

JURIDICAL REVIEW REGARDING THE MAKING OF HALAL CERTIFICATION FOR MSMEs IN SANGATTA CITY

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Abstract

The majority of Indonesia's population is Muslim, so the halalness of a product is very important, especially for products that enter the body. Therefore, the Government, through several regulations, has implemented a policy, namely implementing mandatory halal certification for every MSME actor as stated in Article 2 paragraph (1) of Government Regulation no. 39 of 2021 concerning Implementation of Halal Product Guarantee Sector. However, there are many polemics among MSME players regarding halal certification, starting from limited knowledge regarding how to register, limited costs if it is necessary to register for halal certification, and also minimal outreach regarding the importance of halal certification for MSME players in Sangatta city. In order to overcome these obstacles, collaborative efforts are needed between the government, related institutions and MSME actors themselves. Concrete steps that can be taken include increasing outreach and education, providing cost subsidies, simplifying the certification process, strengthening coordination between related institutions. In this journal, it is appropriate to use normative methods with statutory and conceptual approaches. This halal certification has a very important role in increasing consumer confidence, product competitiveness and access to global markets.

Keywords: Halal certification; Government; MSMEs; halal

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are a fundamental pillar of the Indonesian economy. In Sangatta City, the growth of MSMEs, especially in the culinary sector, has become one of the driving forces of the local economy. However, amidst rapid growth, there is one crucial aspect that is still lagging behind: halal certification. In the modern era, where information and consumer access are increasingly widespread, halal certificates have become a necessity for Micro, Small and Medium Enterprises (MSMEs) that want sustainable growth (Ningrum, 2022). Muslim consumers, who are the majority in Indonesia, are increasingly aware of the importance of halal products and are actively looking for products that are guaranteed to be halal. The absence of a halal certificate for MSME products can be a significant obstacle to their growth opportunities. Muslim consumers, who constitute the majority of the market in Indonesia, tend to choose products that are halal certified. This is based on the belief that the product has gone through a strict inspection process and is guaranteed to be free from ingredients that are considered haram. For MSMEs, failure to obtain halal certification can result in significant missed opportunities in reaching this market.

With advances in science and technology in the food sector, food and beverage production has become more efficient and faster through the use of certain devices and tools as well as the right mixture of ingredients. However, determining product halalness can no longer be done manually and simply. Increasingly widespread free trade also creates product variations that attract consumer interest (Charity, 2017). The product halal testing process must follow developments in science and technology, including using laboratories, from small to medium businesses. Limited public knowledge makes consumers vulnerable, and MSMEs can take advantage of this situation to benefit their business. Therefore, the government has responded to the importance of halal certification for food products through several regulations, including Law Number 33 of 2014 concerning Halal Product Guarantees, Law Number 8 of 1999 concerning Consumer Protection, and Government Regulation Number 69 of 1999 concerning Labels and Food Advertisements.

Seeing the importance of halal certification in the modern era, MSMEs must be proactive in obtaining halal certification for their products. This can be achieved by utilizing various programs and facilities provided by the government and related institutions. By obtaining halal certification, MSMEs can increase their competitiveness, access a wider market, and ultimately achieve success in the modern era. Several programs and facilities provided by the government especially Product Guarantee Organizing Agency (BPJPH) and related institutions to assist MSMEs in obtaining halal certification include; An easy and economical certification process where the government has simplified the halal certification process and provided a subsidy program to help MSMEs obtain it at an affordable cost; Training and education on halal certification where the government and related institutions organize various training and educational programs to help MSMEs understand the concept of halal certification and the process; Financial assistance in which the government and related institutions provide various forms of financial assistance to assist MSMEs in obtaining halal certification.

In the modern era, competition between MSMEs is increasingly fierce. MSMEs that have obtained halal certification have a higher competitive advantage compared to those that have not. Consumers tend to prefer products that are guaranteed to be halal, even if there are other products with lower prices or similar quality. Today's consumers have extensive access to information. Various online platforms and social media allow them to find out more about the product, including its halal status. This makes consumers more critical and selective in choosing products. Halal certification is not only important for the domestic market, but also important for international market penetration. Many countries with Muslim populations have strict regulations regarding halal products. Halal certified MSMEs have a better opportunity to penetrate the export market and reach Muslim consumers worldwide.

