The Effectiveness of Accelerating Halal Product Certification: Regulations and Companions

Khusniati Rofiah *, Martha Eri Safira †, Muhammad Ikhlas Rosele ‡

*Faculty of Sharia, Institut Agama Islam Negeri Ponorogo, Ponorogo, Indonesia.
† Academy of Islamic Studies, University Malaya, Kuala Lumpur, Malaysia.

*corresponding author: khusniatirofiah@iainponorogo.ac.id

1. Introduction

The global halal product industry is currently continuing to grow in line with the increasing Muslim community, which is estimated to reach 25% of the world’s population, including in Indonesia and Malaysia.¹ This development presents a challenge for the government to speed up the effective and efficient halal product certification process so that it has an impact on the economy.² In Indonesia, every

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citizen is guaranteed the freedom to follow their religion. To guarantee this freedom, the state is obliged to protect the halalness of products. However, the halal quality of many products still remains unguaranteed. Meanwhile, legal regulations regarding halal products are not yet optimal for providing legal certainty. This has become urgent, considering the rapid technological advances and knowledge in food, medicine, and cosmetics. These can impact shifts in the processing and utilization of raw materials, which can enable individuals to abuse illicit substances.

A halal certificate is an official document that food producers must comply with, which contains the Shari’a when producing a product. Certified halal products are defined as those that have obtained a halal license from a halal guarantee organization or are muslim-friendly products; that is, they do not contain pork, alcohol, or other haram substances. As mentioned in Surah al-Baqarah verse 168, Surah al-Maidah verse 5, Surah al-Anfal verse 69, and Surah an-Nahl verse 114, these include quality, safety, food hygiene, and guaranteed processing procedures, which is halal tayyiban.

Currently, the acceleration of halal product certification in Indonesia remains a challenge; specifically, the principle of effectiveness and efficiency remains unfulfilled, meaning that the implementation of halal product guarantees is not carried out with the correct objectives, nor is it effective, fast, simple, or cost-effective. The government’s realization of providing public services by issuing halal product certification in Indonesia is still considered long and multi-layered. Since the issuance of Government Regulation Number 39 of 2021, all enterprises are

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3 Dyah Margani Utami and others, ‘The Role of the 30% Threshold for Islamic Parties: A Fast-Growing Middle Class and Religion-Based Political Preferences in Indonesia’, *Heliyon*, 10.4 (2024), e25700 https://doi.org/10.1016/j.heliyon.2024.e25700
required to register for halal certification. Despite the need for a transition period at the enterprises level, we have extended this provision by five years for the food and beverage category.\textsuperscript{11} Considering the weak knowledge of business actors, financial preparedness, lack of socialization, training, coaching, and unique assistance to micro, small, and medium enterprises (MSMEs), this creates challenges for accelerating halal certification in parts of Indonesia.\textsuperscript{12}

The Halal Product Guarantee Organizing Agency (BPJPH), the Halal Inspection Agency (LPH), and the Indonesian Ulema Council (MUI) carry out the halal certification process in Indonesia. The structural authority of these institutions is still relatively lengthy, which contributes to their inability to meet halal certification deadlines. Meanwhile, the Indonesian Ministry of Religion solely oversees BPJPH, a body whose power to establish legally binding regulations remains in dispute due to the absence of the Minister’s rules for the agency’s head. Approximately eight years after its promulgation, Law Number 33 of 2014 still needs to meet legal effectiveness standards based on L. M. Friedman’s theory that a legal product’s success must fulfill three dimensions: substance, structure, and legal culture.\textsuperscript{13} Problems in implementing and administering halal product guarantees arise due to differences in the regulation of the Halal Product Guarantee Law and other related laws, a lack of synergy among halal product guarantee institutions, inadequate supervision of halal products by associated institutions, limited facilities and infrastructure, and inadequate community participation. To measure the effectiveness of regulations in Indonesia, this research surveyed MSMEs in Madiun Residency, East Java. The sample criteria used were cluster sampling to divide the research object population into several areas in the Madiun Residency area.

This research compares the Malaysian government’s awareness of the public’s need to consume halal food without hesitation, which is expected to increase demand for halal products. Halal certification in Malaysia is better than in Indonesia because it has spread overseas and dominates parts of the world’s halal industry.\textsuperscript{14} Furthermore, Malaysia’s halal food accreditation efforts have benefited the national economy, industrial development, public health, and domestic and international trade competitiveness. However, technological developments have also raised concerns about new halal products in Malaysia, such as 3D food

