

Juridical Analysis of Halal Certification Provisions for MSMEs in the Act

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ARTICLE INFO

Article history:

Received 19 September 2022

Revised 19 October 2022

Accepted 4 December 2022

Key words:

Halal certification,
MSMEs,
Regulation,
Law,
Challenges,
Collaboration,
Education.

ABSTRACT

Halal certification is an important aspect for the sustainability of Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Law Number 33 Year 2014 concerning Halalness Product Guarantee regulates the obligation for MSMEs to obtain halal certification, which aims to protect Muslim consumers and increase product competitiveness. MSME actors face various challenges, such as lack of understanding of certification procedures, high costs, and limited access to information. This results in low awareness of the importance of halal certification. Collaboration between the government, certification bodies, and MSME actors is needed to overcome these obstacles. Increased education and socialization regarding halal certification are essential so that MSMEs can utilize certification as a tool to compete in the market. With a more flexible approach in implementing regulations, it is expected that MSMEs can more easily obtain halal certification and improve the competitiveness of their products.

INTRODUCTION

In recent years, there has been increasing attention to halal certification for Micro, Small and Medium Enterprises (MSMEs) in Indonesia. This is in line with the rapid growth of the halal industry, which includes food and beverage products, and cosmetics, pharmaceuticals and other products. Halal certification is important for Muslim consumers who want guarantee that the products they consume comply with Islamic law (Bux et al., 2022). With the largest Muslim population in the world, Indonesia has great potential to develop the halal market, which can provide economic benefits for MSMEs (Malau & Svinarky, 2020).

Regulations related to halal certification have also experienced significant developments. Law Number 33 Year 2014 concerning Halalness Product Guarantee is the legal basis that regulates the obligation of halal certification for products circulating in the community. MSMEs are expected to comply with existing provisions to increase their competitiveness in the market. Not all MSMEs have sufficient understanding of the halal certification process, which can result in non-compliance with applicable regulations. This lack of understanding often makes MSMEs hesitant to apply for certification or even unaware that they are required to have it.

There are challenges in implementing halal certification provisions for MSMEs. Many MSME actors find it difficult to meet the provision set, both in terms of costs and administrative processes (Ramadhani, 2022). This can result in a number of MSMEs being forced not to obtain halal certification, even though their products meet the provisions. The lack of socialization and education regarding the importance of halal certification is also a factor affecting the level of MSME compliance with regulations (Shofiyah & Qadariyah, 2022). A number of MSME players do not even fully understand that halal certification is mandatory for certain products, not just an option.

The juridical analysis of the halal certification regulation for MSMEs is very important. Understanding the legal basis that regulates halal certification obligations, such as Law Number 33 Year 2014 concerning Halalness Product Guarantee and its derivative regulations, is crucial. This study aims to explore how existing regulations can be implemented effectively and how MSMEs can adapt to these provisions. By understanding the legal aspects governing halal certification, it is hoped that solutions can be found to improve MSME compliance and support the growth of the halal industry in Indonesia (Ariny, 2018).

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One of the main problems faced by MSMEs in obtaining halal certification is the lack of understanding of the procedures and provisions stipulated in Law Number 33 Year 2014 concerning Halalness Product Guarantee. Many MSME actors do not know the steps that must be taken to obtain certification, so they tend to ignore the process. This potentially results in the products they offer not having halalness guarantee, which can reduce consumer trust (Pangaribuan & Svinarky, 2019).

The costs associated with the halal certification process are also a significant problem for MSMEs. The halal certification process entails several costly stages, including document submission, halal audits, raw material testing, and periodic monitoring. While government efforts like subsidies and training, many MSMEs still feel burdened by the associated costs. This can result in their inability to compete in an increasingly competitive market, especially in the halalness product sector which is increasingly in demand by consumers (Aliyudin et al., 2022).

Observing the provisions of halal certification for MSMEs is very important to ensure that products circulating in the market meet the established halal standards. With increasing consumer awareness of the importance of halalness products, MSMEs that do not have certification may lose market share. A better understanding of this regulation can help MSMEs to improve their product quality and competitiveness in both domestic and international markets.

