



Halal Certification of Micro and Small Enterprises' Food Products for Consumer Protection¹

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ABSTRACT

This research aims to discuss the statutory regulations of halal certification. The study was performed through literature studies, especially on primary, secondary, and tertiary legal materials that describe legal protections for consumers and consideration of the halal certification. This study showed that micro and small enterprises' food products are easy to verify about the halal food products, as long as the organization that assists the enterprises are legal entities. Micro and small enterprises (MSEs) should only make a statement letter of the halalness of a product that is verified and get assistance by Islamic social organizations or religious institutions that are legal entities and/or universities, government agencies, or business entities as long as they are partners with legal Islamic community organizations or Islamic religious institutions. However, regulations related to the halal statement of micro and small enterprise actors must still be reviewed and given special attention and supervision. In Indonesia, with the majority of the Muslim community, the guarantee of the halalness of a product and/or service is crucial. For this reason, the enactment of the Halal Product Guarantee Law is a form of state protection for Muslim consumers in Indonesia.

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1. Introduction

Micro and Small Enterprises (MSEs) are businesses that can expand employment opportunities, provide general economic services to the community, play a role in equalization, increase community income, encourage economic growth, and play a role in realizing national stability.

Nowadays, a halal certificate on a product has become a necessity. Because people will be more selective and reluctant to consume products that do not have a halal certificate, such products will be abandoned. The basis for implementing halal certification and the halal label is a manifestation of the fulfillment of people's rights to obtain the products they choose. Consumers⁴ are free from products that do not contain ingredients or treatments not permitted by religion. The current development of food processing technology has made a

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⁴ Ahmad, A., Pransisto, J., & Syahril, M. A. F. (2023). Perlindungan Hukum terhadap Konsumen Dalam Transaksi E-Commerce. *Jurnal Litigasi Amsir*, 10(3), 322-332.

certification and labeling system necessary to help people recognize raw materials and compositions of products and processes that these products go through. However, in Indonesia, there are still many MSEs that are reluctant to carry out halal certification. This is because they think they have used halal and healthy ingredients to produce their food products.⁵

Many researchers have undoubtedly examined halal certification, including research conducted by Gilalo, *et al.*, where the inclusion of halal labels is a form of legal certainty regarding consumer protection for consumers.⁶ Then, the research conducted by Hartati⁷ resulted in the conclusion that the state plays a role in providing guarantees for halal products to consumers as a mandate of Article 4 of the Law on Halal Product Guarantee. The research was also conducted by Anugrah, *et al.*,⁸ with the background of research conducted in Gorontalo City, Indonesia. It concluded that the existence of restaurants that have halal certification in Gorontalo City, Indonesia, can support tourism development. This is due to the short tourism visit time, which is only 1.52 days, and the frequency of meeting tourists' food and beverage needs four to four times for 1.52 days of stay.

Finally, the research conducted by Khairunnisa, *et al.*⁹ examined the impact of increasing MSEs' income after carrying out Halal Certification in Bogor City, Indonesia. The results of this study state that there is a change in income before and after business actors carry out halal certification; that is, there is a higher average income. The research results have not yet touched on the regulatory implementation of halal certification of MSEs' products based on the latest applicable regulations in Indonesia.

Based on the research that previous researchers have conducted, the researcher examined in more detail the halal certification regulations for MSEs in Indonesia. One of the problems that arise in the rules regarding MSEs halal certification is that business actors can make unilateral statements regarding the halalness of their products. This triggers the possibility of business actors who are dishonest in declaring the halalness of their products, considering that there is no audit process. This process needs to be improved to provide maximum protection to consumers. This research will contribute to proposed changes to MSEs' halal certification as stipulated in Government Regulation Number 39 of 2021.

Halal certification is mandatory by Law Number 33 of 2014 on Halal Product Guarantee. In 2020, the Indonesian Government enacted Law Number 11 of 2020 on Job Creation. This law is a form of government support to raise the spirit of doing business and facilitate business licensing, especially for MSEs. The change in the halal certification process for MSEs players has created many pros and cons from the parties, indicating that it creates new problems, and it is feared that it will further weaken the position of consumers.

Rahardjo understands that legal protection protects human rights that others have harmed and that protection is given to the community so that they can enjoy all the rights provided by law; in other words, legal protection is a variety of legal remedies that law enforcement officials must provide to give a sense of security, both mindfully and physically,

⁵ Giyanti, I., & Indriastiningsih, E. (2019). Effect of SME Food Entrepreneurs Knowledge on Halal Certification for Certified Awareness Using Partial Least Square. *Jurnal Teknik Industri*, 20(2), 140-151.