This research aims to provide useful information to low-risk Micro, Small and Medium Enterprises (MSMEs) in Sangatta City about the laws and benefits of halal certification. Thus, it is hoped that this research can help the government and related institutions formulate policies and programs supporting MSMEs in obtaining halal certification. This is expected to increase the competitiveness of MSMEs in Sangatta City and expand their market share. This research is considered important because halal certification is a crucial factor for Muslim consumers in choosing products. Even though MSMEs in Sangatta City have great potential to develop, there are still many that do not have a halal certificate. Therefore, appropriate solutions and policies are needed to encourage MSMEs to obtain halal certification. It is hoped that the results of this research can provide useful information for MSMEs about the law and benefits of halal certification, as well as assist the government and related institutions in formulating policies and programs that support them in obtaining halal certification. Apart from that, it is hoped that this research can also increase the competitiveness of MSMEs in Sangatta City and help them expand their market share.

RESEARCH METHOD

This research uses a normative juridical method with a statutory and conceptual approach. This method was chosen because it makes it possible to deeply analyze the legal aspects of halal certification for MSMEs in Sangatta City and understand the underlying concepts. In a legislative approach, this research will analyze various regulations related to halal certification, such as the Law on Halal Product Guarantees, Government Regulations on Food Labels and Advertisements, as well as relevant regional regulations. This analysis will comprehensively understand the legal framework governing halal certification for MSMEs in Sangatta City.

Meanwhile, a conceptual approach will be used to understand the theoretical concepts underlying halal certification, including the importance of halal in Islam, the economic benefits of halal certification, as well as the factors that influence MSMEs in obtaining halal certification. By combining these two approaches, it is hoped that this research can comprehensively understand the problem under study and provide relevant policy recommendations.

RESULTS AND DISCUSSION

Halal certification, or JPH for short, is a legal guarantee of the halalness of a product as proven by a halal certificate. Every product circulating in Indonesia, including food, drinks, medicine, cosmetics and other products, must have a halal certificate. The Halal Product Guarantee Organizing Agency (BPJPH) issued the certificate based on a halal fatwa from the Indonesian Ulema Council (MUI). BPJPH has various authorities, such as formulating JPH policies, issuing halal certificates, carrying out supervision, and collaborating with domestic and foreign institutions. The urgency of halal certification lies in the need for a legal authority that ensures products comply with Sharia law, Muslim consumer beliefs, competitive advantage in the global market, product quality, and international acceptance. The halal certification process involves online registration, document and product inspection, halal fatwa hearing, and certificate issuance. Halal certification costs depend on the type of business and can be facilitated by other parties such as the government, companies, social institutions, or associations. The halal certification registration process at BPJPH involves several key steps: businesses prepare documents and submit their applications through the Halal Information System (SIHALAL), make the certification fee payment, BPJPH reviews the documents, and appoints a Halal Inspection Agency (LPH) to conduct an on-site audit of raw materials and production processes. The audit results are evaluated by BPJPH, and if they meet the requirements, a halal certificate is issued. Subsequently, businesses must label their products with the halal mark and renew the certification periodically according to the certificate's validity period.

BPJPH's authority based on Article 6 of Law Number 33 of 2014 and Article 4 Paragraph 3 of Article SK Number 31 of 2019 is as follows:

- a. Develop and establish JPH policies.
- b. Establish Norms, Standards and Procedures for SM, Standards and JPH.
- c. Issuance and cancellation of halal certificates and product halal labels.
- d. Registration of halal certification for foreign products
- e. Organizing public relations, education and publication of Halal products.
- f. LPH Certification
- g. Halal auditor registration
- h. Supervise JPH.
- i. Carrying out training for halal auditors.

Collaboration with national and international institutions in the field of JPH implementation, collaboration with related ministries and/or institutions.

- a. Law Number 33 of 2014 concerning Halal Product Guarantees regulates three parties involved in the Halal certification process. Each party has duties and responsibilities. The Halal Product Guarantee Agency (BPJPH) sets rules/regulations and accepts and verifies applications for Halal product certification from economic actors (product owners) and Halal certification with the Halal label. I am in charge of editing.
- b. The Halal Inspection Institute (LPH) through Halal auditors is tasked with carrying out inspections and/or testing the halalness of a product.
- c. The Indonesian Ulema Council (MUI) has the authority to determine the halalness of products through the Halal Fatwa Conference.

