

## THE ROLE OF HALAL CERTIFICATION ACCELERATION IN UPGRADING MSMEs HALAL BUSINESS INDONESIA IN 2022

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### ABSTRACT

We know that a halal certificate is an acknowledgment of the halalness of a product that has been issued by the Halal Product Assurance Organizing Body based on a written fatwa issued by the Indonesian Ulema Council. This research was a of literature review. The steps of literature review in this research have been determined, namely what is the role of accelerated halal certification in Upgrading MSMEs Indonesia. The acceleration of the halal certification policy has economic benefits and is truly very strategic for optimizing the captive market. Acceleration role perceived halal certification can raise turnover especially in Indonesia. The government continuously pays attention to the existence of micro and small business actors. One of them is in the form of a commitment to improve the halal industry by accelerating the implementation of halal certification for MSMEs. In accordance with the Regulation of the Minister of Finance Number 57/PMK.05/2021 about Tariffs for BPJPH Public Service Agencies at the Ministry of Religion, the government provides halal certification facilities of IDR 0 (zero rupiah) for Micro-Small Business actors.

**Keyword:** *Captiv market, MSMEs, Halal Certificate, Acceleration*

### INTRODUCTION

We know that food, cosmetics, medicines and the products we use are necessities of life. We must fulfill these needs in a good, quality, nutritious and healthy way. In terms of price, the product needs in the eyes of the public must be affordable. In addition, various product needs must not conflict with religion, culture and beliefs. In fulfilling all this, it is necessary to have a production system that can guarantee the protection of both producers and consumers.

We know that a halal certificate is an acknowledgment of the halalness of a product that has been issued by the Halal Product Assurance Organizing Body based on a written fatwa issued by the Indonesian Ulema Council. When you already have a halal certificate, the product has obtained a guarantee from the government and there is legal certainty regarding the halalness of a product or service. In general, all products that will be consumed by the public must be halal certified, which has been stated in Law No. 33 of 2014 concerning Guarantees for Halal Products. The products in question include beverages, food, cosmetics, chemical products, genetic products and goods that can be used by the public at large.

Besides that, business actors in the field of necessities of life must also have a sense of responsibility for the products that are distributed. Whether it's related to health or halal products. The public must also know and obtain some detailed and detailed information regarding each product composition that has been presented before purchasing and consuming it. This information relates to ingredients, safety, quality, nutritional content, and other information needed so that people can make decisions based on true and actual information.

Fulfilling the needs of halal life is a basic right for every Muslim. This is not only related to religious beliefs, but also related to health, safety and the need for worship. On the other hand, the halal lifestyle *has* recently become a worldwide trend, not only in Muslim countries but also non-Muslims. So the awareness of fulfilling halal needs is increasing on the global stage along with the expansion of

halal tourism which is not only limited to the tourism destination sector related to Islamic sites but also involves fulfilling various tourism needs themselves. Providing halal and safe food is a very promising business because through halal certification it can attract loyal and highly enthusiastic customers who are not only of interest to Muslims but also non-Muslims. Conversely, for producers who do not provide halal labels or halal certification in Indonesia, where the population is predominantly Muslim, their products are not or are not in demand, so that it will harm the business actors themselves.

Halal certification here is a process to obtain a halal certificate through several stages of inspection to prove that the material, production processing, and halal guarantee system meet the standards of the Indonesian Ulema Council (LPPOM MUI). While the purpose of this halal certification is to provide certainty about the halal status of a product as a form of fulfilling consumer rights. In consumer confidence in the halalness of a product affects the number of consumer purchases of the product. In the past, to apply for halal certification by producers tended to be voluntary.

The government continues to encourage the development of the halal industry in Indonesia. One of the commitments that must be made is to accelerate the implementation of halal certification for micro and small business actors. So Rp. 0 doesn't mean the halal certification process doesn't cost money. There is a service fee for the application for halal certification for business actors of IDR 300.00, but then this fee is borne by the government. The launch of the Sehati program (Free Halal Certificate) and the provision of halal facilitation for MSEs through several ministries and institutions is a strategy to accelerate MSEs' halal certification. The Halal Product Assurance Organizing Body (BPJH) of the Ministry of Religion will open a quota for Free Halal certification facilities (SEHATI). The requirements for getting SEHATI are having an NIB; micro business scale; has outlets or product facilities at most 1; use materials that have been confirmed as halal; have never received a halal certificate facility from another party; use materials whose halal status has been confirmed; simple production process (home business not manufacturer).