⁶ Jopie Gilalo, J., Sulistiyono, A., & Harahap, B. (2020). Tinjauan Yuridis dalam Bukti Hukum Konsumen dalam Makanan Halal. *Jurnal Ilmiah Living Law*, 12(1), 26-40.

⁷ Hartati, R. (2019). Peran Negara Dalam Pelaksanaan Jaminan Produk Halal. *ADIL: Jurnal Hukum*, 10(1).

⁸ Anugrah, K. (2017). Potensi Pengembangan Wisata Halal Dalam Perspektif Dukungan Ketersediaan Restoran Halal Lokal (Non Waralaba) di Kota Gorontalo. *Jurnal Pariwisata Pesona*, 2(2), 1-12.

⁹ Khairunnisa, H., Lubis, D., & Hasanah, Q. (2020). Kenaikan Omzet UMKM Makanan dan Minuman di Kota Bogor Pasca Sertifikasi Halal. *Al-Muzara'ah*, 8(2), 109-127.

from any disturbances and threats from any party.¹⁰ The general concepts of legal protection are protection and law, which means protection according to the law or applicable laws. Legal protection illustrates the functioning of the legal function to realize legal objectives, namely justice, benefit, and legal certainty.

Consumer protection is an effort that ensures legal certainty to protect consumers. One part of consumer law is the aspect of protection, for example, how to defend consumer rights against interference from other parties.¹¹ Legal principles and principles governing consumer relations principles are scattered in various fields of law, both written and unwritten, such as civil law, commercial law, criminal law, state administrative law, and international law, including conventions relating to consumer interests.¹²

The rules or scope of consumer protection are not centralized or scattered in various fields of law, making it difficult for us to define consumer protection itself. Mochtar Kusumaatmadja explains that the limitation of consumer protection is the general principles and legal principles that govern the relationship and problems between various parties with one another relating to consumer goods or services in social life.¹³

MSEs are businesses that can expand employment opportunities and provide general economic services to the community and play a role in equalization and increase community income, promote economic growth, and realize national stability. To build an economy based on economic democracy with justice, one of the activities or businesses that have the potential to contribute to that direction is the economic activity of small and medium-scale enterprises, which are prominent in numbers and are distributed throughout the country.

In Indonesia, the definition of MSEs is regulated in Law Number 20 of 2008 on Micro, Small and Medium Enterprises (MSMEs). Article 1 states that a micro business is a productive business owned by an individual and/or an individual business entity that has the criteria for a micro business as regulated in this law. A small business is a productive economic business that stands alone and is carried out by an individual or business entity that is not a subsidiary or not a subsidiary owned, controlled, or part of, either directly or indirectly, a medium or large business that meets the criteria small business as referred to in law. Meanwhile, a micro business is an independent, productive economic business carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part, either directly or indirectly, of a micro, small or large business that meets the criteria for micro-businesses as referred to in the law.

In this law, the criteria used to define MSMEs as stated in Article 6 are net assets or asset values excluding land and buildings for business premises or annual sales proceeds, with the following criteria:

- 1) A micro business is a business unit with a maximum asset value of Rp. 50 million, excluding land and buildings for business premises, with annual sales proceeds of Rp. 300 million.

¹⁰ Rahardjo, S. (2003). *Sisi-Sisi Lain dari Hukum di Indonesia*. Jakarta: Kompas.

¹¹ Shidarta, S. (2004). *Hukum Perlindungan Konsumen Indonesia*. Jakarta: Grasindo.

¹² Barkatullah, A. H. (2008). *Hukum Perlindungan Konsumen: Kajian Teoritis dan Perkembangan Pemikiran*. Bandung: Nusa Media.

¹³ Rahmawati, I. N., & Rukiyah, L. (2014). *Win-Win Solution Sengkeeta Konsumen*. Jakarta: Pustaka Yustisia. See also Kasim, A., & Heridah, A. (2020). The Region Governance Review of Barru Regency to Actualize Good and Clean Governments. *Amsir Law Journal*, 1(2), 61-69.

- 2) Small businesses with asset values of more than Rp. 50 million up to a maximum of Rp. 500 million, excluding land and buildings where the business has annual sales of more than Rp 300 million up to a maximum of Rp. 2,5 billion.
- 3) Medium-sized enterprises are companies with a net worth of more than Rp. 500 million to a maximum of Rp. 1 billion and annual sales of more than Rp. 2,5 billion up to a maximum of Rp. 50 billion.

