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Implementation of Halal Certification Policy for MSME Actors in Banyumas Regency

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Abstract: This research is motivated by the urgency of the policy regarding the obligation of halal certification for MSME actors and the various problems in the field, such as free market competition in Asia. If the product is not halal certified, the product will not be purchased and consumed. Currently, halal is one of the essential standards in product trading activities at the international level. This study aims to describe the implementation of the halal certification policy for MSME actors in food products in Banyumas Regency after the issuance of law number 33 of 2014 concerning Guarantees of Halal Products and Regulation of the Minister of Religion Number 20 of 2021 concerning Halal Certification for Micro and Small Business Actors. Based on Law number 33 of 2014 concerning Halal Product Guarantees, it is stated that the purpose of implementing halal product guarantees is to provide comfort, security, safety, and certainty of the availability of halal products for the public in consuming and using products. Law number 33 of 2014 also regulates the rights and obligations of business actors related to the production of halal products. It is expected to provide legal certainty and guarantees for consumers, especially for a Muslim obliged to eat halal food. Moreover, with the issuance of Regulation of the Minister of Religion Number 20 of 2021 on September 14, 2021, obliging all business actors to process their business products by Islamic law and have proof of halal certification, it is hoped that all business actors will have halal certificates. Halal certification is essential for business actors and consumer protection, and the ultimate goal of halal certification is legal and formal recognition of products sold by MSME business actors that have complied with halal provisions. This study used a descriptive qualitative method. Data collection techniques were carried out using interviews, documentation, and observation of the heads of the offices of the Ministry of Religion, Heads of the Department of Labor, Cooperatives and Small and Medium Enterprises, and MSME Traders in Banyumas Regency. The results found in this study show that Banyumas district is one of the districts with the highest halal certification achievement in Indonesia's Central Java Region.

Keywords: *halal certification policy; msme; banyumas regency*



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A. INTRODUCTION

Two years have passed, and Indonesia has fought the Covid-19 virus. It is not sure when the pandemic will end because some still have the virus. Moreover, it cannot be denied that this virus is not only a matter for the Government. However, it is also a contribution for all Indonesian people to be able to break the chain of transmission by implementing the health protocols set by the Government. The Covid-19 pandemic has created various problems in the business world, such as salary reductions, laid-off employees, and layoffs (termination of employment) which various levels of society have felt. The most significant negative impact of Covid-19 is that many people become unemployed, criminality, even triggering domestic violence and many other things caused by Covid-19. However, judging from the positive impact caused by Covid-19, many Micro, Small, and Medium Enterprises (MSME) emerged among others. MSME is a productive business that can be owned by individuals or business entities that have met the criteria of a micro business. In the Law of the Republic of Indonesia Number 20 of 2008 concerning MSME, it is stated that MSME are by the type of business, namely micro, small, and medium enterprises. MSME are carried out with limits on annual turnover, total wealth or assets, and number of employees. While businesses that are not included as MSME are categorized as large businesses. Large businesses are productive economic businesses carried out by business entities with a net worth or annual sales results greater than medium businesses. Large businesses include state-owned or private

national businesses, joint ventures, and foreign businesses that carry out economic activities in Indonesia. MSME currently have a vital role in economic growth in Indonesia. Based on data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia in 2022, several SMEs of 8.71 business units have yet to be added to business units that are not included in the statistical data of the Ministry of Cooperatives and SMEs. This is where MSME have a substantial contribution to the Indonesian economy. MSME absorb up to 97% of the workforce, providing up to 99% of the total employment. MSME contributed 61.97% of the total national GDP, MSME contributed 15.2% of total exports, and MSME contributed 60.4% of total investment (Lubis, et al, 2002, pp. 323-324).

MSME have become very important economically and socially, which is influenced by several factors, including: first: MSME can reach rural areas and which is very important in the wheel of the economy, second: being able to employ people in their business environment, third; have opportunities and develop business skills and entrepreneurship.

Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises has regulated that: The Government and Regional Governments place "business permits" as one of the strategic aspects in the context of creating a business climate in addition to other aspects, namely: funding; facilities and infrastructure; business information; partnership; business opportunity; trade promotions; and support institutional.

Affirmed also in chapter 12 of Constitution Number 20/2008 about MSME, that aspect of licensing business That addressed For:

1. Simplify system method And type licensing business with system service integrated One door; And
2. Free licensing fees for Micro Enterprises and provide licensing fee relief for Business Small.

