

Legal Effectiveness in the Application of Halal Product Assurance Certification to MSME Business Actors According to Law Number 33 of 2014 concerning Halal Product Assurance

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ABSTRACT

Keywords: Halal Law Number 33 of 2014 concerning Halal Product Certification, Halal Assurance (JPH Law) aims to protect consumers and Product Assurance, increase the competitive ability of Indonesian halal products MSMEs. in the world market, which is included in the aspects listed in the JPH Law, namely the obligation for business actors to obtain halal certificates for goods that business actors produce and trade. The focus of the study aims to evaluate the extent of legal effectiveness in the application of halal product assurance certification by MSME business actors. The research method used is qualitative with techniques in collecting data, namely literature studies. After the data is collected, data analysis is carried out which includes the stages of data simplification, data presentation and conclusion making. The conclusion of the study explains that the effectiveness of the law in implementing halal product assurance certification for MSME business actors is still at a low level. Several obstacles were identified, such as lack of knowledge about the JPH Law and the halal certification process, the relatively expensive cost of halal certification, the halal certification process which is considered complicated and convoluted and lack of assistance and socialization from the government.



Introduction

Demographic data shows that the majority of Indonesia's population is Muslim, with a total of 229.62 million people or 87.2% when compared to Indonesia's population of 269.6 million people. When viewed in the context of the large global Muslim population is calculated to reach a value of 2.2 billion in 2030, which is around 23% of the total global population, the Indonesian Muslim population contributes 13.1% of the total Muslim population in the world (Ministry of Religious Affairs, 2020).

The high number of Muslim population in Indonesia is in line with the need for the availability of halal food in the country. So with the majority of the population practicing Islamic religious principles, the demand for goods in the form of halal food and beverages

becomes very important, this includes not only meeting daily needs, but also for the needs of the food industry, such as restaurants, catering, and food producers. Thus, urging the government and producers to ensure that the halal product certification system runs effectively to meet these needs widely and evenly throughout the country.

The government acts to meet the needs of halal food by implementing policies through Law Number 33 of 2014 concerning Halal Product Assurance (JPH Law). The regulation is designed to protect consumers and increase the competitive ability of Indonesian halal products in the world market, which is included in the aspect of the JPH Law, namely the responsibility of business actors to hold halal certificates for the products they produce and sell. Thus, the implementation of the JPH Law is expected to ensure that the products traded include the inaugurated halal standards, so that Muslim consumers can be sure that the products are suitable for consumption in accordance with the understanding of Islam.

According to Minister of Tourism and Creative Economy Sandiaga Uno is optimistic that the goal for all micro, small and medium enterprises (MSMEs) in Indonesia to get halal certificates before October 18, 2024 will be realized. He stated that the state would later be able to provide support to MSMEs to obtain halal certification through coordination with various relevant ministries, agencies, and institutions. There are three categories of products that are required to have halal certification, such as goods in the form of food and beverages, basic components, and additional components in food, then goods or services in slaughter. Meanwhile, the Ministry of Cooperatives and SMEs (Kemenkop UKM) has a different view, they are worried that the policy will provide difficulties for MSME producers, therefore related parties expect a suspension of activities in the policy (Ayudiana, 2024). Therefore, efforts to achieve this target require effective legal implementation in the application of halal product assurance certification.

Previous research by (Lusianti, 2024), explained that the first point of law enforcement performance regarding the responsibility of halal certification for MSME products in Pulung District, Ponorogo Regency has succeeded well. This phenomenon is reflected in the ongoing responsibility, namely the extension program. In addition, there are also trials of assistance for populations constrained by NIB, which are included in the registration requirements for halal certification. The second point is that the application of population understanding to meet the responsibility of halal certification for MSME production in Pulung District, Ponorogo Regency is still unsuccessful. The obstacle that causes the low level of public understanding to have halal certification is that producers have not been actively or lack motivation from their own individuals to register halal certification of their products, then there is still a lot of belief that the population does not ignore the existence of halal certification.

Another study by (Hidarya & Badrudin, 2024) shows that the effectiveness of laws related to halal product assurance, namely Law Number 33 of 2014 concerning Halal Product Assurance and Law Number 6 of 2023 concerning Job Creation for MSME food and beverages in Cilodong District, Depok City, has not run well, even though there has been a program to make free halal certificates from the Depok City Government. And this

study found several factors that cause MSME actors not to have halal certificates are producer trust in the halal production of their products, the lack of insight and views of producers in halal certification, the lack of motivation from producers to register halal certification, the many assumptions that making halal certification is so complicated, and finally the lack of performance of the program carried out by the Depok City government.