Halal inspection and certification of food, medicinal and cosmetic products aim to provide safety and inner peace for the community as consumers, support the smoothness and quality of national development, and realize quality human resources.¹⁴ The result of halal certification activities is issuing a halal certificate if the intended product has met the requirements of a halal product. The existence of a halal certificate provides benefits to consumers, namely:

- 1) Protection of Muslim consumers from consuming non-halal food, medicines, and cosmetics;
- 2) The calmness of the feelings of consumers' hearts and minds without having to worry about buying or consuming food;
- 3) Protection of the body and soul from adversity due to haram products; and
- 4) Legal certainty and protection for consumers.

In addition to providing benefits to consumers, halal certificates also have crucial roles for business actors: the consideration that halal issues are part of the life principles of Muslim communities, as the responsibility of producers to Muslim consumers; Improvement of consumer trust and satisfaction; Improvement of the company's image and competitiveness; Serving as a marketing tool to expand the marketing network area; and Giving advantages to producers by increasing competitiveness and turnover of production and sales.

2. Method

This study focused on law with a normative doctrinal approach. The objects in research with a normative doctrinal approach were data from primary, secondary, and tertiary legal materials.

Normative legal research is legal research,¹⁵ both pure and applied in nature, which a legal researcher carries out to examine a norm. By the substance of the research, several approach methods were carried out as follows Marzuki,¹⁶ between:

- 1) The statutory approach is a study that examines favorable legal provisions as the basis for implementing the Halal Product Guarantee.
- 2) A conceptual approach is also used to analyze legal protection for consumers through halal certification.
- 3) The legal comparison approach is adopted to compare the MSEs' halal certification process before enacting Law Number 11 of 2020 on Job Creation with the post-enactment of the Law.

¹⁴ Erfan, M., Pransisto, J., & Syahril, M. A. F. (2023). Perlindungan Hukum Bagi Konsumen dari Peredaran Makanan Kedaluwarsa. *Jurnal Litigasi Amsir*, 10(2), 194-207.

¹⁵ Purwanda, S., & Wulandari, A. S. R. (2023). Socio-Legal Studies: Methodical Implications of Legal Development in Indonesia. *Al-Adl*, 16(2), 152-163.

¹⁶ Marzuki, P. M. (2005). *Penelitian Hukum*. Jakarta: Kencana Prenada.

- 4) The historical approach is carried out by examining the background and philosophy of the reason and the basis for enacting the law regarding the provisions of halal certification.

The type of data in normative research was secondary data. These secondary data were obtained from various sources and were widely published and needed in normative legal analysis. These secondary data consisted of the following:

- 1) Primary legal materials, which are legally binding materials, such as Law, Local Government, and other legislation;
- 2) Secondary legal materials, namely legal materials that explain primary legal materials, namely literature in the form of books, legal journals, and research results; and
- 3) Tertiary legal materials provide a more in-depth explanation of primary and secondary legal materials, including, among others, legal dictionaries, encyclopedias, and articles from both electronic and mass media.

The data collection method used in this research was a literature study. Any collected research data had to be tested for its validity and reliability through data validation techniques. To test the data validation of this study, the researcher used a triangulation technique¹⁷ by crossing the information obtained by the source so that in the end, only valid data are used to achieve the results.¹⁸

A normative juridical analysis essentially emphasized the deductive method as the main guideline and the inductive method as a supporting work procedure.¹⁹ After concluding, legal research provided a prescription about what should be done. Therefore, medicines can be in the form of recommendations or suggestions. The medication given was not something that had been applied or that already existed. Thus, what was produced in legal research was at least new arguments.

3. Halal Certification for MSEs' Food Products in Indonesia and its Significance

The rapid economic development has resulted in various types and variations of goods and/or services. With the support of technology and information, the expansion of space, movement, and flow of transactions of goods and/or services that have crossed national borders, consumers are ultimately faced with various choices of types of goods and/or services offered in a variety of ways. Regarding halal products, especially food, the concept of halal from the point of view of Sharia needs to be understood thoroughly because halal is not only a product that can be eaten in terms of Sharia law, but it includes good elements (*tayyib*) which means clean, holy and of quality.²⁰

The halal market grows by around 25% per year.²¹ Halal food is a profitable business in Muslim-majority countries and non-Muslim countries.²² Viewed from an Islamic perspective, the concept of halal is mandatory for a Muslim. Therefore, Muslims will look

¹⁷ Utsman, S. (2014). *Metodologi Penelitian Hukum Progresif: Pengembaraan Permasalahan Penelitian Hukum Aplikasi Mudah Membuat Proposal Penelitian Hukum*. Yogyakarta: Pustaka Pelajar.