\textsuperscript{12} M Alfarizi and Ngatindriatun, ‘Commitment to Halal Practices of Indonesian Culinary MSMEs in the Production Chain: The Impact of Halal Literacy and Attitudes’, \textit{Journal of Southeast Asian Islam and …}, 4.1 (2022), 1–35 https://doi.org/10.30631/jseais.1.1
printing on meat using tissue culture, which involves a combination of billions of muscle cells and animal blood cells inserted into a 3D printer.\textsuperscript{15} In this case, the concern is if the technology used in the machine is damaged, potentially causing product defects.\textsuperscript{16}

Even though halal certification in Malaysia is better than in Indonesia, several challenges are also encountered, such as the lack of workers from Malaysian Islamic Progress Department (JAKIM) in the process of issuing halal certification. There is a Halal Development Corporation (HDC) institution assigned to help JAKIM handle the certification process, but it is opposed by JAKIM because it makes certification vulnerable to fraud.\textsuperscript{17} Meanwhile, the certification process is complicated due to strict operational standards and inflexible decisions made by \textit{sharia} officers.\textsuperscript{18} Furthermore, for both Muslim and non-Muslim companies, enterprises have different abilities and knowledge about the concept of halal tayyiban.\textsuperscript{19}

In Malaysia, the halal issue is the state's full authority to provide certainty to the public that the state guarantees certified products. The federal government of Malaysia directly handles the halal certification process through JAKIM.\textsuperscript{20} JAKIM is a department under the Prime Minister and is coordinated directly by the Prime Minister of Malaysia, namely through the Halal Hub Division.\textsuperscript{21} In Malaysia, the business license requirements include halal certification, eliminating the need for an ulama fatwa. Whereas, in Indonesia, the enterprise permit requirements do not include halal certification, and BPJPH lacks the authority to determine an ulama.

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fatwa. Therefore, as an authorized clerical institution, the MUI must carry out the fatwa hearing.\textsuperscript{22}

In previous research, new technology can be used to simplify, speed up, and improve the halal certification process to provide solutions to policymakers.\textsuperscript{23} The combination of IoT and blockchain technology is an effective solution for verifying the halal status of a product to overcome halal logo counterfeiting.\textsuperscript{24} Thus, IoT technology has the potential to play an essential role in ensuring effective traceability of food product integrity throughout the supply chain.\textsuperscript{25} This research can be an example of digitizing the certification process to save time and money. Simultaneously, the use of quick response (QR) codes can expedite consumer access to information on the halal certification page.\textsuperscript{26}

Previous research also shows that the acceleration of certification lies in the strategy of assisting enterprises.\textsuperscript{27} According to Global State Economics, the projected demand for halal products in 2019 will grow by 9.5\%. This presents an opportunity for MSMEs, as they continue to dominate food production in Indonesia. The Indonesian government has developed a free halal certification program to accelerate MSME halal certification. MSMEs can obtain free self-declaration certifications from the Halal Product Process Assistance Agency (LPPPH) and PPH Companions. The assistance process is critical and includes registration, inspection, halal fatwa determination, and halal certification online through the SIHALAL application. However, during its development, there is a shortage of human resources for PPH assistants to cover socialization and mentoring in all regions of Indonesia. Academic institutions should play a crucial role in producing qualified human resources in the field of halal certification.\textsuperscript{28} The

\begin{thebibliography}{99}
\bibitem{28} Mahama and others.
\end{thebibliography}
minor institutional structures in each village can also assist with mentoring, such as recruiting for village organizations become companions.

This research aims to compare the effectiveness of implementing halal product certification in Indonesia and Malaysia, as well as identify factors that indicate weaknesses and strengths in the process of accelerating halal product certification. Thus, the Indonesian government can adopt this study’s results in implementing accelerated halal certification by reviewing policies based on society’s substance, structure, and legal culture. The research approach used is a comparative approach to compare regulations’ effectiveness in accelerating certification and companion halal product certification in Indonesia and Malaysia.

2. Research Method

This socio-legal research examines the factors of legal effectiveness in laws and regulations related to certification and assistance with halal product certification. The research approach used is a comparative approach to compare regulations’ effectiveness in accelerating certification and companion halal product certification in Indonesia and Malaysia. The data used are primary and secondary forms of interviews, surveys, case studies, and literature studies. The data collection technique uses cluster sampling for MSMEs. The sample criteria used are cluster sampling, which divides the research object population into several regions. The data analysis technique used is qualitative, which consists of three stages: data reduction, data presentation, and drawing conclusions.