These findings can be the basis for more effective policy formulation in encouraging MSME participation in halal certification programs, as well as helping to increase understanding of the implementation of related laws in the context of MSMEs. Then the research contribution can provide studies on law and economics, through describing how certain legal regulations affect business practices and the growth of MSMEs in the halal industry. The research will focus on evaluating how far the effectiveness of the law in the application of halal product assurance certification to MSME business actors.

Method

The research utilizes qualitative research methods. Qualitative method is a method used to understand events in life according to a holistic and deep view. This approach allows researchers to explore and understand various aspects of complex social contexts, such as human behavior, perception, motivation, and interaction, using narrative description and language as the main tools of analysis (Hennink et al., 2020). Data collection was carried out meticulously using literature studies. This process includes tracing, reviewing, and synthesizing information relevant to the research objectives. Researchers use a variety of reading materials with the aim of gaining deep insight into the theme of the research, as well as to support the arguments and findings put forward in the research. The type of data used in data collection is secondary data obtained through Google Scholar. After the data is collected, analysis is carried out in three main steps, namely data simplification, data presentation and finally conclusions from the data.

Results and Discussion

The Micro, Small and Medium Enterprises (MSMEs) sector encourages productive economic activity, emerging as part of individual efforts to meet the demands of life every day. In addition to meeting individual needs, MSMEs also have an important role as economic drivers for the communities and regions where these businesses operate (Indrawati & Rachmawati, 2021). In Indonesia, MSMEs are one of the most dominant business fields, carried out by various producers. MSMEs include types of businesses that are managed by both individuals and companies on a relatively small scale. This means that MSMEs are economic activities that are carried out with limited capital and resources (Karimah et al., 2022).

Currently, the business that occurs is in a very fast development, then contributes to the increase in the number of MSMEs. The increasing number of MSMEs will directly increase competition in the market. It should be recognized that globalization factors have made the business environment for MSME players more stringent and competitive in an

effort to gain market share. In the midst of the challenges faced, MSME players tend to want to strengthen their position in the increasingly fierce competition in the era of globalization that is increasingly connected internationally. They realize the importance of adapting to the rapidly changing and increasingly complex business environment to remain relevant and competitive (Supriandi, 2022).

To have competitiveness in the global market, MSME producers must be asked to improve the quality of the products they offer. This is because good product quality will have a direct impact on consumer or customer satisfaction. When consumers feel satisfied with the goods purchased, consumers tend to return to purchase those goods in the future (Winasis et al., 2022). Especially in the food and beverage sector, compliance with production standards is very important.

Business actors are obliged to ensure that the food produced complies with the quality of food safety. This is necessary to prevent repercussions, in the event of medical problems or death for consumers who use the product. Consumers also have the right to obtain clear data about food production goods at the time before they obtain and consume them. Product data may include product source, safety level, quality, nutritional value, and other related information. Therefore, regulations on brands and information on food products are needed so that consumers can make the right choice based on actual facts (Hidayat & Siradj, 2015).

One of the information, namely about halal food and beverage products, is a very crucial aspect, especially in countries that have a Muslim population such as Indonesia. Due to the large number of Muslim communities in the world, Indonesia has opportunities for potential trade areas for halal products. Certainty about halal products is very important for Muslim consumers. For consumers who are Muslim, if you choose and consume one of the food products, not only consider the usefulness or practicality of the product, but also pay attention to its halal. This is because Muslim consumers perceive that consuming halal food is included in adherence to religion and can provide spiritual benefits (Ananda, 2016).

Paying attention to halal aspects in daily life is an obligation for every Muslim, because this is a direct command from Allah as stated in the Quran. One of the verses that affirms the importance of consuming halal is verse 88 of Surah Al-Maidah. This verse emphasizes that humans should consume the sustenance that has been given by Allah which is lawful and good, and reminds them to remain devoted to Him (Aliyudin, Abror, Khairuddin, & Hilabi, 2022). Therefore, for Muslims, concerns about halal food and beverage products remain a major concern. Ensuring that the products consumers consume have been tested for halal quality is a crucial part of carrying out religious observance. Related to this, the role of the state has an obligation to provide security for its people, also including ensuring that the products that have been traded have met the quality of halal that is expected by all Muslims (Hartati, 2019).

In this case, the Government enacted Law No. 33 of 2014 concerning Halal Product Assurance (JPH Law) as a step to ensure legal justice in protecting users of food products, originating from domestic producers or those from foreign imports. This JPH Law aims

to regulate product halal standards, certification processes, and supervision of the production and distribution of food products. Thus, the JPH Law becomes the basis for the government in monitoring the standards and halality of food products, then ensuring trust for users in the safety of products consumed.