¹⁸ Saebani, B. A. (2009). *Metode Penelitian Hukum*. Jakarta: Pustaka Setia.

¹⁹ Amiruddin, A., & Asikin, Z. (2018). *Pengantar Metode Penelitian Hukum*. Jakarta: Raja Grafindo Persada.

²⁰ Yusoff, S. Z., Adzharuddin, N. A., & Bolong, J. (2014). Faktor Pencetus Perilaku Pencarian Maklumat Produk Halal Dalam Kalangan Keluarga Islam. *Global Media Journal*, 3(2), 69-82.

²¹ Izzuddin, A. (2018). Pengaruh Label Halal, Kesadaran Halal dan Bahan Makanan terhadap Minat Beli Makanan Kuliner. *Jurnal Penelitian Ipteks*, 3(2), 100-114.

²² Kawata, Y., Htay, S. N. N., & Salman, A. S. (2018). Non-Muslims' Acceptance of Imported Products with Halal Logo: a Case Study of Malaysia and Japan. *Journal of Islamic Marketing*, 9(1), 191-203.

for products to be consumed by accepted religious teachings. This is indicated by the number of requests for halal products that already have halal certificates globally.²³ Globally, awareness of the importance of halal and the quality of goods by consumers should be improved to give rise to new perceptions about halal. It is no longer limited to religious teachings, but millennials consider halal as a healthy lifestyle that is increasingly global. It can be seen from the number of producers (both from Muslim-majority and minority countries) competing to present halal products to meet consumer demand.

Indonesia is considered very capable of producing halal products that can be consumed by the domestic community and exported. The halal industry results from the development of the halal supply chain. The point is that the production of goods or services upstream to downstream has a halal certification standard. A halal supply chain is a network, an economic activity that can produce and fulfill various needs for halal products and services. In Indonesia, in developing a halal supply chain by learning from the experiences of other countries, it is necessary to focus on sectors that have a competitive advantage. Especially in Indonesia, halal food is the industry with the most benefits in competitiveness with other countries. Therefore, the development of the halal supply chain needs to be accelerated. This halal supply chain must be integrated into large, medium, and small businesses, including the economic empowerment of Islamic boarding schools and other Muslim groups. Another fact in Indonesia is that Indonesia is a country with a majority population of the Muslim religion. Thus, it is natural that the state protects Muslims from consuming food, medicines, and cosmetics that come from types and substances that are not halal.²⁴

Consumer protection is an integral part of good business activity. The development and development of the economy, particularly in the national industry and trade, have resulted in a wide variety of goods and/or services that can be consumed. Globalization and free trade supported by technological advances have expanded the space for transactions of goods and/or services across the territorial borders so that the goods and/or services offered to have more variations for both domestic and foreign production. Consumer protection has been regulated through Law Number 8 of 1999 with an explanation as referred to in Article 4, which, among other things, states that consumers have the right to comfort, security, and safety in consuming goods and/or services and are entitled to correct information clear, and honest about the condition and guarantee of goods and/or services. This means that in terms of the halalness of a food product, the producer is obliged to guarantee the halalness. Even Article 8 regulates the prohibition against business actors from producing and/or trading goods and/or services that are not under promises stated in labels, etiquettes, information, advertisements, or sales promotions of the said goods and/or services, as well as violating the provisions for halal production, as stated in the halal statement on the label.²⁵ The Consumer Protection Law does not require business actors to carry out halal certification for their products. Still, if the business actor has included a halal label, the business actor must follow the provisions of producing halal products.

The state of Indonesia is currently experiencing rapid business growth in the food sector, such as restaurants and eating at houses. This business is highly promising to be a business with a significant turnover, so many business people choose to run this business. The halalness of a food product is a mandatory requirement for Muslims, be it food,

²³ Ab Talib, M. S., & Mohd Johan, M. R. (2012). Issues in Halal Packaging: a Conceptual Paper. *International Business and Management*, 5(2), 94-98.

²⁴ Aswirna, P., & Febriyanti, S. (2018). *Pengabdian Berbasis Kebijakan Peningkatan Pemahaman Masyarakat tentang Pentingnya Mengonsumsi Produk Halal bagi Pemuka Agama Islam Kota Padang*. Padang: UIN Imam Bonjol.

²⁵ *Ibid.*

medicine, or other consumer goods. For Muslim consumers, the halal guarantee of a product and/or service is one thing whose existence is crucial. This is because consuming halal food is an absolute religious commandment. Islam not only focuses on the material aspects and aspects of bodybuilding but also pays attention to something that affects morals, souls, and behavior.