3. Results and Discussion

The Effectiveness of Halal Certification Regulations and Companions in Indonesia and Malaysia

Halal status in Indonesia means all products entering, circulating, and being traded must be halal-certified.29 This provision comes into effect five years after Law Number 33 of 2014 was promulgated. Enterprises are required to register their products in several stages. The first stage applies to food, beverage, and service products related to both.30 In the second stage, the halal certification obligation applies to products other than food and beverage within different time

frames, namely seven, ten, and fifteen years.\textsuperscript{31} If it is due and a violation is found, the government will impose administrative sanctions or fines on enterprises.\textsuperscript{32}

Meanwhile, Malaysia is the global halal industry hub, which first introduced the halal certification letter in 1974 and pioneered the establishment of the halal standards known as MS 1500:2004 and MS 1500:2009.\textsuperscript{33} Malaysia, a federated country consisting of three federal territories, has regulated halal provisions in the 2011 Trade Descriptions Act (TDA); the issuance of this law then provides legality for the Minister of Domestic Trade, Cooperatives, and Consumerism to issue orders, including Trade Descriptions (The Definition of Halal) Order 2011.\textsuperscript{34} The order came into effect in 2012, and what is meant by food includes every item produced, sold, or anything included in the composition, preparation, preservation, food, or drink for human consumption.

The syarak law, which refers to Islamic law based on the Shafie, Hanafi, Maliki, or Hanbali approved by the competent authorities are applicable in the Penang, Melaka, Sabah, Sarawak, and state authorities. Thus, in Malaysia, halal certification is mandatory for enterprises and is still based on Islamic law and the fatwa from JAKIM. If a violation occurs, legal entities face a fine not exceeding five million ringgit, while non-legal entities face a fine of up to one million ringgit and a maximum three-year imprisonment.\textsuperscript{35} The second order is the Trade Descriptions (Halal Certification and Marking) Order 2011, which states that enterprises obtaining halal certification must comply with all JAKIM standards, procedures, and circulars. This order mandates that an authorized institution must certify all food and products as halal and mark them with a halal logo.\textsuperscript{36}

Halal certification is also required for imported products and applies exclusively to Muslim and non-Muslim enterprises. A legal entity that violates it faces a fine of up to 250 thousand ringgit, while a non-legal entity faces a maximum fine of 100 thousand ringgit or a maximum three-year prison sentence. However, the 2011 TDA Law does not yet regulate the provision of compensation

\textsuperscript{31} Fitria Riany Eris and others, ‘Assistance for Registration of Halal Certification to MSMEs Products in Banten Province’, MOVE: Journal of Community Service and Engagement, 2.6 (2023), 173–78 https://doi.org/10.54408/move.v2i6.208
\textsuperscript{32} Zulfa and others.
\textsuperscript{33} Kherk Ying Chew, Adeline Lew, and Melissa Koh, Food Regulations and Enforcement in Malaysia, Reference Module in Food Science (Elsevier, 2018) https://doi.org/10.1016/b978-0-08-100596-5.22440-2
\textsuperscript{34} Mah Hussain-Gumbles, Halal Personal Hygiene and Cosmetics, The Halal Food Handbook, 2020 https://doi.org/10.1002/9781118823026.ch12

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for errors in the labeling and certification of halal and non-halal products made by individuals against victims.37

Just like in Indonesia, applications for halal certification in Malaysia are made online through the My-e-Halal system.38 Upon receipt of the application, applicants are required to submit the relevant supporting documents online, along with the certification fee, to initiate the process. During the certification process, external personnel familiar with the regulations and technical matters relating to the manufacturing process audit the applicant’s premises.39 Apart from that, in July 2023, Indonesia and Malaysia officially collaborated on the recognition of halal certificates to establish bilateral relations regarding halal product guarantees. The governments of the Republic of Indonesia and Malaysia marked this G-to-G synergy by signing a memorandum of cooperation regarding the recognition of halal certificates for domestic products.

The theory of legal effectiveness can be used to measure whether a regulation has achieved the objectives and principles of regulatory formation. According to Soerjano Soekanto, there are five factors to consider:40 (1) Legal factors, the law strikes a balance between legal certainty and justice. (2) Law enforcement factors, specifically the law, serve as a guide for law enforcement officers. (3) Factors related to facilities, specifically those that play a crucial role in law enforcement. (4) Community factors, specifically the degree of community compliance and awareness of the law itself, are crucial. (5) Cultural factors, specifically the laws that regulate society and shape attitudes toward other societies.41 Meanwhile, Lawrence M. Friedman proposed the legal system theory that the success or failure of law enforcement depends on three elements of the legal system: legal structure, legal substance, and legal culture.42 Legal substance includes statutory instruments, legal structures related to law enforcement officials, and legal culture.
related to public compliance and compliance with existing regulations. Legal effectiveness speaks about the validity of the law, namely that legal norms are binding, so people must act according to what is required by legal norms.