The JPH Law aims to ensure continuity in the halal production process by business actors through the implementation of the Halal Assurance System. This means that every business actor must be responsible if their food products produced or sold products have halal certificates. Thus, it is mandatory for every business actor to have halal certification for their products, in order to provide legal certainty for consumers who utilize these products (Hartati, 2019). An important point in the JPH Law is the obligation for business actors, including Micro, Small and Medium Enterprises (MSMEs), to have a halal certificate for the results of products that business actors produce and sell. This confirms that the provisions regarding halal certification are not only for large-scale companies, but also for MSME business actors.

Food products including halal food and beverages, as defined in Article 1 point 2 of the JPH Law, are products that have been recognized as halal based on the provisions of Islamic teachings. Halal products refer to goods that are permitted or allowed to be consumed according to the teachings of Islam. Etymologically, the expression "halal" is taken in Arabic i.e. it can be interpreted as "permitted" or "permissible". According to the context of everyday life, the term "halal" tends to be used in designating food or drinks that are allowed to be consumed in accordance with the principles of Islamic sharia (GURNING, 2022).

From this understanding, it can be explained that halal products are products that are produced, processed, or presented in accordance with Islamic religious provisions that determine what Muslims can and cannot consume. This includes production processes that do not violate the rules established in Islam, such as the use of ingredients that are considered halal, manufacturing methods that do not contradict the Shari'a, and ensuring that the product is not contaminated with substances that are considered haram.

According to the guidelines for the Ministry of Religious Affairs Halal Certificate in 2003 (Chairunnisyah, 2017), halal products must meet the following aspects:

1. The ingredients used are free from pork content or food originating from pigs.
2. Free from the content of haram ingredients, namely ingredients derived from parts of human organs, blood, feces, and other similar.
3. The materials used must be sourced from halal sources and must be processed in accordance with the provisions of Islamic law.
4. Does not contain khamer or liquor.

This criterion is the basic standard that must be complied with by business actors so that their products meet the requirements to obtain halal certification. According to Article 1 of the JPH Law, it is explained that a halal certificate is an official statement of halal from the production of business actors tested by the Halal Product Assurance Organizing Agency, based on recorded guidelines according to the provisions of the Indonesian Ulema Council (MUI). From this, it can be concluded that halal certification

is a guarantee for the Muslim community that the product meets officially recognized halal standards. In addition, halal certificates also include requirements for producers to obtain permits for the provision of halal marks printed on their products obtained from authorized institutions (Faika & Ilyas, 2021).

Each product that wants to be sold and distributed must have halal information obtained with the previous halal certification process. This means that every product must go through an assessment process that ensures compliance with halal standards before being traded or distributed to consumers. To obtain halal marks on their products, producers can first go through several stages as follows, (Baihaki, Al Adawiah, & Hermawati, 2022):

Entrepreneurs submit requests for halal certification to the Halal Product Assurance Organizing Agency (BPJPH) while completing the completeness of the required data such as entrepreneur information, profiles and categories of goods produced, other product catalogs and the composition of materials used, as well as information about the halal product assurance system.

BPJPH then checks the data on halal certification requirements. If the data has been met, BPJPH appoints a Halal Inspection Agency (LPH) that will conduct further inspection of the product. This process usually takes about 2 business days.

LPH conducts inspection and testing of halal products for 15 working days.

The evaluation and test results from LPH are reviewed by the Indonesian Ulema Council (MUI) in order to determine the halalness of products using halal decision hearings. The procedure for determining halal products at MUI takes a maximum of 3 days.

After MUI decides on the halal provisions of products through halal decisions, BPJPH issues halal certificates based on the results of MUI fatwas. The process of issuing halal certificates is usually completed within one working day.

The halal certificate that has been obtained can be valid within 4 years since it was issued by BPJPH, but it is different if there is a modification in the materials used in the product. Business actors can extend the halal certificate that is carried out no later than 3 months before the halal certificate has expired. To extend the halal information of the product, business actors complete the renewal application by including a copy of the old halal certificate and a certificate stating if the product has not changed in the composition of ingredients (Murtius, Fithri, & Refdi, 2021).

According to (Aprilia & Priantina, 2022), halal certification has an important function in gaining buyer trust, growing trade, and reaching wider marketing for products. Then, the sign of halal products is also the main strategy in order to maintain customer loyalty, develop business actors' competitive resilience, and add value to the product. Halal information has a very useful impact on increasing profitability and helping expansion in the international market to create export opportunities for producers, especially for Micro, Small and Medium Enterprises (MSMEs).