The development of MSMEs in Indonesia has significantly contributed to the national economy, from production output and employment to foreign exchange-earners. MSMEs have specific advantages in local content-based creation at relatively affordable prices, easy labor, simple skills, unique product specifications, and an international market. Halal MSMEs are MSME industries that, in the process, have gone through technical stages that do not violate Islamic rules/Sharia to produce halal products. An authorized institution gives them a halal label/certification to strengthen halal products. Halal certification for MSMEs products is one way of facing global competition.²⁶

By contrast, halal certification aims to provide certainty for the halal status of a product as a form of fulfilling consumer rights. Consumer confidence in the halalness of a product will affect the number of consumer purchases.²⁷ In law, policy synchronization between the Ministry of Religion, Ministry of Health, and MUI (*Majelis Ulama* Indonesia) began with the signing of the Charter of Cooperation on June 21, 1996, concerning the inclusion of the halal logo on food. The Ministry of Health issued Decree Number 924/Menkes/SK/VIII/1996 as an amendment to the Decree of the Minister of Health Number 82/Menkes/SK/I/1996. Initially, the halal label was given based on unilateral information from the company regarding the composition of the ingredients used. When a company reports that its product does not contain non-halal ingredients, it can use the halal label. This policy is considered ineffective in guaranteeing the halalness of the product. With the issuance of Decree No. 924/Menkes/SK/VIII/1996, there was a change in the labeling flow. Before a company writes a halal label on its products, it must first go through the approval of the Directorate General of Drug and Food Control based on a fatwa issued by the MUI Fatwa Commission.²⁸

Based on Law Number 33 of 2014 on Halal Product Guarantee, business actors who will apply for halal certification must first have a halal supervisor. The supervisor is in charge of supervising the halal product process and ensuring that all aspects of the production process are not contaminated with non-halal materials. In addition, they report changes in the composition of ingredients if changes occur. The company must attach several complete files containing information about the company, such as the name and type of product, data of the business actor, a list of ingredients, and the production process in Article 24 of the Law Number 33 of 2014 on Halal Product Guarantee.

Halal Product Guarantee Agency will check the completeness of these documents. Its halal audit will then be carried out by the Halal Inspection Agency appointed by Halal Product Guarantee Agency. If there is a material whose halalness is doubtful, it is tested in the laboratory. The results of this test are submitted to Halal Product Guarantee Agency and forwarded to MUI to determine the status of its halal status through the Halal Fatwa Session (Article 32 of the Law Number 33 of 2014). The result of the decision regarding the product is not later than 30 working days from the time the development of the test was submitted

²⁶ Pujiono, A., Setyawati, R. F., & Idris, I. (2018). Strategi Pengembangan UMKM Halal di Jawa Tengah Dalam Menghadapi Persaingan Global. *Indonesia Journal of Halal*, 1(1), 1-7.

²⁷ Agustina, Y., Pratikto, H., Churiyah, M., & Dharma, B. A. (2019). Pentingnya Penyuluhan Sertifikasi Jaminan Produk Halal Untuk Usaha Kecil Menengah (UKM). *Jurnal Graha Pengabdian*, 1(2), 139-150.

²⁸ Faridah, H. D. (2019). Sertifikasi Halal di Indonesia: Sejarah, Perkembangan, dan Implementasi. *Journal of Halal Product and Research*, 2(2), 68-78.

to MUI. This session is not only attended by members of the MUI, but it involves experts, related agencies, and representatives of ministries or institutions.

The decision at the Halal Fatwa Session is signed by MUI and then submitted to Halal Product Guarantee Agency to issue a halal certificate (Article 33 of the Law Number 33 of 2014). The certificate is issued within seven working days (Article 35 of the Law Number 33 of 2014). This certificate is valid for four years and can be extended by submitting a renewal of the halal certification no later than three months before the expiration of the certificate validity period (Article 42 of the Law Number 33 of 2014). If a business actor has obtained a halal certificate, he must put a halal logo on the packaging or part of the product (Article 25 of the Law Number 33 of 2014). Labels should be easy to see and not easily damaged or come off. The consequence of getting a halal certificate is that the business actor must always maintain the halalness of the product.²⁹

The implementation of halal product guarantees will not be carried out optimally without the cooperation and support from the community. The community can play an active role by monitoring the products in circulation. The inclusion of halal and non-halal logos on the packaging. Besides that, you can also socialize about the guarantee of halal products in the surrounding environment, such as family and workplaces.