The government expects as many as 80% of food and beverage MSMEs to have NIB and also have halal certification. The acceleration of the implementation of halal certification at MSEM is carried out through the establishment of a cross-agency *task force*. Through this certification, it will be able to help MSMEs who produce halal products and expand the marketing of these products to penetrate the global market. So that in accelerating the implementation of halal certification will have a positive impact on MSMEs.

## RESEARCH METHODS

This research uses a qualitative descriptive method based on the philosophy of postpositivism. In using this method it is used to conduct research on natural object conditions, which researchers here as a valid instrument. The technique of data collection used is triangulation, data analysis is inductive in nature, and the results of qualitative research here are more generalizations. This research is included in the type of literature review. The steps of the literature review in this research have been determined, namely what is the role of accelerated halal certification in boosting MSEM in Indonesia. The data collection is in the form of documentation referred to in this study, namely the work or writings of someone. Documents in written form here can be in the form of journals, books, magazines and regulatory policies.

## **RESULTS AND DISCUSSION**

### **Halal Certificate Acceleration**

Halal certification is proof that the product being traded fulfills the halal requirements stipulated by the MUI fatwa. Halal certificates can also be interpreted as one of the national priority programs rolled out by the government. Therefore it requires synergy from all parties to make it happen, including the local government. And currently the government is targeting as many as ten million halal-certified products. In this day and age, halal has become a global trend, no longer domestic. Halal here is not only in religious ethics, but has become a global standard which includes quality, quality, hygiene. If a halal label is attached to the package, then people will perceive the product as having good quality, quality and health. So it's no longer surprising that halal certification is part of the national economic recovery.

The government continuously pays attention to the existence of micro and small business actors. One of them is in the form of a commitment to improve the halal industry by accelerating the implementation of halal certification for MSEMs. In accordance with the Regulation of the Minister of Finance Number 57/PMK.05/2021 Concerning Tariffs for BPJPH Public Service Agencies at the Ministry of Religion, the government provides halal certification facilities of IDR 0 (zero rupiah) for Micro-Small Business actors. Halal certification is also a form of government protection for Muslim consumers. With a halal certificate, consumers will also be more calm in consuming or using a product and avoid products that contain haram elements. The purpose of this halal certification is to expand product marketing so that it can penetrate the global market. The conditions for this free halal certification held by the government include products that are not at risk or use materials that have been confirmed as halal, then a production process that is confirmed as halal and simple, and has annual sales of a maximum of 500 million as evidenced by an independent statement and having an NIB.

### **Halal certificate guarantees product safety for MSMEs**

To get a halal certificate, you have to go through strict stages, starting from when the product is produced until the product can be sold, and this cannot be separated from the assessment to get halal certification. With this rather strict halal certification procedure, it makes us aware and confident that the products we have are guaranteed to be halal so they can be used and consumed. By having halal certification by a trusted institution, of course, in this case it increases the security and trust of the people who will produce it.

This halal guarantee requires that the production process must apply a production method that is halal and thayyib, which means correct. Right here since the provision of raw materials until ready for consumption. To ensure this, the raw materials must be safe from biological, chemical and haram contamination (Sulistiyo, 2016). In the production process must also use tools and places that are clean and avoid uncleanness. Likewise, the use of additional and auxiliary materials in production must also be in accordance with the provisions that allow it. In large industries the implementation of the usual Halal assurance system is often combined with the HACCP system by adding haram items as a hazard component that needs to be watched out for. By implementing SJH, it is certain that producers only produce products that are safe for consumption.

### **Halal Certification Provides Comparative Advantage for MSMEs**

Although the term halal is now not merely a religious issue and has developed into a global trade language, true halal values include meanings that are holy, clean, pure, responsible and honest. Halal products even appear to have the value of fulfilling aspects of sharia law, safe, nutritious, healthy, appropriate and environmentally friendly (Evans, 2012).

The main function of this halal label is to help consumers choose products without hesitation. In general, every Muslim will see a product with a halal label as a guarantee that it is safe for

consumption. With this guarantee, the MSMEs market is not only limited domestically but also abroad which is very wide open. In this case halal can be used as a global marketing tool and strategy (Evans, 2012).