Providing legal guarantees for all production products to be distributed and sold will have an impact on profits for business actors. This is because products that have halal

certification have become a global habit that has good consequences for the business field. Products labeled halal are not only preferred by Muslim buyers, but buyers from non-Muslim circles are also looking because they consider it has been confirmed to have good quality and is beneficial for consumer health (Baihaki et al., 2022). Ensuring the quality of halal food is also not dangerous has promising business prospects, has a halal image or certification, business actors are able to attract loyal consumers, not only from Muslims, but from non-Muslim consumers as well. On the other hand, for business actors who do not have products with halal information in the market located in Indonesia, which in fact has a Muslim population, their products tend to be less preferred, which can then cause losses to the business of these business actors (Hidayat & Siradj, 2015).

The findings show that halal label certification provides broader benefits than simply providing consumers with assurance on the products they buy. Halal certification also provides significant benefits for business actors in increasing competitiveness and expanding their business. Halal certification is not only an act of adherence to religious values, but also a strategic investment for companies to be able to improve their reputation in the eyes of consumers, increase sales, and increase their competitiveness to face increasingly fierce market conditions in competition.

The implementation of halal product assurance certification is very important for MSMEs, but the effectiveness of the law in its implementation is still relatively low. According to data from the Institute for the Assessment of Food, Drugs and Cosmetics of the Indonesian Ulema Council (LPPOM MUI) in December 2023, as many as 31,754 companies have obtained halal certificates for a total of 1,063,851 products. However, data from the Central Statistics Agency shows that the number of Slaughterhouses / Ungas (RPH / U) that have been certified halal by the LPPOM MUI Halal Inspection Agency (LPH) has only reached 900 RPH / U, out of a total of 1,690 RPH / U that are still active in 34 provinces in Indonesia. In addition, there are 49 logistics service companies, including distribution and storage, and 10 packaging service companies that have been certified halal. Then there are many other products that must have halal information, including raw materials, additives to food products, and additional ingredients as complements. For example, flavors are used to create taste and fragrance sensations for food and beverage products that are classified as chemical types, but need to be certified halal because they are ingredients needed in making products (LPPOM MUI, 2023).

The identified factors cause the low effectiveness of halal certification such as, first according to (Ananda, 2016), the number of producers who do not carry out halal certification on their products due to lack of knowledge or insight into the Halal Product Assurance Law (JPH Law). Then also most of the businesses undertaken by business actors are included in the small scale, which makes them tend not to pay attention to the halal certification process. Furthermore, lack of knowledge about halal certification registration procedures is also a significant factor. Finally, the assumption that raw materials used in production are automatically considered sacred and halal materials also play a role in causing business actors to be reluctant to carry out halal certification.

Meanwhile, according to Wijayanti et al. (2024), the obstacles faced by food MSMEs to obtain halal certification are the cost and complexity of the certification procedure. The halal certification procedure requires tariffs for the review, check, and monitoring process carried out by the authorized certification body. This can make it difficult for food MSMEs to obtain halal certification due to limited financial resources.

The findings in the article (Alfarik et al., 2023) also note several challenges related to halal certification. One of them is the lack of insight of business actors in the community about the role of halal certification. In addition, the view of expensive tariffs as well as the complexity of the process of applying for certification is also an obstacle in encouraging business actors to obtain halal certification. According to (Soemitra & Nawawi, 2022), not all entrepreneurs, especially SMEs, can easily get halal product guarantees. This is due to a number of reasons, including lack of assistance from related parties, lack of socialization about the halal certification process, and requirements that are considered complicated for entrepreneurs.

The findings show that the implementation of halal certification for MSME business actors is still experiencing obstacles in terms of legal effectiveness. The obstacles that cause such low effectiveness include a lack of understanding of the JPH Law and the halal certification process, the high cost of obtaining halal certification, and the complexity and complexity of the halal certification process. In addition, the lack of assistance and socialization from the government is also an influential factor.

This shows the need for further efforts to improve understanding, accessibility, and support for MSME actors so that they can be more effective in implementing halal product assurance certification. When the guarantee exists and is applied optimally, it will increase public confidence in MSME products, which ultimately has a broad impact on the development of MSME profits and the country's economic progress. This means that strengthening the halal certification system for MSME actors will not only provide benefits for them individually, but will also contribute to economic growth and state welfare.

Conclusion

Legal effectiveness in implementing halal product assurance certification for MSME business actors is still at a low level. Obstacles identified as factors of low effectiveness include lack of understanding of the Halal Product Assurance Law (JPH Law) and the halal certification process, high costs to obtain halal certification, complexity and complexity of the halal certification process, and lack of assistance and socialization provided by the government in this regard. This shows that further efforts are still needed to improve understanding, accessibility, and support for MSME actors so that they can be more effective in implementing halal product assurance certification.

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