The emergence of many MSME has caused the Government of Indonesia to compile regulations on halal guarantees for every product produced by MSME. Several regulations that the Government has passed include Law Number 33 of 2014, which requires all halal-certified production, Government Regulation Number 31 of 2019 concerning Regulations for implementing Law Number 33 of 2013 concerning Halal Product Assurance as a reinforcement of the previous regulations by enforcing the implementation of halal certification from *voluntary status* to *mandatory* by giving five years from its implementation. Since 2019, halal certification is no longer carried out by the Indonesian Ulema Council (MUI) but through the Halal Product Assurance Organizing Agency under the Ministry of Religion. Meanwhile, the latest regulations regarding halal certification were regulated in Minister of Religion Regulation Number 20 of 2021 on September 14, 2021, concerning halal certification for Micro and Small Enterprises (Ningrum, 2022, p.44).

Banyumas Regency is one of Central Java Province's areas with thousands of MSME. According to data from the Office of Small and Medium Enterprises

Cooperatives, Banyumas Regency has 8551 MSME spread across several areas in Banyumas Regency. MSME in the Banyumas area support students coming to Banyumas to study, especially MSME in the food sector, which are needed to meet their daily needs.

Not all of the many MSME in the Banyumas Regency area are labeled or certified as halal. Ignorance and unwillingness of the community, especially the Muslim community in the Banyumas area, to consume halal or unlawful food will encourage an increase or higher consideration in choosing a food product. Moreover, there will be a process where there is a selection of food products to be consumed, and food products will be set aside because these products are not halal. Currently, many products do not include a halal certification label on the packaging of their food products, so many people continue to consume these products.

Consuming halal products is a right and obligation for humans, especially Muslims. Consumers must be savvy in choosing the product to be consumed, whether it is guaranteed to be halal by looking at the halal certificate label. The halal certification label listed on the product is a form of local protection for consumers who have bought or eaten it.

Guarantees regarding halal products should be carried out with the principles of protection, fairness, legal certainty, accountability, transparency, effectiveness, and efficiency. The creation of professionalism because humans are the main actors in the Qur'an (Idris et al, 2020,

p.2). According to Law Number 33 of 2014 concerning Guarantees for Halal Products states that halal products are all goods and or services related to food, drink, medicine, cosmetics, chemical products, biological products, genetic engineering products, and goods used, used and used by people who have been declared halal by Islamic law (Law Number 33 of 2014).

The benefits obtained after obtaining halal certification include helping to eliminate doubts for consumers, especially Muslims, about the halalness of food products to be purchased/eaten. If you already have a halal certificate, you will not hesitate to buy/eat the product you purchased.

Through the Ministry of Religion in Banyumas Regency, the government has also socialized the existence of regulations regarding halal certification. How is the halal certification policy's implementation, strategy, and influence promoted by the Banyumas Regency Ministry of Religion office? In this study, we will discuss the implementation of halal certification policies for MSME actors in the Banyumas Regency.

B. METHODS

The research method used in this study is qualitative. The qualitative method is a research procedure that produces descriptive data in written or spoken words from people and observed behavior. The data analysis activities include activities with data, grouping data, selecting and sorting, looking for patterns, finding what is essential and what is learned, then deciding what to present to others. This method is intended to describe the implementation of

halal certification for food products in the Banyumas Regency.

The research data source is primary data derived from MSME data from the Ministry of Religion, the Ministry of Cooperatives, Small and Medium Enterprises, and MSME actors. Secondary data sources come from books and journals related to this research. This research is a research *field research*, while the approach used is qualitative with descriptive analysis.

C. RESULTS AND DISCUSSION

1. Definition of Halal Certification

Halal certification is a requirement for producers to obtain permission to grant halal labeling to a product from an authorized government agency (Republic of Indonesia, 1999). Article 1 of Law Number 33 of 2014 also states that a Halal Certificate is an acknowledgment of the halalness of a product issued by the Halal Product Assurance Organizing Body based on a written fatwa issued by the Indonesian Ulema Council. If seen from the sound of the article that halal certification is a security guarantee for Muslim consumers so they can choose halal food. Halal certification is a process order to obtain a certificate with various examinations passed, the stages of inspection in order to obtain proof that the materials used and the stages of production, and the halal product guarantee system can be submitted by entrepreneurs/traders by halal standards set by the Institute for the Assessment of Food, Drugs, and Medicines. Medicines and Cosmetics of

the Indonesian Ulema Council (Faridah, 2019, p.72).