Samples can be obtained to determine the efficacy of halal product certification in Indonesia, with one sample being associated with MSME products. Based on data from the Ministry of Cooperatives and MSMEs of the Republic of Indonesia, in 2021, the number of MSMEs will reach 64.2 million. Between 2019 and 2023, 2,828,346 products received halal certification. So, to find out how well speeding up halal certification works, the author used data from the cluster sampling method, which splits the research object population into different areas in East Java's Madiun Residency area. The East Java Province aims to accelerate halal certification to 1,500,000 million products by the end of 2024. However, the East Java Provincial Government’s statistical data for the category of Small and Medium Industries shows that only 3,857 products received certification in 2017–2019 and only 6,785 products received certification in 2020–2021. For MSMEs, the number will reach 4,289 in 2020 and 6,500 in 2021.

Analysis from the legal substance aspect shows that, in Law Number 33 of 2014, it is still found that: The definition of product is unclear, in Article 1 number 1 of the Halal Product Guarantee Law includes goods and services related to food, drink, medicine, cosmetics, chemical products, biological products, genetic engineering products, and goods that society uses, employs, or exploits. The level of implementation of the definition phrase "services, genetic engineering products, or goods that are worn, utilized, or utilized by the community" in Article 1 number 1 of the Halal Product Guarantee Law is excessively broad, leading to multiple interpretations of this definition and a lack of understanding among business professionals and consumers. This phrase, as well as its lack of clarity,
will have an impact on business actors regarding "products" that must be certified halal.

Halal standards for products circulating in Indonesia have not been accommodated in Article 4 of the Halal Product Guarantee Law. Article 4 of the Halal Product Guarantee Law mandates the halal certification of "products that enter, circulate, and trade in Indonesian territory" to guarantee the legal certainty of each sold product. LP mandates halal standards as part of a product's halal certification process. However, Article 4 of the Halal Product Guarantee Law does not include regulations related to halal standards in the product certification process. BPJPH has issued a decree addressing this issue. That matter has the potential to give rise to legal uncertainty in its implementation as well as have an impact on the suboptimal goals of implementing halal product guarantees at this time due to the absence of further regulations regarding halal standards for the process of a product obtaining halal certification.

Article 4A of the Halal Product Guarantee Law does not contain any further regulations regarding halal self-declaration. Article 4A of the Halal Product Guarantee Law governs the obligation to certify products as halal for all micro and small business actors, based on their halal statement or halal self-declaration. Until this time, further arrangements regarding halal self-declaration are only being regulated by Head of BPJPH Decree Number 57 of 2022 concerning System Manual Halal Product Guarantee for Halal Certification with Business Actor Statement Micro and Small (Self Declare), which is an administrative determination (beschikking) and not a regulation (regeling), so it has the potential to give rise to legal confusion and uncertainty at the implementation level because traded MSME products potentially cannot be guaranteed 100% halal. Apart from that, the related Halal Product Guarantee Law leaves a legal gap. There are no sanctions in place for counterfeiting Halal certificates and labels, despite the fact that several cases of certificate counterfeiting have been observed empirically. In this case, criminal sanctions are a tool to return the situation to its original state after a violation has occurred, as well as a preventive tool for entrepreneurs so that the same action does not happen again.

Apart from the regulations mentioned previously, there are also East Java Governor Decree Number 188/793/KPTS/2022, which establishes the Halal Industry Development Acceleration Team for East Java Province for the 2022-2024 period, aims to accelerate halal certification. The team's responsibilities include the implementation of policies, programs, and activities that support the acceleration of halal certification, including outreach, the provision of integrated certification facilities, and assistance with the online or offline certification process.

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48 Reza Octavia Kusumaningtyas and others, 'Reduction of Digitalization Policy in Indonesian MSMEs and Implications for Sharia Economic Development', JURIS (Jurnal Ilmiah Syariah), 21.2 (2022), 157 https://doi.org/10.31958/juris.v21i2.6855
Interviews with several halal certification assistants from PHC IAIN Ponorogo revealed ongoing issues in several areas, including Ponorogo, Trenggalek, Madiun, Magetan, Pacitan, and Ngawi. First, from a legal substance, Novia and Mujianti, who work as PPH companions, report that the challenges faced by MSMEs in registering their products on the Si-Halal website stem from the requirement for a business identification number. The audited food and beverage products still use a mixture of non-halal animal products and textile dyes. Meanwhile, we obtained the following samples for MSME enterprises in Madiun Village, based on data from 75 respondents.

