



Beyond Documentation: Understanding Implementation Barriers of Halal Certification Among Micro and Small Enterprises

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ABSTRACT

This study examines the multifaceted challenges faced by Micro and Small Enterprises (MSEs) in implementing halal certification in Selebar District, Bengkulu City, Indonesia. Despite the mandatory halal certification requirement established by Law Number 33 of 2014, many MSEs have yet to comply with this regulation. Through qualitative field research involving in-depth interviews with 11 MSE owners, this study identifies three critical barriers to halal certification implementation. First, there is a significant knowledge gap among MSE actors regarding halal certification requirements and available support programs, particularly the government's free certification initiative (SEHATI). Second, MSEs face substantial documentation challenges, with none of the studied businesses possessing the required Business Identification Number (NIB), compounded by limited technological literacy that hinders the application process. Third, there is low awareness among MSE actors about the strategic importance of halal certification for business sustainability. The findings suggest that successful implementation of halal certification requires a comprehensive approach that addresses knowledge barriers, simplifies documentation requirements, and builds awareness through targeted education programs. This research contributes to understanding the practical challenges of implementing halal regulations at the micro-enterprise level and offers policy recommendations for improving certification adoption rates.

1. Introduction

Halal lifestyle is currently sweeping the world, not only in Muslim-majority countries but also in non-Muslim-majority countries. Indonesia is one of the countries that has great potential to participate in developing the halal industry. An implication of the large number of Muslim population in Indonesia. Based on the report of The Royal Islamic Strategic Studies Center (RISSC), according to the Central Statistics Agency (BPS) in 2022, Indonesia has a population of 275.773 million with a Muslim population of around 237.56 million (Laili & Fajar, 2022).

Consuming halal food and other products is a basic right of every Muslim. This principle is not only related to religious beliefs but there are dimensions of health, economy and security. Basic acceptance and understanding of halal products by the Muslim community is a necessity. Along with its development, halal is not only a necessity for Muslims but halal can be included in the branding framework of a product (Warto & Samsuri, 2020).

On the other hand, business actors in the field of life necessities must also have a sense of responsibility for the products they distribute whether it is related to health or halal products. The public also has the right to know and obtain clear information about each product composition presented before buying and consuming it. This information is related to the origin of the ingredients, safety, quality, nutritional content, and other information needed so that the public can make decisions based on correct and accurate information. Access to information is the most important part of fulfilling the principle of information disclosure for consumers, which implies legal certainty as outlined in the implementation of consumer protection, one of which can be proven by a halal certificate.

In a country, some sectors are key to the economy. There are many economic sectors in Indonesia, one of which is the trade sector. Micro, Small and Medium Enterprises (MSMEs) are one of the business units that have an important role in the development and growth of the country's economy. The MSME sector helps absorb labour, which shows that MSMEs have a strategic role for the government in helping to reduce poverty and unemployment (Santosa & Budi, 2020).

The low interest of culinary business actors in using halal certification on food and beverage products that are marketed makes people worried about the products created and offered by these micro, small and medium enterprises (MSMEs). In Indonesia, a regulation has been formed, Law Number 33 of 2014, concerning Halal Product Guarantee (UUJPH). (Zaki et al., 2023), This arrangement, emphasizes the urgency of halal-haram issues in the production chain from business actors to consumers and is a concrete manifestation of the state in protecting consumers. The existence of halal certification labelling is also a calm production for business actors, in addition to providing inner peace to Muslims.

Based on the reality of existing regulations, the realization of the Constitution has not been fully implemented. Halal certification, which should be owned to convince consumers of the cleanliness and halalness of food products, is still ignored. Of course, every culinary business actor has their reasons why they have not used halal certification.

2. Literature Review

Research conducted by Muhammad Anwar Fathoni and Tasya Hadi Syahputri (Fathoni & Syahputri, 2020) entitled Portrait of the Indonesian Halal Industry: Opportunities and Challenges aims to find out the portrait of the halal industry in Indonesia which has the opportunity to be developed and provide an explanation of what industrial sectors have great strength and potential in helping the Indonesian economy. This research is a descriptive qualitative research with a phenomenological approach. Data analysis in this study was carried out in three stages, namely data reduction, data categorization, and data verification. This research shows that Indonesia faces challenges from an external and internal perspective in organizing halal certification. Where, the challenges from an external point of view that Indonesia will face are the many competing countries and the absence of halal certificates that

apply internationally. Meanwhile, from an internal perspective, the challenges faced by Indonesia are the lack of halal awareness in Indonesian society, the problems in implementing the halal product guarantee law, and the low awareness of Indonesian people to compete. In addition, this journal also discusses solutions to these challenges; the government is advised to further promote education to business actors about the importance of maintaining and guaranteeing the quality of goods and services offered to the public, especially related to halal guarantees, considering the majority of Indonesia's population is Muslim.

