Businesses have the ultimate goal of profit (profit) and profits are obtained through customers, so the segment or market becomes very important. Therefore, SMEs are advised to focus on segments or markets.

**Strategy to increase competitiveness**

The main problem that occurs in MSMEs during the pandemic is the decline in consumer purchasing power, so that income decreases. Not only decreased, but there were also MSMEs that closed their businesses. From the conclusion of the interview data from the new normal era, the condition of MSMEs is not stable, such as income which is less stable and has not returned to what it was before the pandemic occurred. Another thing that is of concern is the change in people's lifestyles that pay more attention to cleanliness, health, especially halal food that has occurred during the pandemic until now. This is an opportunity for culinary SMEs. In addition, MSMEs need to develop their businesses, MSMEs need alliances or networking to overcome this.

MSME business development should use a management strategy to analyze the internal and external environment as an effort to face competition during the New Normal Era. Strategic management functions in many ways, such as identifying problems, seeing opportunities and developing businesses. By analyzing the opportunities and challenges of the external environment by considering the strengths and weaknesses of SMEs. Therefore, in order to be able to develop their business and face competition, MSMEs need to observe opportunities and challenges by analyzing their strengths and weaknesses to find out how the internal and external conditions (competitors and the environment) are. With this, MSMEs are able to innovate and form new opportunities.

**Product Innovation**

Research before marketing or making product innovations needs to be done in order to find out if the product being marketed can be accepted or not by the target market. Innovation (source owner of Randu Coffee). In addition, the dynamics of the restaurant (culinary business) must continue to develop new menus so that they are more varied and consumers are not bored. In product innovation, it is necessary to ensure that the products to be sold are acceptable to consumers. It is suggested that SMEs should innovate consumer-oriented products.

**Organizational Innovation**

Organizational innovation is recommended for operational efficiency and expenditure costs. The strategy for the culinary business SMEs is operational cost efficiency. These operational costs include production costs as well as operating expenses. What is recommended is to study the financial statements of SMEs. Financial reports for SMEs are usually simple. There are even MSMEs that do not have financial reports. This is a problem because MSMEs do not know how the business conditions are being carried out. Therefore, the main thing that needs to be considered as an effort to increase competitiveness is to carry out financial records. With financial records will help to evaluate the priority components or not.

Currently, there are many simple financial platforms or applications that can facilitate financial recording for MSMEs. By doing financial records, it will be seen which costs can be reduced. Compiling and controlling financial reports quickly and accurately can be done with the help of technology such as online accounting applications that can be a solution to facilitate MSMEs. Manual recording is also possible. In addition to these suggestions, here are some strategic suggestions that can be done by SMEs in the New Normal Era when facing difficult times:
Marketing Innovation

It is recommended to carry out marketing innovations. Such as expanding the marketing area, attracting consumers and digitizing marketing. The focus of marketing is the consumer, so the marketing orientation should adjust to the target market. Marketing innovation can be done by:

Increased comfort and customer satisfaction can be done by creating events, improving facilities and improving services. Expanding Marketing Reach for example by using digital platforms such as the Shopee food platform, Go food etc.

Alliance for SMEs

MSMEs need to develop their businesses. To develop a business, knowledge of business management is needed. Many MSMEs focus on the production of the culinary business, multiplying the menu without thinking about a business expansion strategy to make it even bigger. In addition, operational management needs to be improved and this requires operational management knowledge. Therefore, the important thing that needs to be done by MSMEs is to increase their knowledge to develop their business.

As a result of not developing knowledge and only focusing on daily sales without wanting to increase the level of business, the businesses run by MSMEs tend to stagnate. To overcome these problems, it is recommended that MSMEs build business alliances or networking that aims to increase knowledge about developing business. This can be done by looking at the latest business development strategies carried out by reading and studying. the most important thing is to learn from the experiences shared by successful businessmen. In addition, networking by expanding the network of connections to various parties that can benefit businesses has the opportunity to develop MSME businesses.

Halal Products

Halal product management is by paying attention to product substances and production methods. Pay attention to product substances, namely choosing what raw materials are used. These raw materials must be halal for consumption, such as not containing alcohol. After ensuring that the raw materials used do not contain haram substances, the next step is to pay attention to the raw materials for meat. Especially for meat raw materials such as chicken, beef and mutton or lamb. It is halal meat to eat but can be haram if the slaughtering process is not in accordance with the Shari'a. So it is recommended that UMkm look for a reliable supplier and ensure that the supplier or seller carries out a slaughtering process that is in accordance with the Shari'a.

The production process of halal products needs to be considered and supervised. The production process of the food menu does not use equipment that contains haram. In addition, the production process must be kept clean. The entire production process should be monitored and managed for the cleanliness of the production process.

CONCLUSION

The results of this study focus on the social aspects of strategy. Participants make efforts to compete during the pandemic to the new normal era. These efforts are product innovation by adding variety; Organizational innovation with operational cost efficiency, production efficiency and HR performance improvement; expand marketing network; some of them entered into alliances; and all participants carry out halal product management and pay attention to the cleanliness aspect of the production process. This writing contributes to MSMEs to increase the competitiveness of the New Normal Era and improve Knowledge, especially the management of innovation strategies, alliances and halal products. It is hoped that further studies will be able to formulate strategies for other MSME segments in more detail.
The author suggests SMEs, especially in the culinary field. Conduct product innovations such as developing or make new menu. A varied menu can increase competitiveness. Efficiency and improving performance are done to reduce expenses. Improved HR performance can increase work effectiveness so that HR work becomes efficient. It is recommended to carry out marketing innovations. Such as expanding the marketing area, attracting consumers and digitizing marketing.

REFERENCES