Halal certification is necessary for business actors to guarantee that their products or businesses are suitable for consumption or use. The results after the issuance of the halal certificate, if the inspection does not contain prohibited materials and there are no materials that are harmful to health, then the authorized officer will issue a halal certificate. Requirements that make a product/business halal in a product/business include: the materials used do not contain elements of pork, the materials used do not contain elements that are forbidden in Islam.

The urgent benefits of halal certification include (Ningrum, 2022, p.46):

1. Authority to provide legal certainty that the products and services provided are by Sharia law regarding halal and create a mechanism to monitor compliance with guidelines and standards for raw materials and production processes;
2. Confidence, to provide guarantees to Muslim consumers or non-Muslim consumers who fall in their preference for halal products;
3. Competitive advantage, to expand market coverage towards readiness to provide global needs;
4. Quality, to show that the product meets halal requirements and strict

hygiene and health practice standards;

5. International acceptance and export market product guarantee symbol or identity.

In the Al-Quran, it has also been explained and given strict warnings to Muslims always to consume halal food and drink and not consume food that is unlawful or prohibited by Allah SWT. Islam has also made it mandatory for halal products to become an obligation, especially in food and beverage products.

Allah SWT has ordered and reminded people to consume good and halal food/drinks in accordance with QS Al-Baqarah verse 168 which reads:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا
وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ
عَدُوٌّ مُبِينٌ

Meaning: O people, eat what is lawful and sound from what is on earth, and do not follow the devil's steps; because the devil is a natural enemy for you.

Moreover, Q.S. Al-Baqarah verse 173 reads:

إِنَّمَا حَرَّمَ عَلَيْكُمُ الْمَيْتَةَ وَالدَّمَ وَلَحْمَ الْخَنِيزِ
وَمَا أَهْلَ أَصْ

Meaning: Indeed, Allah has only forbidden you carrion, blood, pork, and animals that (**when** slaughtered) are called (names) other than Allah. However, whoever is forced to (eat it) while he does not want it and does not (also) exceed the limit, then there

is no sin for him. Indeed Allah is Forgiving, Most Merciful.

In this verse, it is closely related to the halal certification process; in the halal certification process, if in the process of producing a product not using a halal method, for example: slaughtering goats, chickens do not use the word Bismillah then the resulting product cannot be said to be halal because it is not by sharia. So, in this case, the halal certification process is essential for business actors, especially for MSME actors.

2. Halal Certification Policy for MSME

Policy regulations regarding the importance of the halal aspect in a product include the S.K.B. of the Minister of Health and the Minister of Religion of the Republic of Indonesia Number:

427:/Menkes/SKB/VIII/1985, Number 6 of 1985 concerning the Inclusion of Halal Writing on food labels, dated 12 August 1985, Law Number 8 of 1999 concerning Consumer Protection, Presidential Instruction of the Republic of Indonesia Number 2 of 1991 concerning Increasing Guidance and Supervision of Processed Food Production and Distribution, Law Number 18 of 2012 concerning Food, Law Number 36 of 2009 concerning Health, Decree of the Minister of Religion Number 518 of 2001 concerning Guidelines and Procedures for Inspecting and Determining Halal Food and Number 518 of 2001 concerning Implementing Institutions

for Halal Food Inspection dated 30 November 2001, Law Number 33 of 2014 concerning Guarantees for Halal Products, Government Regulation Number 31 of 2019 concerning Regulations Implementation of Law Number 33 of 2014 concerning Guarantees for Halal Products (Nurfaika et al, 2021).

The enactment of Law Number 33 of 2014 concerning Guarantees for Halal Products has a direct impact on micro business actors, as mandated in Law Number 33 of 2014 concerning Guarantees for Halal Products Article 4 requires that all products circulating in Indonesia must be halal certified. It is known that the number of MSME in Indonesia recorded by the Ministry of Cooperatives and Small and Medium Enterprises in 2018-2019 reached 64,199,606. Moreover, in 2019, it reached 66,471,134, an increase of 2.98% compared to the previous year. The large number of MSME raises problems related to halal certification because not all MSME can afford to pay the cost of mandatory halal certification, especially micro business actors. The government, through Law Number 33 of 2014 concerning Guaranteed Halal Products, Law Number 11 of 2020 concerning Job Creation and its derivative Government Regulations, has provided a solution regarding the problem of halal certification costs, where the regulation it is stated that financing halal certification for micro-businesses can be facilitated by the government or the private sector free of

charge. Matter this has been clarified in the Regulations Minister Finance Number: 57/PMK.05/2021 regarding the Service Fee of the Public Service Agency for the Implementation of Halal Product Assurance at the Ministry of Religion, which states that MSME are free of charge (Rp.0) to obtain halal certification. However, BPJPH still needs to issue the MSME criteria and detailed technical instructions for implementing this free certification. Apart from that, the lack of outreach by BPJPH and the lack of legal awareness among micro-entrepreneurs are also obstacles in efforts to implement Law Number 33 of 2014 concerning Guarantees for Halal Products (Lubis et al, 2020, p.323).

