

## Strategies to Improve the Competitiveness of Local Agricultural Products Through Product Certification and Standardization

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### Abstract

*In today's ever-evolving era, competition in the agricultural sector is getting tougher. Local agricultural products face great challenges in competing with imported products that are often considered to have better quality and wider market access. To overcome this challenge, there needs to be a serious effort to improve the competitiveness of local agricultural products. This study aims to analyze strategies to improve the competitiveness of local agricultural products through product certification and standardization. The method used is descriptive qualitative method with data collection techniques in the form of literature study. Data analysis was carried out in three steps, namely filtering data, presenting data, and making conclusions. The results showed that certification and standardization can improve the competitiveness of local agricultural products by convincing consumers about product quality. Some strategies that can be carried out by the local agricultural sector include implementing the Indonesian National Standard (SNI), halal certification, obtaining Organic Product Certification, meeting international standards, and promoting the certification to consumers. Based on the findings, the benefits of certification and standardization are very positive as an alternative to improve the competitiveness of local agricultural products.*

**Keywords:** *Competitiveness Strategy, Local Agricultural Products, Product Certification and Standardization.*

## INTRODUCTION

Currently, the era of globalization brings significant changes in economic competition which is getting tougher every day. Increased competition between companies and increased consumer intelligence in choosing quality products contribute to this dynamic (Amalia & Pertiwi, 2019). Local agricultural products in Indonesia face great challenges to compete with imported products that are often seen as having better quality and wider market access. The competitiveness of Indonesian agricultural products is still relatively weak. This is due to a heavy reliance on comparative advantages such as the abundance of natural resources and uneducated labor (cost driven factor). As a result, the products produced are mostly primary products that are resource-based and unskilled-labor intensive (Elizabeth, 2019).

To overcome the challenges in improving the competitiveness of local agricultural products, serious efforts need to be made in ensuring the quality and quality of these products. This is driven by the fact that people are now increasingly aware of the importance of the safety of the food they consume, so they set high standards for the food they buy. Product quality is one of the main factors that consumers pay attention to when choosing a product. In (Widyastuti, 2018), organic agricultural products that do not use chemical fertilizers and are free from traces of synthetic chemicals, are often considered to be of better quality and safer for human health. However, although organic products offer these advantages, there are concerns among consumers regarding the authenticity of organic food, which may reduce consumer interest in purchasing such products.

In ensuring that a product is of good quality, it is important to obtain certification in accordance with established standards. Certification and standardization are measures to ensure product quality, safety, and authenticity. Standardization aims to maintain product quality and operational effectiveness, while certification is an

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assessment process that ensures products comply with applicable rules and provides written assurance of product conformity. Both are essential to ensure that products are protected from infringement of intellectual property rights and lawsuits. With certification, consumers will feel more confident about the quality of the products they buy, which can increase market demand (Anita & Iznillah, 2023). Therefore, it is not surprising that standardization and certification are considered effective strategies to improve the competitiveness of local agricultural products.

Previous research conducted by Iriani et al. (2022) revealed that the results of descriptive analysis showed that product standardization influenced the relationship between information technology and competitiveness in MSMEs in Astana Anyar by 42.3%. This finding indicates that product standardization is an important factor affecting the level of competitiveness of MSMEs. This means that product standardization plays a significant role in determining the extent to which information technology can improve the competitiveness of small and medium enterprises in the region.

Another study by Pujiono et al. (2018) analyzed strategies to develop halal MSMEs in Central Java in the face of global competition. The results showed several strategic steps that can improve the competitiveness of halal MSMEs in the region. First, it is important to strengthen halal certification for MSMEs, which ensures that the products produced meet halal standards. In addition, improving the qualifications of human resources (HR) involved in halal MSMEs is also considered crucial. The use of modern technology in accordance with halal product standards, as well as strengthening links with downstream industries, are other important strategies. Product diversification is also recommended to face a competitive market. In addition, increasing the role of religious and educational institutions in educating the Muslim community about halal MSME products is a significant step. Utilizing financial technology (fintech) for financing and product certification and marketing can also support the growth of halal MSMEs. This research also recommends building synergies with related institutions for product innovation, improving branding through technology and information media, and strengthening fiqh studies to ensure halal MSME products comply with religious principles.

This research offers novelty by focusing on strategies that local agricultural product producers can implement to improve the competitiveness of their products, through certification and standardization. The results of this study provide important insights to strengthen the position of local agricultural products in the market. The findings of this study can be used to develop effective recommendations to improve the competitiveness of local agricultural products and formulate policies that support sustainable agricultural development. The main objective of this study is to analyze strategies that can be used to improve the competitiveness of local agricultural products by utilizing product certification and standardization.