Table 1. Sample of Halal Certification in Madiun Residency

<table>
<thead>
<tr>
<th>No.</th>
<th>Cluster</th>
<th>Halal Certified</th>
<th>Process or Not Yet Halal Certified</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ponorogo Regency</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>Madiun Regency/City</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Magetan Regency</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Ngawi Regency</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Pacitan Regency</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>25</td>
<td>75</td>
</tr>
</tbody>
</table>

Table 1. shows that out of 75 respondents, 50 enterprises already have halal product certificates and have included halal labels on their products or shops. Meanwhile, 25 enterprises are still in the certification stage or do not yet have a halal certificate, so it can be concluded that around 71.5% of enterprises have been halal certified, and 28.5% of business actors have not or are in the halal certification process. It is evident from the explanation above that the regulation of halal product certification still needs to be improved in legal substance, and the current regulation still needs to be clarified. This includes a lack of clarity regarding the definition of halal products, the failure to accommodate product halal standards, the absence of regulation regarding sanctions or criminal charges for counterfeiting halal certificates and products, and the public still encounters numerous registration obstacles.

It is examined from the perspective of the legal framework, there are still issues with Law Number 33 of 2014, such as (1) the implementation of halal certification is not yet optimal, (2) the implementation of halal product guarantees lacks a mutual recognition arrangement, and (3) the supervision of the implementation of halal products is not currently optimal. Law enforcement in halal certification

means enforcement based on written legal procedures, rules, and values regarding halal certification against producers or parties who do not comply with applicable laws, are irresponsible and even violate the law. Efforts to monitor the implementation of halal product guarantees are carried out by the Halal Product Guarantee Organizing Agency (BPJPH). Supervision of Halal Product Guarantees is carried out on several things, including a) Halal Inspection Institution (LPH), b) Halal validity period, c) Halal product, d) inclusion of Halal Label, e) Inclusion of Non-Halal information, f) Separation of location, place, and slaughtering tools, processing, storage, packaging, distribution, sales and presentation of Halal and non-Halal Products, g) the presence of a Halal Supervisor, h) Other activities related to Halal Product Guarantee.

Supervision of halal product guarantees is also carried out by ministries/agencies, individually or jointly. As regulated in statutory regulations. This supervision can also be carried out by the public, as consumers who participate in implementing halal product guarantees. This community participation can be achieved by socializing about JPH and monitoring halal products in circulation through reporting and complaints to the Halal Product Guarantee Organizing Agency (BPJPH). After that, it is examined from the perspective of the legal culture aspect\(^50\) show that, community participation as consumers and as business actors is still minimal in the mandatory halal regime.\(^51\) This is due to consumers' limited understanding of non-halal products, specifically those containing pork. Apart from that, minimal information regarding the mandatory halal certification mechanism remains. Both consumers and enterprises do not yet understand the aims and objectives of mandatory halal mandated by the Halal Product Guarantee Law.\(^52\)

The survey results show that the main problem is the partners' low knowledge and awareness of MSME halal certification. Partners need to understand the necessary documents for applying for halal certification. Apart from that, there are three dimensions of knowledge that MSME actors have when purchasing halal products: (1) factual knowledge of the criteria for halal products that do not contain haram substances, (2) conceptual knowledge about the processing of halal


products, and (3) procedural knowledge that considers the obligation to consume halal products according to sharia.\textsuperscript{53}

Based on data obtained the author shows, of the 75 MSMEs in Madiun, 50 or 71.5\% already have halal certification and halal product labels, and 15.25\% or 23 are still in the halal certification process. Meanwhile, 13.25\% or 12 business actors have yet to obey and implement a legal culture towards regulations. Meanwhile, the author also surveyed 250 community respondents in East Java, and 113 were law-abiding and had an excellent legal culture of using halal products. Every time they buy or use a product, they always look at the halal label first. Meanwhile, 75 people express skepticism; specifically, 62 respondents consistently fail to uphold.

This demonstrates that the public has yet to experience the impact of the halal product guarantee law despite its passage four years ago. The Halal Product Guarantee has yet to substantially impact the acceleration of halal products or the expansion of the industrial world. The Halal Product Guarantee Organising Agency (BPJPH) plays a critical role in the implementation of halal product guarantees, particularly in the areas of certification, assistance, and financing for halal certification of halal products for micro, small and medium enterprises (MSMEs). Consequently, it is imperative to provide the business community and the general public with education and socialization regarding the assurances of halal products. The attitude of BPJPH as the organizer of halal product guarantees must be firm and unambiguous as it is preparing to fulfill the mandate of the halal product guarantee law. Additionally, the organization is not yet prepared to receive applications for halal certification. Infrastructure preparation, registration system organization, and certification rates contribute to BPJPH’s lack of preparedness. Similarly, BPJPH is prepared to work with ministries and institutions involved in industrial affairs, health, agriculture, standardization and accreditation, cooperatives, micro, small, and medium enterprises, and drug and food supervision.