Some several laws and regulations form the legal basis for halal certification for low-risk MSMEs (Judge 2015), that is:

1. Law Number 33 of 2014 concerning Halal Product Guarantees

This law is the main legal umbrella that regulates the implementation of halal product guarantees in Indonesia. This law emphasizes that products circulating in Indonesia must be halal certified, including products produced by MSMEs.

2. Government Regulation Number 31 of 2018 concerning Implementation of Halal Product Guarantees

This PP is a derivative of the Halal Product Guarantee Law which regulates in detail the implementation of halal product guarantees, including the halal certification mechanism.

3. Decree of the Head of the Halal Product Guarantee Organizing Agency Number 32 of 2019 concerning Determination of Low Risk Category Products

This decision determines the types of MSME products that are categorized as low risk products. These products are permitted to apply for halal certificates through self-declaration. The self-declaration process is easier and cheaper than the normal halal certification process. MSMEs must only fill out an independent halal declaration form and include supporting documents, then register them with BPJPH. BPJPH will verify the statements and documents submitted. These regulations show the government's commitment to making it easy for MSMEs to obtain halal certificates. This is expected to encourage MSMEs to produce halal products and increase their competitiveness in domestic and international markets.

Benefits of Halal Certificates for Low Risk MSMEs in Sangatta City

Having a halal certificate brings many benefits to low-risk MSMEs in Sangatta City. First, halal certificates increase Muslim consumers' trust in MSME products. Muslim consumers will be more confident and brave enough to buy products that are guaranteed to be halal. This can increase sales and market share for MSMEs. Second, halal certificates increase the competitiveness of MSMEs amidst intense market competition (Mustofa & Prasetyo, 2023; Pujianto & Setyorini, 2024). Halal certified MSME products show the MSMEs' commitment to maintaining the quality and halalness of their products, so that they are more sought after by consumers. Third, halal certificates help MSMEs access financing from financial institutions. Several financial institutions provide convenience and relief for halal-certified MSMEs in obtaining capital to develop their businesses (Charity, 2017). Overall, halal certificates provide many benefits for low-risk MSMEs in Sangatta City. Halal certificates can help MSMEs increase consumer confidence, competitiveness and access to financing. This ultimately helps MSMEs develop their businesses and increase their income. Therefore, efforts need to be made to encourage low-risk MSMEs in Sangatta City to obtain halal certificates. Some recommendations that can be made are that the government and related institutions need to increase outreach and education about the importance of halal certificates and the process of making them to MSME players.

This can be done through various media, such as seminars, training and counseling, the government can provide assistance with halal certification costs to low-risk MSMEs. This can help MSMEs obtain halal certificates without being burdened by expensive costs. The government and related institutions need to simplify the halal certification process to make it easier and faster. This can be done by utilizing digital technology and speeding up the verification process. The government and related institutions need to empower low-risk MSMEs to be able to improve product quality and competitiveness in the global market (Ningrum, 2022). This can be done through training and mentoring for MSMEs in terms of production, management and marketing of halal products, and there needs to be close cooperation between the government, related institutions and MSMEs in creating a conducive halal ecosystem. This can be done by strengthening synergy and collaboration between various parties to support the development and progress of halal MSMEs in Sangatta City.

Obstacles in Making Halal Certificates for Low Risk MSMEs in Sangatta City

Many MSMEs still experience obstacles in understanding in depth the importance of halal certificates and the ins and outs of the process of producing them. They often do not realize the positive implications that halal certification has on increasing the competitiveness of their products in the market, especially among Muslim consumers who are increasingly aware of the halalness of products. This lack of understanding makes some MSMEs feel hesitant and reluctant to start the halal certification process, even though this is an important step in developing their business in the modern era which is increasingly open and competitive. Despite subsidy efforts from the government, the cost of halal certification is still a significant obstacle for some MSMEs. These fees cover a number of aspects, including registration fees, audits, testing, training and more. Furthermore, in Sangatta, MSMEs face several challenges in obtaining halal certification, primarily due to lack of socialization from the government and related agencies, as well as limited quality of human resources in using technology. The socialization about the importance of halal certification and its processes and benefits is still ineffective, causing many MSMEs to lack a deep understanding of the necessity of halal certification

and find it difficult to initiate the application process. Additionally, the limited proficiency in information and communication technology (ICT) hampers the ability of MSMEs to use online platforms such as the Halal Information System (SIHALAL), which is required for halal certification applications. This makes the process difficult and inefficient for them. For MSMEs with small business scales, these costs can be quite heavy and become an obstacle in the process of obtaining halal certification. As a result, many MSMEs are forced to postpone or even give up their intention to obtain halal certification due to their financial limitations (Sari & Sulistyowati, 2020).