## **RESEARCH METHOD**

Research using descriptive qualitative methods. The descriptive qualitative method used aims to provide an in-depth and detailed description of the phenomenon or problem being studied. This approach not only describes the data, but also analyzes and interprets the meaning of the data (Kim et al., 2017). The data collection technique in this study was carried out through a literature study, which is a technique that involves reviewing literature in the library as well as collecting books, written materials, and references that are relevant to the research being conducted (Snyder, 2019). Data analysis in this study involved three main steps: filtering the data, presenting the data, and then making conclusions. Data filtering involves simplifying and focusing data that is relevant to the research focus. Data presentation is the process of organizing data into a format that can be understood and interpreted so that it contains a conclusion. Inference is the final step where the meaning of the data is analyzed to provide answers to the research questions and produce conclusions from the study.

## **DISCUSSION**

Indonesia is known as an agricultural country, which means it has many natural resources both on land and in the waters. This condition supports the agricultural sector with fertile soil and sufficient water resources. The agricultural sector plays a major role in the country's economy, with most of the population working in this field (Wola et al., 2023). Agriculture is a mainstay sector because of its important role in producing food,

contributing to Gross Domestic Product (GDP), providing foreign exchange, absorbing large amounts of labor, and providing significant multiplier effects (Irham & Mulyo, 2016).

Indonesia actually has considerable export potential for agricultural products, but currently its export growth is getting weaker and losing competitiveness in both international and domestic markets. This can be seen from the increasing value of imports from year to year. Imported products are in greater demand, indicating that local products have not been able to meet existing market standards or needs. The increasing value of imports shows that Indonesia is importing more and more goods from abroad, which could be because imported products are considered better quality or cheaper. In addition, domestic products also face intense competition from imported products in the domestic market (Rachmawati & Gunawan, 2020). Domestic products have to compete with imported products in the domestic market, putting pressure on local producers to improve the quality and competitiveness of their products. Therefore, local farmers need to strive to improve the competitiveness of their agricultural products.

According to Rinurwati et al. (2021), competitiveness is the opportunity for a commodity to be more accepted by consumers or markets. The competitiveness of a product refers to the sustainable ability to achieve profits and market share both domestically and abroad. To achieve profit, penetrate the market, and be accepted by consumers in a sustainable manner, efficient management is required. The products sold must meet the needs and interests of consumers in order to be well received. For consumers to be willing to buy or use agricultural products, the products must meet consumer needs with good quality. To ensure product quality, control must be carried out at every stage, from production in the field to the final product that is ready for consumption. This aims to ensure that consumers always get safe, healthy, high-quality ingredients, and make early detection of quality deviations (Prabowo & Rahman, 2016).

Then one way to prove that the product has met the standard is through certification. Certification is an official recognition that the product meets certain requirements, by having certification, the industry can prove to consumers that the product is safe, high quality, and produced with good practices. So, increasing competitiveness can be achieved through certification and standardization. This statement is supported by the results of previous research by Anita & Iznillah (2023), showing that certification partially has a positive effect in increasing the competitiveness of MSMEs. In addition, standardization has a positive effect on sales and competitiveness of MSMEs. Certification and standardization together have a positive and significant impact on increasing sales and the competitive advantage of MSMEs. Based on these results, it shows that certification and standardization of agricultural products can be a strategic step to increase the competitiveness of local products in domestic and international markets. Because with clear certification and standards, local agricultural products will be more easily accepted by consumers because they are considered to have guaranteed quality, are safe for consumption, and meet established requirements.

Agricultural product standards refer to guidelines and rules set by governments or international organizations to measure and establish a certain level of quality that the product must meet. These standards include provisions related to the size, shape, color, hygiene, and nutritional value of agricultural products. The implementation of these standards aims to protect consumers, facilitate international trade, and increase transparency and trust in the agricultural product supply chain (Sari & Ansiska, 2024).

Here are some strategies that local agriculture can take to improve its competitiveness through product standardization and certification. First, it is important to implement the Indonesian National Standard (SNI). This is because SNI provides clear guidelines on product quality, so that consumers become more trusting. To maintain product quality and organizational effectiveness, standardization can be one of the efforts relied upon. Standardization has the power to improve the quality of the final product. The purpose of standards is to carry out tasks accurately, quickly, and without wasting any resources. Standards establish best practices for job execution (Milkva et al., 2016).