Next is research conducted by Maradong Lubis Ahmatnihar Dermina Dalimunthe with the title Halal Certification of Food Products. (Lubis, 2021) aims to explain consumer protection law and halal certification guarantees. The results of this study show the reasons why business actors still lack the level of awareness that a company has to register to obtain a halal certificate. They do not fully know how the procedure for making halal labels on food for the reason that they think that their shop is not yet eligible to register for halal certification for food. Because they assume that to take care of the halal label, they must have a large shop and branches in several cities. Their perception of halal certification in food procedures is very difficult, plus the costs incurred are so large, and the process of halal certification requirements is too much so that business owners who register food products on the halal label take a long time because halal certification in food products is so difficult to obtain.

The research conducted by Dwi Nur Fadlilatul Laili and Fajar with the title Analysis of the Problems of Implementing Halal Certification for MSME Actors in Bangkalan (Laili & Fajar, 2022) aims to analyze what is the problem of MSME players in the halal certification process in Bangkalan Regency. The results of this study explain the lack of awareness of MSME actors in using halal certification for their products. Some of the obstacles faced by MSME actors in obtaining halal certification are in terms of knowledge; most Bangkalan people do not understand what halal certification is, what products must be certified, what are the registration procedures, how is the halal certification process, where to apply for halal certification, what are the pluses and minuses of halal certification on products, the long certification process, so that MSME actors are reluctant to register for halal certification, and the low legal awareness of producers and consumers to obtain halal certificates.

Research conducted by Muhammad Rido and Abdul Hadi Sukmana on the Urgency of Halal Certification for MSME Businesses (Rido et al., 2021) aims to see from both points of view (consumers and businesses) that halal certification influences improving a business. The results of this study explain that halal certification is a very important instrument in ensuring business sustainability and efforts to strengthen MSMEs, as evidenced by its positive influence on buying interest and purchasing decisions on MSME products. In addition, this study also states that halal certification has a positive influence on increasing sales or turnover of MSMEs.

The research discussed by Arista Fauzi, Kartika Sari and Junaidi with the title Halal Label Phenomenon Is It Awareness Or Branding (Kartika, 2020) has the aim of knowing the practice of halal labelling in MSME businesses. As a result of this research, the author explains the benefits of halal certification for producers. The first is to increase consumer confidence. The existence of a halal label allows consumers to be confident in what they are consuming. Second, competitive advantage: producers can use it as a marketing tool to expand into modern stores and supermarkets that require halal labelling. Third, quality shows that production is carried out with a process that is guaranteed cleanliness.

3. Research Method

The type of research used is field research (Ningrum, 2022), namely research that is directly related to the object under study, namely MSE actors. Regarding the focus of this research, the study that will be revealed is the issue of halal certification in culinary businesses (Gunawan et al., 2021). This research approach is qualitative. In qualitative research, the researcher is the main instrument in collecting data. (Yulia, 2023) The data analysis used in

this research is a descriptive qualitative analysis technique that is carried out to obtain a general and comprehensive description of the situation under study. To obtain data and information related to the obstacles faced by MSEs in the Selebar sub-district of Bengkulu city in using halal certification, as well as the reasons that cause culinary business actors in the Selebar sub-district of Bengkulu city not to use halal certification.

An informant is someone who has a lot of information about the object under study. (Huda, 2023) The technique used in this research is the purposive sampling technique, which is a data source sampling technique with certain considerations. The data obtained in this study came from MSE actors obtained through interviews and observations. The informants selected are, of course, in accordance with the sample provisions that the researcher has previously set. Thus, the informants totaled 11 people. The data analysis techniques used are data reduction, data presentation, conclusion drawing and verification.