During the Covid-19 pandemic, socialization and counseling on halal certification for MSME products are still carried out. Widayat, *et al.*³⁰ analyzed counseling and assistance of halal product certification for MSME Hanum Food, a milk pie producer. Activities carried out include internal audit training, manufacture and procurement of hand sanitizers, preparation of Halal product assurance system manuals, certification registration, Halal socialization for MSMEs, improvement of production houses, and Halal certification assistance. Furthermore, service and socialization regarding halal certification were carried out on halal tourism in Banda Aceh. The model of the aid in the management of halal food product certification in supporting halal tourism was carried out in three stages, namely, first, pre-construction by studying regulations, identification of the number of MSMEs, coordination with the Institute for Food, Drug and Cosmetic Research with Consultative Assembly of the Ulama in Aceh, and creation of a WhatsApp group to facilitate communication. The second is the construction stage. At this stage, there is socialization about halal certification by the Institute for Food, Drug and Cosmetic Research with Consultative Assembly of the Ulama and then the assistance process for filling out the application form; after the application is received, a field audit is carried out, after which the audit results are revised. The last stage is post-construction, which evaluates all activities for changes before and after obtaining a halal certificate.

Other activities that can be carried out include conducting an overall evaluation of the success of the activities that have been carried out.³¹ At this stage, socialization about halal certification by Institute for Food, Drug and Cosmetic Research with Consultative Assembly of the Ulama in Aceh is carried out and followed by a mentoring process for filling out the application form; after the application is received, a field audit is carried out, and the audit results are then revised. The last stage is post-construction, evaluating all activities on changes

²⁹ *Ibid.*

³⁰ Widayat, W., Sulardjaka, S., Al-Baarri, A. N., & Nurjannah, R. (2020). Pendampingan Sertifikasi Halal pada UMKM Hanum Food (Halal Certification Support in UMKM Hanum Food). *Indonesia Journal of Halal*, 3(1), 83-87.

³¹ Djakfar, I., & Isnaliana, I. (2021). Model Pendampingan Pengurusan Sertifikasi Produk Makanan Halal bagi UMKM dalam Mendukung Banda Aceh Menjadi Kota Wisata Halal. *Wikrama Paruhita: Jurnal Pengabdian Masyarakat*, 5(1), 80-88.

before and after acquiring a halal certificate. Other activities that can be carried out include conducting an overall evaluation of the success of the activities that have been carried out.³²

The potential and opportunities of Micro and Small Business actors for the halal industry in Indonesia are huge, especially by paying attention to the number of Muslim consumers who make the halal industry sector potential to be developed. However, the market segment for Muslim consumers and consumers of halal products must be distinguished because of the influencing factors, such as subjective norms, attitudes, intentions to buy halal products, and the level of religiosity.³³ Knowledge about the behavior of Indonesian Muslim consumers should be further explored so that Micro and Small Enterprises in the Indonesian halal industry can play a leading role in the domestic and export markets at the same time.

Barriers to the development of the halal industry by Micro and Small Enterprises in Indonesia, among others, are that there are still many business actors who are not aware of the terms and conditions of something categorized as halal. In general, halal are things that do not contain alcohol and pork. There are still many business actors who do not know about programs from the Government, including one that provides free services for halal certification. Therefore, there is still a lot of homework from the Halal Product Guarantee Agency as a newly formed institution. It still needs improvement and strengthened coordination between interrelated institutions in halal certification.³⁴

In September 2021, the Minister of Religion of the Republic of Indonesia, Yaqut Cholil Qoumas, inaugurated the Free Halal Certification Program, the SEHATI Program. The program is intended for Micro and Small Business actors to register for halal certification of their products. On this occasion, the Head of Halal Product Guarantee Agency explained the SEHATI website, namely www.sehati.halal.go.id which aims to provide complete information and present all program information that is important for MSEs to know. The info starts by explaining the definition and objectives of the SEHATI Program, participant requirements, timeline of program implementation, and the number of quotas displayed in real-time from time to time. The website is also connected to the Halal Information System application or SIHALAL, a web-based application for Halal Product Guarantee Agency halal certification services.

The provisions of Article 4A paragraph 2 of Law Number 11 of 2020 concerning Job Creation confirms that statements by micro and small business actors are carried out based on halal standards set by Halal Product Guarantee Agency. In April 2022, the Ministry of Religion, through the Halal Product Guarantee Agency, issued a regulation in the form of Decree of the Head of the Halal Product Assurance Agency Number 33 of 2022 concerning Technical Guidance for Assisting the Halal Product Process in Determining the Obligation to be Certified Halal for micro and small business actors based on the statement of business actors. This rule was made to participate in completing the regulation regarding self-declaration by Micro and Small Business actors. These regulations will be used as standard guidelines for Micro and Small Business actors to obtain halal certificates for their products.