### Acceleration Halal Certification for MSMEs

Sources of food and other products consumed by consumers that are halal and safe are the basic rights of every human being. In this case it is not only related to religious belief, but there are dimensions of health, economy and security that are guaranteed. Therefore, with a predominantly Muslim population, the state should have helped protect its citizens without being asked to fulfill their basic rights, namely by issuing Law no. 33 of 2014 concerning Guarantees for Halal Products and its PP No. 31 of 2019. In line with that, business actors must also provide protection for consumers, which is regulated in Law No. 8 of 1999 concerning consumer protection. Therefore, the state is demanded to be more active in regulating the economic system which is spelled out in the strategy carried out by the government in carrying out trading instruments, including through regulation.

PP No. 31 of 2019 indicates that halal certification is mandatory. Halal certification is an acknowledgment of the existence of halal products that have been issued by the Halal Product Guarantee Agency (BPJH) based on a fatwa issued by the MUI. Based on a report by Thomas Reuters, Indonesia is ranked first for consumers of halal products, amounting to US 154.9 billion. Until now, Indonesia has not maximized its market potential, for the category of producers of halal food, Indonesia is only in tenth place. The increasing demand for halal products, both from domestic and foreign markets, has not accompanied the awareness of business actors to comply with halal legalization. Lately

As a predominantly Muslim country, Indonesia has the opportunity to become a country that is the center of the largest halal economy in the world. In 2019 it reached 237.6 million people, with a Muslim population of 207,176,162 people, or 87.18 percent of the total population in Indonesia. In 2017 the population in Indonesia reached 269.7 million people. This figure is very rapid when compared to 2018. (Faqiatul, 2018). Thus, in a period of 7 years it reached 1.27 percent - 1.46 percent per year. This very rapid Muslim population growth linearly affects the growth in demand for halal products. This can be seen from the demand for hala products. Thus, the government with reasonable things to make regulations Law no. 33 of 2014 concerning guarantees for halal products in order to protect the interests of consumers who have the right to use products that are in accordance with Islamic law,

The acceleration of the halal certification policy has economic benefits and is truly very strategic for optimizing *the captive market*. Implementation of policies in accelerating halal certification for business actors by pocketing halal certification for products sold will unwittingly have a positive impact on economic development in Indonesia. In a macro perspective, the halal product remains a trend in several countries around the world. Especially with the large Muslim population in Indonesia, which has reached 87% of the total population, the potential is huge.

The acceleration of halal certification is really needed by producers so that their products are able to penetrate the global market, especially in the Middle East Muslim countries. Before the contracts for buying and selling are taken, importers from the Middle East always ask about the halal aspect of the product as evidenced by a halal certificate. For marketing purposes, namely the accreditation of SNI ISO/IEC 17065: 2012, LPPOM MUI has been accredited by *The United Arab Emirates Scheme for Halal Product* and obtained an *Emirates Authority certificate for Standardization Metrology*. Based on This certificate means that Indonesian halal products are accepted in the Middle East.

Besides that, the high potential of the Islamic economy in 2023 is predicted to reach 3 trillion dollars. This increased potential will become a halal business opportunity. The Halal Product Assurance Organizing Agency for the Ministry of Religion has also urged business actors to immediately register for the Free Halal Certification facility. The great potential of halal will become a stage for the Indonesian state in marketing its products. So Indonesia is not only the largest consumer category, but also the largest producer. Rules requiring halal certificates will support exports of Indonesian products.

Business actors in Indonesia must learn from the non-Muslim majority, such as Thailand, South Korea, Spain, Mexico. Even though the Muslim population in the country of origin is classified as having very little awareness of business actors regarding the very high needs of the global industry. Lately, halal food is considered as a market

One of the potential markets that the Indonesian government will penetrate is the Middle East, the main one being Saudi Arabia, bearing in mind that during the Hajj season alone more than 200,000 Indonesian citizens are there. If calculated from meeting the needs of the hajj, Indonesia's halal exports to Saudi Arabia and the Middle East could increase by five percent. Based on BPS data, there are around 57 million Micro, Small and Medium Enterprises (MSMEs) in Indonesia and the number of those that have been halal certified is still minimal.

## CONCLUSION

The acceleration of halal certification at this time is really needed by manufacturers so that their products are able to penetrate the global market, especially in the Middle East Muslim countries. Before the contracts for buying and selling are taken, importers from the Middle East always ask about the halal aspect of the product as evidenced by a halal certificate. Thus, this halal certification is very important for MSMEs that will market their products to all corners of society, especially in Indonesia itself. It is easy for MSMEs to continue to improve their quality by providing a valid label from a halal certification body, namely the Halal Product Assurance Organizing Body. Thus, MSMEs will continue to spread their wings throughout the archipelago and even in other countries that already have good quality and can convince consumers.

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