The purpose of this study is to analyze the halal certification provisions for MSMEs in Law Number 33 Year 2014 concerning Halalness Product Guarantee, as well as to explore the challenges faced by MSMEs in fulfilling these certification provisions. This study also aims to understand the legal implications of the existing provisions and how it may affect the sustainability of MSME businesses in Indonesia.

RESEARCH METHOD

The research method used in this study is a literature study approach, which aims to collect, analyze, and summarize relevant information regarding halal certification provisions for MSMEs related to Indonesian law. This approach allows researchers to explore various sources, including books, journal articles, and legal documents, to understand existing regulations and the challenges faced by MSMEs. According to Creswell (2014), literature review is an important step in research that helps researchers to identify gaps in existing knowledge and provides a theoretical basis for further research. Reviewing existing literature enables researchers to build a comprehensive and relevant analytical framework.

In conducting this literature study, researchers will identify and analyze various sources that discuss halal certification, including laws and regulations, scientific articles, and previous research reports. This is in line with the opinion of Kothari (2004) which states that literature analysis can provide valuable insights into complex issues and assist in formulating more specific research questions. This approach provides a better understanding of the legal provisions governing halal certification, and identifies the challenges faced by MSMEs in the certification process.

RESULT AND DISCUSSION

Law Number 33 Year 2014 concerning Halalness Product Guarantee (JPH Law) establishes a clear legal framework regarding the obligation of halal certification for all products circulating in Indonesia, including products produced by MSMEs. In the articles contained in this law, it is regulated that every product marketed must have halal certification to provide assurance to consumers that the product is in accordance with the principles of Islamic law. This reflects the government's commitment to protecting consumers and encouraging the growth of the halal industry in the country.

Halal certification for MSMEs is regulated in Article 4 of the JPH Law, which states that every product traded in Indonesia must have halal certification. This certification process involves an authorized institution, namely the Halalness Product Guarantee Agency (BPJPH), which is tasked with supervising and ensuring that the products produced meet the established halal standards. With this regulation, MSMEs are expected to improve the quality of their products and meet the expectations of consumers who are increasingly aware of the importance of halalness products.

These provisions have been established, many MSMEs still face difficulties in undergoing the halal certification process regulated by Law Number 33 Year 2014 concerning Halalness Product Guarantee. This regulation requires every food product, beverage, medicine, cosmetic, to use goods that enter, circulate, and are traded in Indonesian territory to be halal certified. One of the main challenges is the lack of knowledge and understanding of the certification process. Many MSME actors are not familiar with the steps that must be taken to obtain halal certification, so they feel confused and hesitant to start. This indicates the need for increased socialization and education regarding the importance of halal certification and the procedures that must be followed (Aliyudin et al., 2022).

The costs associated with the halal certification process are also a significant obstacle for MSMEs. Halal certification is not just a formality, but through a complex and tiered process that includes document collection, halal audits, laboratory testing of raw materials, to training and periodic monitoring. Each of these stages requires a lot of funding, which is felt to be quite burdensome by MSME players who generally have limited capital and resources. While the government has made efforts to provide assistance and subsidies, many businesses still feel burdened by the costs that must be incurred to fulfill certification provisions. These costs include laboratory testing, training, and other administrative costs. Pangaribuan and Svinarky (2019) found that as a result, some MSMEs choose not to proceed with the certification process, even though they realize the importance of having a halal certificate to improve the competitiveness of their products in the market.

Another challenge faced by MSMEs is the lack of human resources skilled in halal certification. Many MSMEs do not have sufficiently trained staff to handle the certification process, making it difficult for them to meet the provisions. This limitation can hinder the ability of MSMEs to manage and comply with the required standards, which can further affect the quality of the products produced. In the long-term, this will certainly affect the competitiveness of MSMEs, especially in markets that prioritize quality standards and compliance with halal regulations. Training and capacity building for MSME actors is essential to improve their understanding and skills in the certification process (Aliyudin et al., 2022). The government, certification bodies, and MSME associations need to work together to provide structured training programs that are easily accessible to MSME players from various regions.