The Acceleration of Halal Product Certification and the Potential Economic Impact in Indonesia and Malaysia

In 2022, Indonesia’s Muslim population will reach 241.7 million people or around 87\% of the total population.\textsuperscript{54} This has an impact on increasing domestic spending on halal products and services, which is projected to reach US$281.6 billion in 2025.\textsuperscript{55} Furthermore, after COVID-19, the total number of MSMEs has

\textsuperscript{53} Iti Septi and others, ‘Underlying the Dimension of Knowledge Factors in Purchasing Halal Product Among Muslim Consumers’, \textit{Malaysian Journal of Social Sciences and Humanities (MJSSH)}, 5.4 (2020), 34–40 https://doi.org/10.47405/mjssh.v5i4.387


\textsuperscript{55} Yakub and Zein.
increased, but there is still a problem with halal standards. In order to exploit this potential, the government is trying to create a strategy to accelerate halal certification for domestic enterprises. In the 2022 National BPJPH Ministry of Religion Working Meeting with the theme Accelerating Transformation of Halal Product Guarantee Services, Minister of Religion set a target of 10 million halal certifications by 2024.

To make this happen, at least several factors underlie the acceleration of halal certification, namely, *First*, massive and comprehensive outreach to all enterprises regarding the importance of carrying out halal certification. Large category companies should lead the persuasion efforts first, followed by small enterprises or producers who pose no risk. Socialization can be done by providing training on procedures for making NIB and P-IRT, registering for free halal certificates, self-declaration, and classifying halal products. There is also a need for a mandatory halal product certification campaign to be carried out openly by the central or regional government to disseminate information about the obligation to be certified halal by October 2024. Distributing brochures and issuing an immediate certification mandate are two ways to carry out campaigns.

*Second*, increasing regular, paid, self-declared, or free halal certification facilities for enterprises. The acceleration of halal certification for small enterprises can be encouraged through self-declaration. In the self-declare process, business actors do not need to register with BPJPH as in the regular process. They were accompanied by PPH companions. The companions carry out the recording and inspection until the halal certification is determined. In this case, the self-declaration determination must be carried out by a competent person. Self-declaration for MSME players must be based on several criteria, including the product being risk-free, using materials that have been confirmed to be halal, and having a simple production process. As stated in PMA Number 20 of 2021, a PPH companion is required to attempt self-declaration, and this PPH must be supervised by a PPH Companion Institution.

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58 Samira Rahimi Mavi, Sabine A. Einwiller, and Ingrid Wahl, ‘Communicating about Halal Products to Non-Muslim Consumers—the Role of Fit and Scepticism’, *Journal of Marketing Communications*, 00.00 (2024), 1–15 https://doi.org/10.1080/13527266.2024.2335563
Third, assistance with the halal certification process for MSMEs. The Indonesian halal certification concept was first carried out by the organizing body, BPJPH, which will issue halal certification for four years. The Halal Inspection Institute helps BPJPH by providing halal auditors. It must have a laboratory to carry out special audits on products with exceptional complexity. Meanwhile, for simple products or MSMEs, PPH Assistance Institutions (religious community organizations, Islamic religious institutions, and universities) will assist in carrying out verification and validation for the self-declare pathway. After being validated and verified by the LPH or PPH Facilitator, an MUI fatwa will be issued as a strategic partner of BPJPH. Thus far, BPJPH has integrated 156 PPH Facilitating Institutions, trained 174 PPH Facilitating Institutions, and trained 710 PPH accompanying trainers. However, 2,210 PPH companies remain unregistered.

The minor institutional structures in each village can also assist with mentoring, such as recruiting for village organizations become companions. In this case, a joint team of LPH and village administrators is required to collaborate and speed up the certification process to the bottom line. Village officials' role is highly recommended to reach the MSME level of society. Villages, companions, and LPH can work on structured plans, such as community service activities, to gain an understanding of the competitiveness of halal-certified products. Local governments, including village-owned enterprises, can integrate certification assistance to ensure the sustainability of effective and targeted certification programs. Each participant can receive modules on how to apply for halal certification in addition to education about halal certification. Before delivering education on the importance of halal certification, we conducted a pre-test. Participants can easily understand the attractive designs and language used in the modules. Apart from that, assistance can be carried out periodically by conducting audits of business actors and monitoring and reporting offline and online. Monitoring and evaluation of the implementation of this activity are observed through several indicators, including increasing post-test scores.

participation of MSME actors, level of enthusiasm, and involvement of MSME actors in community service activities. Interactions, where MSME actors inquire about the halal certification application and receive explanations, confirm this fact.\textsuperscript{65}