Halal products in the form of food and beverages are mandatory for Muslim groups in their daily consumption activities. The preference for products labeled as halal is heavily influenced by social, cultural, religious, and lifestyle dimensions. In Indonesia, the target

³² *Ibid.*

³³ Abd Rahman, A., Asrarhaghighi, E., & Ab Rahman, S. (2015). Consumers and Halal Cosmetic Products: Knowledge, Religiosity, Attitude and Intention. *Journal of Islamic Marketing*, 6(1), 148-163.

³⁴ Results of Interviews with Sukoso, Head of the Halal Product Guarantee Agency, on February 4, 2021, at 09:00 a.m., via Zoom Meetings Apps.

market for Muslim groups is enormous. This is evidenced by the increasing number of Muslim consumers, which reached 204,8 million people. Globally, the number of Muslim communities around the world continues to increase. It is estimated that by 2030, there will be 900 million Muslims who will drive changes in world consumption and social and economic patterns. In Indonesia, the halal industry is one of the fastest-growing, with a total consumption of halal goods and services of US\$ 218,8 billion in 2017. This consumption is projected to increase to US\$ 330,5 billion by 2025. Religious authorities specifically intensify invitations to consume halal products in Indonesia, one of which is the Indonesian Ministry of Religion through the Halal Product Guarantee Agency. However, according to Halal Product Guarantee Agency performance report data, the socialization carried out by Halal Product Guarantee Agency is not related to the level of knowledge of the actors regarding the material of Law Number 33 of 2014 because business actors are currently present get more information through the internet and other media.³⁵

Constraints currently being faced in the field are inefficiency issues in halal product certification, including operational inefficiency of halal accreditation and governance of halal certification. The operational inefficiency of halal certification from the perspective of business actors who apply for halal certification is influenced by understanding procedures, supporting documents, and certification costs.³⁶ The factual conditions regarding halal certification in food and beverage products provide legal protection and certainty for the rights of Muslim consumers, finding that guarantees regarding halal products must be by the principles in the halal product guarantee law. Thus, the attributes of halal label products can be clarified with benefits and other things that educate consumers.

The Institute for Food, Drug and Cosmetic Research MUI data shows an increasing trend of business actors and companies that have carried out halal certification. The certification data that Institute for Food, Drug and Cosmetic Research MUI has carried out from 2011 to 2018, and furthermore, the trend of halal certification also continues after the transition from 2019 to 2021, is presented in the following table:³⁷

Table 1. The Certification Data that Institute for Food, Drug and Cosmetic Research MUI.

Year (s)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Companies	4.325	5.829	6.666	1.018	794	6.564	7.198	11.249	7.968	2.033	31.439
Number of Halal Cert.	4.869	6.157	7.014	10.322	8.676	7.392	8.157	17.398	15.654	7.531	11.923
Number of Products	39.002	3.289	64.121	68.576	77.245	114.264	127.286	204.222	176.857	19.922	176.966

Source: Institute for Food, Drug and Cosmetic Research MUI 2011-2018.

The halal product industry is part of the sharia economy, which the government has developed over the last three decades, and in 2020 the government program facilitated halal certification for 3,283 micro and small businesses in Indonesia with a total cost of Rp. 19 billion. This is intended to strengthen the competitiveness of Indonesian MSEs so that they can penetrate the global market.

³⁵ Ministry of Religious Affairs of the Republic of Indonesia. Performance Report of the Halal Product Guarantee Agency in 2020.

³⁶ Results of Interviews with Sukoso, Head of the Halal Product Guarantee Agency, on February 4, 2021, at 09.00 a.m., via Zoom Meetings Apps.

³⁷ Results of an interview with Ivon Widiahtuti, Representative of the Indonesian Ulema Council - Institute for Food, Drug and Cosmetic Research, on February 5, 2021, 01.00 p.m., via Whatsapp Call.