The complexity of regulations and procedures that must be followed in the halal certification process is also a challenge for MSMEs (Ramadhani, 2022). Processes that are considered complicated and time-consuming can make businesses feel frustrated and lose motivation to continue. Many MSMEs feel that the existing procedures are not friendly to small businesses, so they feel marginalized in the certification process. This situation creates a gap between large and small businesses in the halal certification process, which in turn can reduce the motivation of MSMEs to take this process seriously. Efforts are needed to simplify procedures and provide clear guidance for MSMEs so that they can more easily understand and undergo the certification process. This clarity will encourage MSMEs to be more active in obtaining halal certification.

The challenge of building consumer trust is also a factor that affects MSMEs in obtaining halal certification. While their products may meet halal requirements, consumers often prefer products from familiar and reputable brands (Malau & Svinarky, 2020). This can make it difficult for MSMEs to compete in an increasingly competitive market. It is important for MSMEs to build a good image and reputation through effective marketing and transparent communication regarding their halal certification. MSMEs must not only meet the technical and administrative standards in the certification process, but also prove to consumers that their products are truly halal and trustworthy. By addressing these challenges, it is expected that MSMEs can more easily fulfill halal certification provisions and contribute to the growth of the halal industry in Indonesia.

The legal implications of the halal certification provision for MSMEs in Law Number 33 Year 2014 include several important aspects. This law emphasizes that every product circulating in the Indonesian market must have a halal certificate as a guarantee that the product has met halal standards according to religious provisions and government regulations. First, halal certification is mandatory for all food and beverage products, which means MSMEs must comply with this regulation to avoid legal sanctions. Second, non-compliance with this provision may result in legal risks, including fines or withdrawal of products from the market. Halal certification can increase legal protection for MSMEs. By having a halal certificate, businesses can strengthen their bargaining position in the market and protect themselves from legal claims related to product halalness. This also contributes to increased consumer trust, which increasingly favors halal-certified products. It is important for MSMEs to understand and take these legal obligations seriously to avoid legal risks while strengthening their position in the market.

The challenges of meeting certification provisions can have significant legal implications for MSMEs. The inability to meet the standards set by regulations can have fatal consequences, including the risk of losing business licenses that are critical to their operational continuity. MSMEs may also face legal action from the relevant authorities, which could be in the form of administrative sanctions, fines, or even more serious lawsuits. These implications not only impact the legal aspects of the business, but can also damage reputation and consumer trust in the products or services offered. It is crucial for MSMEs to proactively understand and comply with existing regulations,

including conducting periodic evaluations of their compliance with applicable regulations. It can not only operate legally, but also create a strong foundation for sustainable growth and increased competitiveness in an increasingly competitive market. Ensuring compliance with certification standards can also open up opportunities for MSMEs to access wider markets, including international markets, which often require proof of compliance with certain standards as a condition for participation.

This regulation also encourages MSMEs to improve their product quality and business management. The certification process requires MSME players to conduct a thorough evaluation of raw materials, production processes, and product packaging. This evaluation aims to ensure that every element of production complies with the established halal principles. By following the certification process, MSMEs are expected to improve their production practices and increase their competitiveness in the market. This is in line with the objectives of the Law to guarantee halalness products and protect consumers (Malau & Svinarky, 2020). The certification process requires a well-structured and documented halal assurance system, so that business actors must improve their internal governance to comply with applicable regulations. These management improvements not only help MSMEs meet regulatory requirements, but also build a strong foundation for long-term business development and improved operational efficiency. This accelerates the transformation of MSMEs towards business actors who are more professional, highly competitive, and ready to compete in the global halal industry.

The implementation of halal certification provisions in Law Number 33 Year 2014 is expected to create a better business ecosystem for MSMEs. Through this regulation, all business actors in the food, beverage, medicine, cosmetics, and other consumer goods sectors are required to ensure the halalness of the products they produce. This opens up opportunities for MSMEs to enter into a wider halal market that has high growth potential, both at the national and global levels. Compliance with halal requirements not only fulfills the legality aspect, but also becomes a relevant and promising business strategy. With support from the government and related institutions, MSMEs can more easily access the information and resources needed to fulfill certification provisions, so that they can contribute to the growth of the halal industry in Indonesia (Aliyudin et al., 2022). The implementation of this regulation contributes greatly to the growth of the halal industry in Indonesia and supports the government's vision to make Indonesia the center of the world's halal industry.