Quality standardization can help maintain consumer confidence and thus increase long-term competitive advantage. In addition, standardization strongly supports increased productivity and competitiveness and economic growth by improving product quality, so standardization can provide quality assurance to consumers.

Standardization that facilitates consumer confidence, safety assurance, and consumer protection can be a factor that increases sales and competitiveness (Anita & Iznillah, 2023).

There are several steps that can be taken to implement the Indonesian National Standard (SNI). The first step is to conduct a product test against the applicable SNI, such as involving product testing to ensure that the product meets the predetermined quality standards. After knowing the product test results, the next step is to improve the production process. The production process must be adjusted to meet all the requirements set out in the SNI. The final step in implementing SNI is to obtain an SNI certificate from a recognized certification body. This certification body will assess whether the products and production processes are in accordance with the standards set. If all requirements are met, the agency will provide an SNI certificate as proof that the product has met the national standard. This certificate not only increases consumer confidence but also opens up wider market opportunities, both domestic and international.

The second strategy to improve the competitiveness of local agriculture is to apply halal certification to its products. Halal certification has become a trend in recent years in various countries, including Indonesia. The halal food sector is now a new opportunity to increase economic growth and development. This opportunity is not only of interest to countries with a majority Muslim population, but also countries with Muslim minorities taking part in the development of the halal industry (Salam, 2022). Halal certification is given by the Institute for the Assessment of Food, Drugs and Cosmetics (LPPOM-MUI) which states that a product is in accordance with Islamic law. The halal certificate gives the product permission to be labeled halal (Salam, 2022). Products that have been certified halal will more easily enter the international market which is increasingly accommodating to the values believed by Muslims (Prabowo & Rahman, 2016).

Halal certification has many benefits for consumers, one of which is to provide peace of mind that the products consumed are guaranteed safe and in accordance with Islamic law. This is certainly the main goal of all consumers, especially Muslim consumers who are required by Allah to consume halal products. Halal certification also provides added value for products in global market competition because these products have an advantage in competing with various competitors. Consumer trust is easier to obtain if the product has halal certification, because halal-certified products are considered safe and secure (Salam, 2022).

As for how to apply halal certification to local agricultural products, the first step is to register the product with a halal certification body such as BPJPH (Badan Penyelenggara Jaminan Produk Halal) by completing all the necessary requirements. This process ensures that the product meets all the criteria set to obtain halal certification. After registration, the next step is to improve the production process to comply with halal requirements. The certification body will then conduct an assessment and audit of the product and its production process. If all requirements are met, the agency will issue a halal certificate. This certificate shows that the product has been tested and found to be in accordance with Islamic law, so it can be labeled halal and more easily accepted by Muslim consumers.

The third strategy to improve the competitiveness of local agricultural products is to obtain Organic Product Certification. Organic farming is often considered a solution to the challenge of achieving sustainable food security. The “organic” label has become a highly sought-after option by many consumers, and the organic farming sector is one of the fastest growing in North America and Europe (Seufert & Ramankutty, 2017). In Indonesia, the SNI agency on organic food systems explains that the word “organic” is a labeling term that indicates that the product has been produced in accordance with organic food system standards and has been certified by an organic certification body (LSO) that has been accredited by the national accreditation committee (KAN) (Khorniawati, 2014). This certification ensures that the product meets certain standards in organic production.

Organic food production is believed to produce healthier and more nutritious food (Khorniawati, 2014). So organic products often have a high added value in the market, especially for consumers who are concerned about the health and environmental impact of the products they consume (Hendrani et al., 2014). The application of organic labeling to local agricultural products can increase their competitiveness in the eyes of consumers, because the organic label signifies quality and concern for health and the environment. To obtain organic certification, producers need to implement organic farming systems consistently. This means that

farmers must comply with the practices stipulated in the organic standards, such as the use of natural materials, environmentally friendly soil management, and not using synthetic chemical pesticides or fertilizers. If all requirements are met and an audit shows that farming practices are in compliance with organic standards, the producer will receive an organic certificate. This certificate is an official recognition that the product has met the established organic criteria and can be used for product labeling (Yurlisa & Susanti, 2018).

The next strategy to improve the competitiveness of local agricultural products is to meet international standards. In international trade, exported food products must comply with various requirements set by export destination countries, such as quality, safety, environmental and health requirements (Resnia et al., 2016). To expand the export market, agricultural products from Indonesia need to be adjusted to the quality standards that apply in export destination countries. Fulfilling international standards helps local agricultural products to gain significant benefits, such as opening access to a wider export market. The implementation of international standards helps maintain and improve product quality in accordance with importer demands, which in turn increases importer confidence in the product. This has the potential to sustainably increase export volumes (Kusnarsiyah, 2017).