4. Significance and Constraint in Halal Certification

In the business world, profit is the most critical aspect for business actors.³⁸ However, it is also necessary to pay attention to things that aim to protect consumers. The Consumer Protection Law states that business actors must say things honestly related to products manufactured and traded. Similarly, Ilyas³⁹ also noted that business actors should explain the product honestly to convince people. Among them are related composition, expiration date, and halal label. Many businesses are glimpsed by the halal brand because many consumers are looking for products labeled “halal”, predominantly Muslim consumers. For business actors, the halal certification has several important points, namely:

- 1) The responsibility of producers to Muslim consumers, considering that the halal problem is part of the principle of Muslim life;
- 2) Increasing consumer confidence and satisfaction;
- 3) Improving the company’s image and competitiveness;
- 4) Serving as a marketing tool and expanding the area of network marketing; and
- 5) Benefiting producers by increasing the competitiveness and turnover of production and sales.⁴⁰

A study conducted by Khairunnisa, *et al.*⁴¹ stated that companies see an increase in turnover by carrying out the halal certification process. The same source also says that there are still obstacles to obtaining halal certificates faced by business actors. Among them, 37% were blocked by quite expensive costs. The fees set differ depending on the scale of the business and the complexity of the raw materials used. The internal challenges experienced by Indonesia include the lack of halal awareness in Indonesian society.

In addition, Indonesian people’s understanding of the halal concept is still felt to be less. Many Indonesians consider that all products in the market are halal products. Halal awareness involves religiosity and knowledge of the halal concept.⁴² The understanding of halal is based on the level of the knowledge of Muslim consumers to find and consume halal products following the Sharia. Halal awareness is seen from the consumers’ point of view and the manufacturer’s point of view. Many Muslim consumers in Indonesia still buy food in restaurants without the halal label. This encourages manufacturers or food entrepreneurs not to register their products to obtain halal certification.⁴³

With these constraints, through the Job Creation Law, the Government is trying to simplify the halal certification process; that is, MSEs can make statements about the halalness of their products without having to go through an audit process. MSEs players only have to fill out a halal statement letter and then submit it to the Halal Product Guarantee Agency to obtain a halal certificate according to the results of the fatwa session of the MUI.

³⁸ Langvinienė, N., & Daunoravičiūtė, I. (2015). Factors influencing the success of business model in the hospitality service industry. *Procedia-Social and Behavioral Sciences*, 213, 902-910.

³⁹ Ilyas, M. (2017). Sertifikasi dan Labelisasi Produk Halal Perspektif Maslahat. *Jurnal Al-Qadai: Peradilan Dan Hukum Keluarga Islam*, 4(2), 357-376.

⁴⁰ Mawaddah, F. (2020). Constraints And Challenges of Halal Product Guarantee in the Syariate Area. *SHIBGHAIH: Journal of Muslim Societies*, 2(1), 91-112.

⁴¹ Khairunnisa, H., Lubis, D., & Hasanah, Q. (2020). *Op.Cit.*

⁴² Fathoni, M. A. (2020). Potret Industri Halal Indonesia: Peluang dan Tantangan. *Jurnal Ilmiah Ekonomi Islam*, 6(3), 428-435.

⁴³ Mutmainah, L. L. (2018). The Role of Religiosity, Halal Awareness, Halal Certification, and Food Ingredients on Purchase Intention of Halal Food. *Ihtifaz: Journal of Islamic Economics, Finance, and Banking*, 1(1), 33-50.

5. Closing

The Consumer Protection Law does not require business actors to carry out halal certification for their products. Still, if a business actor has included a halal label, then the business actor must follow the provisions of producing in a halal manner. In Indonesia, with the majority of the Muslim community, the guarantee of the halalness of a product and/or service is crucial. For this reason, the enactment of the Halal Product Guarantee Law is a form of state protection for Muslim consumers in Indonesia. By contrast, the Government has made various efforts to create and expand employment by reducing the number of unemployed, accommodating new workers, and encouraging the development of cooperatives and micro, small, and medium enterprises.

As a follow-up to the Government's efforts in line with the provision of protection and guarantees regarding the halalness of products for consumption and use by the public, especially the Muslim community, Government Regulation Number 39 of 2021 on Implementation of the Halal Product Guarantee Sector was issued. Micro and small business actors must make a statement on the halalness of the product by the halal standard stipulated by the Halal Product Guarantee Agency. The halal standard in question at least consists of a business actor's statement in the form of a contract or pledge that contains the halalness of the product and materials used and describes the process of making the halal product. When verifying and validating statements of halalness by business actors, they must also receive assistance. This assistance is provided by Islamic community organizations or Islamic religious institutions that are legal entities and/or universities, government agencies, or business entities, as long as they are partners with Islamic social organizations or Islamic religious institutions that are legal entities and/or universities. In practice, regulations relating to the halal statement of micro and small business actors must still be reviewed and given special attention and supervision because the halal information is only based on validation from the companion without inspection from the halal auditor.

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Conflict of Interest Statement:

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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