The halal certification provisions under Law Number 33 Year 2014 have significant legal implications for MSMEs. This law explicitly states that all products that enter, circulate, and are traded in the territory of Indonesia must be halal certified. First, halal certification becomes mandatory for all food products circulating in the market. This means that MSMEs must comply with this regulation to avoid legal sanctions, which can include fines or withdrawal of products from circulation. Non-compliance with this provision can be detrimental to business reputation and result in substantial financial losses. Compliance with halal regulations not only protects them from legal risks, but is also a strategic step to build consumer trust, expand market share, and strengthen product competitiveness. Through the right approach, such as attending training, taking advantage of government assistance programs, and working with certification bodies, MSMEs can be better prepared and able to face the legal challenges that arise with the implementation of the Halal Product Guarantee Law.

With halal certification, MSMEs get better legal protection. Halal certificates serve as proof of product halalness, and as a tool to protect businesses from legal claims that may arise regarding the halalness of their products. Such certifications protect MSMEs from accusations that could damage their business reputation and prevent them from being penalized due to misperceptions or inaccurate information. This is important to build consumer trust, which is increasingly likely to choose products that have guaranteed halalness. Halal certification can be an added value that increases product competitiveness in the market. MSMEs that are able to demonstrate that their products are halal-verified will more easily reach a wide segment of Muslim consumers, both domestically and internationally.

The challenges in meeting halal certification provision can also create legal risks for MSMEs. The certification process requires businesses to comply with various standards set out in Law Number 33 Year 2014 and its derivative regulations. This standard covers aspects of raw materials, production processes, hygiene, and a documented halal assurance system. If businesses are unable to meet the set standards, they risk losing their business license or facing legal action from the competent authority. Fulfillment of these provisions is not merely a legal burden, but an investment in a stronger and more reliable business future. Understanding the requirements is essential for MSMEs to operate legally and sustainably. Failure to meet these requirements can result in prolonged negative impacts for their businesses (Pangaribuan & Svinarky, 2019).

This regulation encourages MSMEs to improve their product quality and business management. The halal certification process encourages businesses to improve production practices and implement higher standards. From the selection of raw materials, processing, to packaging, everything must meet strict halal standards. This thorough evaluation encourages MSMEs to review the effectiveness and efficiency of their internal processes and adopt more hygienic, consistent and responsible production practices. This is in line with the objectives of the law to guarantee halalness products and protect consumers from unqualified products (Malau & Svinarky, 2020). Halal certification serves as a legal obligation, and as a driver for innovation and quality improvement in the industry.

The implementation of halal certification provisions is expected to create a better business ecosystem for MSMEs (Ramadhani, 2022). Support from the government and related institutions is essential to assist MSMEs in accessing the information and resources needed to fulfill certification requirements. With this assistance, it is hoped that MSMEs can more easily adapt to existing regulations and contribute to the growth of the halal industry in Indonesia, thereby creating wider benefits for society and the national economy.

Legal implications have a significant impact on the sustainability of MSMEs in Indonesia. First, clear regulations and legal protection can provide certainty for MSME actors in running their businesses. With legal certainty, MSMEs can operate without fear of unforeseen legal risks, thus encouraging growth and innovation. The law is not just a tool of control, but also a facilitator for the development of a strong and competitive people's economy. Adequate regulatory support will catalyze the growth of MSMEs as an important pillar in the national economy.

Non-compliance with regulations can result in adverse sanctions, such as fines or business closure. This requires MSMEs to understand and comply with applicable legal provisions, so as not to face consequences that could threaten the continuity of their business. Legal education for MSME actors is essential to increase their awareness and understanding of existing regulations.