\textit{Fourth}, strengthen partnerships with ministries or institutions. Government Regulation Number 39 of 2014 regulates the role of LPPOM MUI as the first and largest LPH in Indonesia. In carrying out its duties, LPPOM MUI is supported by three pillars: competent auditors, accredited laboratories, and an online service system, CEROL-SS230000. From the auditor side, LPPOM MUI is currently supported by 912 halal auditors from various educational backgrounds, namely Bachelor, Master, and Doctor, some of whom even hold professorships in the fields of food technology, chemistry, biochemistry, industrial technology, biology, and pharmacy. Apart from that, another pillar that is no less important in halal certification is the laboratory, which provides guarantees for audit results and adds value to the resulting halal certification. Even though it is not the primary determinant of whether a product is halal or haram, laboratory test results are still data to support decisions in fatwa commission meetings.\textsuperscript{66}

\textit{Fifth}, new technology and the internet are used to develop information and the effectiveness of halal certification registration. BPJPH will be more collaborative, inclusive, and participative in accelerating certification.\textsuperscript{67} Innovation can be developed by utilizing technology to make it easier to register for halal certification online, system integration through online single submission, or strengthening single-window national institutions.\textsuperscript{68} QR codes are one way to make it easier to track information regarding a product’s halal status. When using a cellphone, the process is very simple and takes less than five seconds.\textsuperscript{69} BPJPH has also formed regional organizational units and has made efforts to develop artificial intelligence and blockchains to trace halal products. In its development, registration for halal certification in Indonesia is carried out online via the

\textsuperscript{67} Hana Catur Wahyuni and others, ‘Blockchain Technology Design Based on Food Safety and Halal Risk Analysis in the Beef Supply Chain with FMEA-FTA’, Journal of Engineering Research (Kuwait), February, 2024 https://doi.org/10.1016/j.jer.2024.02.002
\textsuperscript{68} Ng and others.
\textsuperscript{69} Klenam Korbla Ledi and others, ‘Effect of QR Code and Mobile Money on Performance of SMEs in Developing Countries. The Role of Dynamic Capabilities’, Cogent Business and Management, 10.2 (2023) https://doi.org/10.1080/23311975.2023.2238977
PUSAKA or SIHALAL application.\footnote{Nur Aini Rakhmawati and others, ‘Linked Open Data for Halal Food Products’, \textit{Journal of King Saud University - Computer and Information Sciences}, 33.6 (2021), 728–39 \url{https://doi.org/10.1016/j.jksuci.2019.04.004}} In addition, technology can optimize halal supply chains and logistics, with artificial neural networks being the most commonly used AI techniques in supply chain management.\footnote{Dwi Agustina Kurniawati and Andi Cakravastia, ‘A Review of Halal Supply Chain Research: Sustainability and Operations Research Perspective’, \textit{Cleaner Logistics and Supply Chain}, 6 (2022), 100096 \url{https://doi.org/10.1016/j.clscn.2023.100096}} In this context, the concept of halal logistics encompasses three stages: (1) The production process for halal products. (2) Logistics includes warehousing, transportation, and distribution. (3) The halal supply chain includes sustainable halal MSMEs, halal policies, and standardization.\footnote{Kwag and Ko.}

\textit{Sixth}, increase supervision of the ongoing implementation of post-halal certification. The Halal Management Team or Halal Supervisor carries out the supervisory function, which includes (1) supervising PPH in the company, (2) determining corrective and preventive actions, (3) coordinating halal product processes, and (4) accompanying halal auditors during inspections. In addition, halal supervisors report on the implementation and supervision of PPH, which includes maintaining a clean and hygienic processing location free from unclean animals, pets, wild animals, and non-halal materials.\footnote{Prakoso Bhairawa Putera and Tiurma Melissa Rakhel, ‘Halal Research Streams: A Systematic and Bibliometrics Review’, \textit{Cogent Social Sciences}, 9.1 (2023) \url{https://doi.org/10.1080/23311886.2023.2225334}} Non-Muslim enterprises are required to display a non-halal logo on their shops. Socialization and supervision are also important for non-halal MSMEs. Massive socialization of halal food will influence non-Muslim communities’ understanding of halal principles regarding food safety and environmental friendliness.\footnote{Mas Wahyu Wibowo and Fauziah Sheikh Ahmad, ‘Non-Muslim Consumers’ Halal Food Product Acceptance Model’, \textit{Procedia Economics and Finance}, 37.16 (2016), 276–83 \url{https://doi.org/10.1016/s2212-5671(16)30125-3}}

\textit{Lastly}, the government’s efforts in law enforcement.\footnote{Citra Hennida and others, ‘The Role of Belief Systems and Misperceptions in Halal Tourism Policy: Evidences from Indonesia’, \textit{Cogent Social Sciences}, 10.1 (2024) \url{https://doi.org/10.1080/23311886.2024.2352915}} Enterprises may face administrative sanctions, such as verbal warnings, written warnings, or the revocation of a halal certificate, if they display halal labels that do not comply with the provisions, such as those printed on the packaging, specific parts, and/or certain places that are easy to see and read and cannot be easily removed, removed, or damaged. Meanwhile, business actors who do not maintain the halal status of products that have obtained a halal certificate are subject to imprisonment for a maximum of 5 years or a fine of a maximum of IDR 2 billion. Enterprises can provide compensation in the form of a refund or replacement of
goods and/or services of the same or equivalent value, health care, and/or compensation in accordance with the provisions of the applicable laws and regulations if consumers feel harmed.