Even though efforts have been made to simplify it, the halal certification process is still considered complicated by some MSMEs. This is caused by various factors, such as the large number of documents that must be prepared, complicated procedures, and lack of coordination between related institutions. This complicated process causes MSMEs to experience difficulties navigating all stages of halal certification, ultimately slowing down the process and increasing their frustration levels. Many MSMEs experience difficulties gaining access to adequate assistance services while obtaining a halal certificate. A lack of understanding of the requirements and procedures that must be met, as well as a lack of assistance in preparing documents and facing the audit process, makes MSMEs feel adrift in the halal certification process. Without adequate guidance, many MSMEs face obstacles that are difficult to overcome independently. Nowadays, many MSMEs experience difficulties in finding halal certification bodies that can be trusted and have a credible reputation. This makes MSMEs vulnerable to fraudulent practices and forgery of halal certificates. The lack of trust in existing halal certification institutions makes MSMEs hesitant to take part in the certification process, for fear of losses and a tarnished reputation if problems arise regarding the authenticity of the certificate they obtain.

Efforts to Overcome Obstacles in Making Halal Certificates for Low Risk MSMEs in Sangatta City

The government and related institutions need to increase outreach and education about the importance of halal certificates and the process of producing them to MSMEs. This can be done through various media, such as seminars, training, counseling and creating educational content that is easy to understand. It is hoped that intensive socialization and education can increase MSMEs' awareness and understanding of the benefits of halal certificates, so that they are more motivated to obtain them. The cost of halal certification is still one of the main obstacles for low-risk MSMEs (Ningrum, 2022). The government can subsidize the cost of halal certification to low-risk MSMEs to help them ease their financial burden. This subsidy can be provided in the form of discounts, direct cash assistance, or vouchers. It is hoped that providing subsidies will encourage more MSMEs to apply for halal certification.

The halal certification process, which is complicated and takes a long time, needs to be simplified. This can be done by reducing the number of documents that must be prepared, simplifying certification procedures and flows, utilizing digital technology to speed up the verification process, and improving coordination between related institutions and simplifying the halal certification process which is expected to make it easier and faster for MSMEs to obtain halal certificates (Sari & Sulistyowati, 2020). On the other hand, coordination between relevant institutions in the halal certification process needs to be strengthened. This can be done by establishing an inter-institutional communication forum, creating integrated standard operating procedures (SOP), carrying out regular monitoring and evaluation, and strong coordination which is expected to increase the efficiency and effectiveness of the halal certification process.

Many MSMEs need assistance in the process of making halal certificates. The government and related institutions can provide assistance services for MSMEs, such as consultations on halal certification requirements and procedures, assistance in preparing documents, assistance in facing the audit process, and mentoring services are expected to help MSMEs complete the halal certification process more easily and quickly. The government can help MSMEs find halal certification bodies that are trusted and credible. This can be done by creating a list of accredited halal certification institutions, providing information about the track record and credibility of halal certification institutions, monitoring and evaluating the performance of halal certification institutions, and assistance from the government is expected to protect MSMEs from fraud and ensure they obtain halal certificates. which is genuine and recognized by consumers and related institutions.

CONCLUSION

In the context of low-risk MSMEs in Sangatta City, halal certification has a very important role in increasing consumer confidence, product competitiveness and access to global markets. However, there are still a number of obstacles faced by MSMEs in obtaining halal certification, such as lack of understanding, high costs, complicated processes, lack of assistance, and difficulties in finding a trusted halal certification body. In order to overcome these obstacles, collaborative efforts are needed between

the government, related institutions and MSME actors themselves. Concrete steps that can be taken include increasing outreach and education, providing cost subsidies, simplifying the certification process, strengthening coordination between related institutions, providing assistance services, and assisting MSMEs in finding trusted halal certification institutions. Furthermore, there is a need for a one-stop service institution in Sangatta to facilitate MSMEs in administrative procedures. It is hoped that these efforts can help low-risk MSMEs in Sangatta City more easily and quickly obtain halal certification, increasing their competitiveness and expanding their market share. Apart from that, it is also hoped that support from the government and related institutions can create a conducive business environment for the development of halal MSMEs in Sangatta City, as well as increasing consumer confidence in these MSME products.

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