Regulations that support MSMEs, such as tax incentives or access to finance, can improve their competitiveness. With legal support in place, MSMEs can more easily access the resources needed to grow their businesses, thereby contributing to local economic growth. It also creates a more conducive environment for MSMEs to innovate and compete in the market (Shofiyah & Qadariyah, 2022).

Rapid and unpredictable regulatory changes can be a challenge for MSMEs. Legal uncertainty can hinder investment and business development, as MSME actors may feel hesitant to take risks. It is important for the government to create stable and friendly regulations for MSMEs, so that they can better plan and grow their businesses.

The importance of collaboration between MSME actors, legal institutions, and government is huge in creating an ecosystem that supports business sustainability. By establishing dialogue and cooperation, the real needs of MSME actors can be accommodated in regulations, so that a better and more sustainable business environment can be realized. The sustainability of MSMEs in Indonesia is influenced by various complex legal implications. First, clear and structured regulations provide guarantees for MSME actors to run their businesses more comfortably. With legal certainty, businesses can plan business strategies without having to worry about sudden legal risks, which in turn can encourage innovation and business growth.

Non-compliance with regulations can be fatal for MSMEs. Possible sanctions, such as fines or revocation of business licenses, can threaten business continuity. It is important for MSME actors to understand and comply with applicable legal provisions. Education and training on business law is very important to increase the awareness and understanding of MSME actors of existing regulations, so that they can avoid costly legal problems (Ariny, 2018).

Regulations that support MSMEs, such as tax incentives and access to finance, can improve their competitiveness in the market. With legal support in place, MSMEs can more easily obtain the resources needed to grow their businesses. This helps them survive, and contributes to local economic growth and job creation.

Rapid and unpredictable regulatory changes can be challenging for MSMEs. Legal uncertainty can hinder investment and business development, as MSME actors may feel hesitant to take risky steps. This risk of uncertainty makes MSMEs more conservative, which in turn limits their growth potential and contribution to the national economy. The government needs to create stable and friendly regulations for MSMEs, so that they can better plan and grow their businesses.

In this increasingly competitive era, collaboration between the government, legal institutions, and MSMEs is key to creating an ecosystem that supports business sustainability. Through open dialog and synergistic cooperation,

all parties can understand each other and adjust existing regulations to the real needs of MSME actors. This will not only make it easier for MSME actors to run their businesses, but will also encourage innovation and sustainable growth.

The importance of collaboration is also reflected in efforts to create a better business environment. With support from the government and legal institutions, MSME actors will feel more secure and trust in investing and developing their businesses. Adaptive and responsive regulations to market dynamics will create a conducive business climate, allowing MSME actors to contribute maximally to the national economy.

Finally, the success of this collaboration will not only benefit MSME actors, but also the national economy as a whole. By improving the competitiveness of MSMEs, we can create new jobs, increase people's income, and promote inclusive economic growth. All parties must continue to commit to working together and innovating to create a sustainable and mutually beneficial ecosystem.

CONCLUSION

Halal certification plays a crucial role in the sustainability of MSMEs in Indonesia, as regulated in Law Number 33 Year 2014 concerning Halalness Product Guarantee. While this regulation aims to protect Muslim consumers and improve product competitiveness, MSMEs face various challenges in the certification process. Lack of understanding of the procedures, high costs, and limited access to information are significant barriers. Strict regulations and sanctions for MSMEs that are not halal-certified can add to the burden, so a more flexible approach is needed to support businesses in meeting existing regulations.

To overcome this challenge, it is important for the government and related institutions to increase education and socialization on the importance of halal certification for MSMEs. Providing clear and easily accessible information, as well as guidance in the certification process, will greatly help businesses. More flexible policies in implementing regulations need to be implemented so that MSMEs do not feel pressured and can focus on developing their businesses. With these steps, it is hoped that MSMEs can be better prepared to face challenges and utilize halal certification as a tool to increase competitiveness in the market.

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*Hakiky, S. F., R. Mardikaningsih, & F. Issalillah. (2023). Juridical Analysis of Halal Certification Provisions for MSMEs in the Act, *Journal of Social Science Studies*, 3(1), 35 – 40.