The potential economic impact on halal product certification in Indonesia and Malaysia can be seen from data released by the 2020/2021 Global Islamic Economic Report shows that consumer spending on halal food and drinks has increased by 3.2% compared to 2018, with an increase in global Muslim spending totaling USD 1.17 trillion in 2019 and is estimated to continue to rise to USD 1.38 trillion in 2024. This shows that the establishment and implementation of halal standards have been encouraged to facilitate international trade and economic development. Apart from that, the ability of Muslim consumers to spend their income places great emphasis on the halal status of food products.

Malaysia is currently at the global Islamic economic indicator level, which guides the dominant policy direction for evaluating and measuring the global halal economy. The halal industry in Malaysia covers various sectors, including food, beverages, Islamic finance, Muslim-friendly travel, fashion, pharmaceuticals, cosmetics, and tourism. This resulted in rapid economic growth in Muslim countries. Malaysia aims to become a global halal center by 2024, which will increase the domestic market’s competitiveness and attract investors to invest, as well as produce and export halal food from Malaysia.

For instance, Malaysia has garnered significant recognition in the pharmaceutical sector for its potential in halal medicine manufacturing. It is part of the Islamic Committee Organization (OIC) as a member of the Pharmaceutical Cooperation and Inspection Scheme (PIC/s). Malaysia has established itself in the global pharmaceutical industry by joining the Pharmaceutical Inspection Cooperation Scheme (PIC). To respond to this opportunity, the government has focused significant attention on developing the halal pharmaceutical industry. In the field of biotechnology, which focuses on the use of biological organisms to advance food processing, health products, agricultural productivity, and halal renewable resources, it has been developed because the Malaysian government

76 M Diaa El-din H Farag, Halal Food in Egypt, 2020 https://doi.org/10.1002/9781118823026.ch23
77 Faqir Muhammad Anjum, Muhammad Sajid Arshad, and Shahzad Hussain, Halal Ingredients and Food Production Factory Farming and Halal Ethics, 2020 https://doi.org/10.1002/9781118823026.ch9
realizes that investment management in this sector will increase economic growth.  

In its implementation, the Malaysian halal certification agency fosters and advances standards, standardization, and accreditation as a means of advancing the national economy, encouraging industrial efficiency and development, providing public health and safety benefits, protecting consumers, facilitating domestic and international trade, and advancing international cooperation about standards and standardization. Meanwhile, the Indonesian government is continuing its efforts to make Indonesia one of the world’s halal centers. However, the government still needs to improve the halal certification mechanism, proposing phasing and coaching programs towards effective free halal certification.

Several stakeholders need collaboration to carry out an accelerated halal certification program. MSMEs that still have problems with financial readiness need to be supported in implementing halal certification. MSMEs significantly impact the Indonesian economy’s resilience because domestic people consume more MSME products. During COVID-19, many MSMEs were affected, so the country’s economy also shrank. In this case, the government must simplify the certification process for small enterprises, both by streamlining the process and by providing standard human facilities and certification assistance.

4. Conclusion

Halal product certification status in Indonesia after the issuance of the Halal Product Guarantee Law is mandatory. All products and services that are not yet halal-certified must be registered before the specified time period. In Malaysia, to obtain halal status, all food, beverage, and processing products must adhere to sharia law or undergo verification by the JAKIM institution. This research shows, first, that to find out the implementation of the effectiveness of halal regulations in Indonesia, data was collected through cluster sampling, which divided the MSME population in Indonesia. Issues persist in expediting halal certification in substance, structure, and legal culture. These issues include a need for more public understanding of the importance of halal product certification, weak supervision,

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83 Rachmah Ida and others, ‘Socio-Cultural Values in Managing Risk Communication during the COVID-19 Pandemic in Indonesia’, Cogent Social Sciences, 10.1 (2024)
https://doi.org/10.1080/23311886.2023.2287288

84 Mutamimah, Alifah, and Adnjani.
law enforcement, and inadequate halal product certification regulations. Second, regulatory factors and accompanying certification registration encourage the acceleration of certification. Thus, if this program can run effectively, it will impact the national or global economy and serve as a legal basis for formulating Indonesian government regulation. The government must promptly enhance regulations regarding halal products, supervise law enforcement, and conduct outreach and education initiatives for the public in response to the numerous challenges encountered in expediting halal product certification.

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