Banyumas Regency has formed a Halal Product Guarantee Agency by the government's mandate through the Ministry of Religion. Implementation of the Halal Product Guarantee Law, which requires all products circulating in the Banyumas Regency area to be halal certified. MSME in Banyumas Regency are one of the targets of the Ministry of Religion to apply for all their products to be registered as halal.

Based on data from the Ministry of Religion of Banyumas Regency, the number of registered MSME is 8,551. This number is more than other regencies in the Barlingmascakeb area (Banjarnegara-Purbalingga-Banyumas-Cilacap-Kebumen). Moreover, the number of MSME that have received halal certificates is 4,336. This is a very significant achievement for the Ministry

of Religion of Banyumas Regency because it has certified 50% of MSME from the total number of existing MSME (Interview Mr. Faisal).

3. Halal Certification Procedures for MSME

For the halal certification process to be submitted to obtain a halal certificate, the proposed product must meet the requirements, especially since the materials used do not contain pork or its derivatives. Business actors are required to submit documents including (Interview Mr. Yudi):

- a. Product name and type;
- b. List of products and materials used;
- c. The product processing process;
- d. Washing or tanning in shared production facilities.

Requirements that must be prepared by MSME business actors including:

- a. Identity card
- b. Active cellphone number
- c. Active Email
- d. Business Identification Number

While the complete documents that must be prepared for the issuance of halal certificates include the following:

- a. Application letter (can be downloaded via the Banyumas Ministry of Religion website).

Figure 1 Flow of Halal Certification Registration Process



Source: www.halal.go.id

- b. Registration form ((can be downloaded via the Banyumas Ministry of Religion website).
- c. Business Identification Number
- d. Documents for halal supervisors in the form of Identity card, curriculum vitae, training certificates, and halal supervisor competitions)
- e. List of products and ingredients
- f. Production process flow
- g. Halal guarantee system document/product guarantee system (format determined by B.P.J.P.H.)
- h. Copy of Halal Certification (for renewal registration)
- i. Other documents (documents of distribution permit, P.I.R.T., etc.).

The halal certification process in Banyumas Regency consists of two paths, namely (Interview Mr. Yudi):

- a. *Save de clear* path: a direct statement from the business actor that the product is halal and suitable. The companion/supervisor will check the materials prepared, the manufacturing process, to the packaging. The total cost for the manufacturing process is below 500,000,000 rupiah. Managed products are not meat.
- b. Regular line: All types of businesses fall into the category of restaurants, catering, and slaughterhouses. The total cost for the manufacturing process is over 500,000,000 rupiah.

D. STRATEGIES AND BENEFITS OF IMPLEMENTING HALAL CERTIFICATION

The strategy carried out by the Ministry of Religion of Banyumas Regency in the Halal Certification process includes:

1. Collecting data on all MSME in the Banyumas Regency area.
2. Making flyers to be disseminated to all MSME in the Banyumas Regency area.
3. Visit one by one and educate MSME actors about the importance of halal certification.
4. Conduct socialization of halal certification once a month.

The benefits felt by MSME actors who have been certified:

1. Increasing the selling value of the products offered.
2. Products are increasing
3. Public trust is increasing.
4. Business actors are increasingly confident about the products offered.

E. CONCLUSION

After the researchers analyzed and reviewed the existing data, some MSME actors in the Banyumas area understood the halal certification process well. With a program from the Government that makes the process of applying for halal certification free, many MSME in the Banyumas Regency are moved to register their products to obtain halal certification. Data obtained by researchers showed that 50% of MSME in

the Banyumas area had implemented a halal certification policy; 4336 MSME actors have received halal certificates. Moreover, Banyumas Regency is one of the Regencies that registers the highest halal certificates in the province of Central Java.

The next suggestion in this research is to socialize and educate macro business actors (restaurants, slaughterhouses, and so on) so that not only MSME players submit their products to obtain halal certification moreover, for the Ministry of Religion of Banyumas Regency continue to be active in promoting and socializing the halal certification policy that the Government has proclaimed.

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