For example, several countries such as Chile, Kenya, Malaysia and Mexico have benchmarked against the GlobalGAP standard for agricultural products to identify and address gaps in existing standards (Resnia et al., 2016). Therefore, local producers must be able to meet these international standards. To obtain international certification, local agricultural producers can follow several steps. First, they should study the international standard requirements of the target country to ensure that the products meet the set criteria. After that, the producer must register the product for certification and obtain a certificate from a recognized international certification body. A certificate from an international body will confirm that the product has met the set standards, giving the product a greater chance of export.

After obtaining certification, it is important to promote the certification to consumers. This promotion helps communicate the quality and superiority of the certified product. Promotion is an integral part of the marketing strategy and serves as a means of communication with the market, using various elements of the promotion mix (Husein et al., 2019). Promotion can help inform consumers about the quality of products that have been certified. One of the functions of promotion is to provide information that adds value to an item by educating consumers. Advertising, for example, can provide detailed information about the product, including its price and the certification it has, which is useful for consumers (Tasruddin, 2015).

Furthermore, promotion does not stop at the stage of introducing the product. There must be ongoing efforts to influence consumers so that they are interested and ultimately buy the product (Tasruddin, 2015). Sales promotion is a company activity that displays products in such a way as to attract consumer attention. With the right placement and arrangement, the product can be more easily seen and attracted by consumers. Sales promotion is very effective because it is able to create a quick response from the audience to the company. The advantages of this promotion include increasing consumer awareness of certified products and driving market demand.

To promote products that have been standardized and certified, manufacturers can take several steps. First, manufacturers can create product labels that list all certifications obtained. Second, conduct promotions through various media, both online and offline, to reach a wider audience. Third, build a strong distribution network to ensure products are available in various locations and easily accessible to consumers. Through these steps, the benefits of certification can be felt more widely for local agricultural products.

Based on the findings, the benefits of certification and standardization are very positive for the competitiveness of local agricultural products. Standardization and certification can increase the added value of products, open wider market access, and enable certified products to penetrate the export market. In addition, consumers will be more assured of the quality and safety of certified products, increasing their trust in these products. Certification also supports sustainable agricultural development by encouraging environmentally friendly farming practices. However, while there are many benefits, the implementation of standards and certification also presents some challenges. As mentioned in an article from the Cikoneng area of Ciamis Regency (2024), farmers' challenges to product standardization and certification include:

High registration and certification costs.

Long and complicated certification process.

Lack of awareness and accessibility to information

Limited technical capacity among farmers.

These challenges encourage the role of government in supporting farmers to implement standards and certification. The government can provide financial incentives and technical assistance to farmers, helping to overcome the high costs and technical constraints often faced in the certification process. In addition, the government can also improve farmers' technical capacity and ensure information accessibility through training and extension programs. Furthermore, the government can facilitate partnerships between farmers and certification bodies, easing the certification process by bridging communication and collaboration between the two parties. In addition, promotion and marketing of certified products should be a focus of the government to increase consumer awareness and demand for certified local agricultural products. The government also has a role in monitoring and enforcing standards, ensuring that products circulating in the market actually meet the standards that have been set.

Therefore, the government's active role is crucial in helping to overcome the challenges of standards and certification. Standardization and certification are very important for local agricultural products because they can increase product competitiveness in the domestic and international markets. This increased competitiveness will have a positive impact on increasing exports of agricultural products, which in turn will also increase state revenues in the agricultural sector.

## **CONCLUSION**

Certification and standardization are effective measures to improve the competitiveness of local agricultural products by assuring consumers of product quality. Some strategies that can be taken by the local agricultural sector include the implementation of the Indonesian National Standard (SNI). SNI standards can provide a clear reference of product quality, thereby increasing consumer confidence. In addition, the implementation of halal certification ensures consumers that the product has been tested for halalness. Meanwhile, obtaining Organic Product Certification can add value in the market, especially for consumers who care about health and the environment. Furthermore, international standards also open up access to wider export markets, and promoting certification to consumers can increase awareness and demand for certified products. But while certification and standardization bring many positive benefits to the competitiveness of local agricultural products, there are also challenges. These include high registration and certification costs, long and complicated certification processes, lack of awareness and accessibility to information, and limited technical capacity among farmers. Therefore, the role of the government is crucial in improving certification and standardization of local agricultural products. Government support can help overcome these challenges, expand the reach of local agricultural products, and ultimately help the country's economy.

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