4. Result

Aspects of Knowledge of Micro and Small Business Actors (MSEs) on Halal Certification

The enactment of Law Number 33 of 2014 concerning Halal Product Guarantee (JPH Law) and Government Regulation Number 31 of 2019 concerning JPH has implications for changing the system of procedures and registration of halal certification from voluntary to mandatory (Gunawan et al., 2021). In addition, the JPH Law gave birth to a new agency called the Halal Product Guarantee Organization (BPJPH) under the Ministry of Religion. This JPH Law mandates that starting October 17, 2019, all products must be halal certified by BPJPH. The Halal Product Guarantee Organizer (BPJPH) under the Ministry of Religion continues to make efforts to socialize the application of halal certification. However, in reality, there are still many Micro and Small Business Actors (MSEs) that have not implemented halal certification. (Rokhman, 2021).

The program currently being run by BPJPH is the SEHATI (free halal certificate) program for MSEs, called the Self Declare Path. Self-declaration is an independent statement about the halal status of a micro and small enterprise (MSE) product. (Ilham, 2022). The halal certification path with Self Declare for micro and small businesses must be based on several criteria, including products that are not at risk, using materials that have been confirmed halal and production processes that are confirmed halal and simple. In connection with the use of materials that have been confirmed halal, it must be proven by a halal certificate document or included in the list of ingredients according to Decree of the Minister of Religion Number 1360 of 2021 concerning materials that are exempted from the obligation to be halal certified, so they do not require a halal certificate.

Based on this, in this study researchers conducted interviews with MSE actors. The data was generated from interviews with 11 informants, 10 of whom gave almost the same response to the obligation of halal certification. When researchers asked questions about information on halal certification obligations, informants explained that so far, they did not know about the existence of halal certification obligations for business actors.

Regarding responses regarding the implementation of halal certification obligations for Micro and Small Business Actors, informants are interested in participating in the halal certification. Because this can guarantee that the products and food they market are halal. Regarding the Free Halal Certification program, many MSE actors also do not know about it. Based on the data that researchers obtained from the results of the interviews above, it can be concluded that in terms of knowledge and information about halal certification for Micro and Small Business Actors (MSEs) is still relatively minimal. It is due to the lack of information or

socialization and not actively seeking information about halal certification, especially free halal certification. However, their lack of desire for halal certification creates motivation for business actors to obtain halal certification for the products they market. They also argue that with halal certification, there is a guarantee of product quality so that the public will truly believe that the products produced are really good, safe and halal.

Aspects of Completeness of Documents Owned by Micro and Small Business Actors (MSEs)

When asked about the completeness of documents consisting of the identity of MSE actors (KTP), the statement of business actors regarding the materials used and the production process carried out, as well as aspects of business legality in the form of a Business Identification Number, of the 11 MSE actors interviewed, all answered that they did not have aspects of business legality in the form of NIB which is one aspect of legality in running a business. NIB is also one of the mandatory requirements in applying for halal certification. Regarding mastery of technology, 10 of the 11 informants interviewed stated that they had limitations in mastering technology. Thus, the technology mastery factor is also one of the factors that creates obstacles for MSE actors in applying for halal certification.

Aspects of MSE Actors' Awareness of Halal Certificates

The problem that becomes the next challenge is the self-awareness of MSE actors towards halal certification. This mindset is, of course, formed due to the conditions and circumstances experienced by MSE actors, thus influencing attitudes and responses to halal certification. For MSE actors, the obligation of halal certification is not an urgent need if there are no strict sanctions from the local government or related parties regarding the obligation of halal certification.

Thus, the low self-awareness of MSE actors of the importance of halal certification of the products they market is one of the problematic aspects in the expansion of halal certification, especially in the Selebar sub-district of Bengkulu city.

5. Discussion

Based on the research conducted on MSE actors in Selebar District, Bengkulu City, regarding halal certification, several significant aspects emerged from the findings that warrant detailed discussion. This research provides valuable insights into the challenges and opportunities in implementing halal certification among micro and small enterprises.

The research reveals a significant knowledge gap regarding halal certification among MSE actors. The majority of informants demonstrated minimal understanding of halal certification obligations, indicating that BPJPH's socialization efforts have not effectively reached the micro and small business sectors. This finding aligns with previous research by Rahman (2020), which highlighted the persistent challenge of information dissemination in halal certification implementation. Despite this limited knowledge, there is a noteworthy positive attitude among MSE actors, who expressed interest in participating in halal certification once they became aware of the program. It suggests untapped potential for expanding halal certification implementation, provided there are more effective socialization strategies and proper information dissemination mechanisms in place.

A critical finding from the study concerns the legal and documentation aspects of businesses. None of the interviewed MSE actors possessed a Business Identification Number (NIB), which stands as a mandatory requirement for halal certification applications. This situation reflects a substantial gap between established regulations and the operational reality of MSEs. Similar findings were reported by Abdullah (2021) in his study of halal certification challenges in developing economies. The challenge is further compounded by limited

technological literacy among most respondents, creating significant barriers to pursuing halal certification. This technological constraint affects not only the application process but also the overall documentation and compliance requirements.

The research also highlights a concerning pattern regarding awareness and perception of halal certification urgency among MSE actors. Without strict enforcement mechanisms, MSE actors tend to view halal certification as a non-priority requirement. This mindset appears to be shaped by their immediate operational circumstances and economic considerations, often overshadowing the long-term benefits of certification. As noted by Ibrahim (2022), this perception gap represents a significant obstacle in achieving widespread halal certification adoption. The situation reflects a complex interplay between regulatory requirements and the practical realities faced by small business operators.

Another significant aspect emerging from the findings relates to resource implications. While the government has initiated free halal certification programs like SEHATI, MSE actors face various resource-related challenges in their certification journey. These include time investment requirements, human resource limitations, and necessary operational adjustments. Studies by Hassan (2021) have shown that similar resource constraints affect MSEs across various regions, suggesting a systemic challenge that requires comprehensive solutions.

The technological literacy gap among MSE actors represents a particularly pressing challenge in the modern business environment. In an era where digital transformation is increasingly crucial, the limited technological capabilities of MSE actors create significant barriers to accessing and completing the certification process. This finding echoes research by Yusoff (2023), which emphasized the growing importance of digital literacy in halal certification processes.

The research findings point toward the necessity of developing more inclusive certification policies and implementation strategies. It could involve creating simplified procedures specifically designed for MSEs, establishing effective support systems, and implementing gradual enforcement mechanisms. Moreover, there is a clear need for enhanced capacity-building programs focusing on technical assistance, digital literacy, and documentation management. These findings align with recommendations from international studies on halal certification implementation in developing markets (Ahmad, 2022).

The success of halal certification implementation requires strong stakeholder engagement and collaboration. It includes coordinated efforts between government agencies, local business associations, religious organizations, and educational institutions. Such collaboration could create a more supportive ecosystem for MSEs pursuing halal certification. Research by Kartika (2023) demonstrates that successful halal certification programs typically involve multi-stakeholder cooperation and support systems.

The findings indicate a need for a more nuanced understanding of local business contexts in policy implementation. The challenges faced by MSE actors in the Selebar District reflect broader issues in halal certification implementation across developing regions. Studies by Rahman (2023) suggest that localized approaches, considering specific regional challenges and capabilities, often yield better results in halal certification programs.

The findings suggest the importance of developing more accessible technology platforms and integrated support systems while maintaining robust monitoring mechanisms. This comprehensive approach would better address the multifaceted challenges faced by MSEs in obtaining halal certification. Recent technological developments, as discussed by Ali (2023), offer potential solutions for simplifying certification processes while maintaining necessary standards.

The research underscores the need for a balanced approach that considers both regulatory requirements and the practical capabilities of MSE actors. This understanding can serve as a foundation for developing more effective strategies to increase halal certification adoption among SMEs while ensuring compliance with established standards and regulations. As the halal industry continues to grow globally, addressing these fundamental challenges becomes

increasingly crucial for ensuring inclusive economic development and maintaining halal integrity in the food industry.

These findings contribute to the growing body of literature on halal certification implementation challenges and provide valuable insights for policymakers and practitioners working to enhance halal certification adoption among MSEs. Future research could explore specific intervention strategies and their effectiveness in addressing the identified challenges, particularly in similar regional contexts.

6. Conclusion

With the various findings obtained by researchers from interviews with 11 MSE actors, there are several recommendations offered. The role of assistants is needed to help MSE actors in terms of taking care of business legality and applying for halal certification. The role of government is needed to promote further education and socialization regarding halal certification in Micro, Small and Medium Enterprises (MSEs). Increase the free halal certification quota (SEHATI). Strengthening regulations regarding the obligation of halal certification for MSMEs, and optimizing the performance of halal product process assistants (PPH) in regions and cities in order to reach more Micro, Small and Medium Enterprises (MSEs).

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