

The Effectiveness of Free Halal Certification Services Through the Scheme *Self Declare* for SMEs in Lampung Province

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ABSTRACT

Based on the demands of the law that all products circulating in Indonesia must be halal certified, including products produced by MSEs. Food products, beverages, medicines, slaughter services and slaughter must be halal certified. Products that are not yet halal-certified in October 2024 will be subject to sanctions, sanctions ranging from written warnings, administrative fines, to the withdrawal of goods from circulation in accordance with the provisions in PP No. 39 of 2021 (Republic of Indonesia's Ministry of Religion). Therefore, BPJPH as the Halal Product Assurance Organizing Agency is mandated by law to provide convenience for MSE actors, namely by facilitating free halal certification (Sehati) through a self-declared mechanism. The purposes of this research are (1) to find out how far self-declaring halal certification services have been absorbed by UMK actors, especially in Lampung Province, (2) to analyze BPJPH performance regarding self-declaring in accordance with the target given, namely in October 2024 UMK products are already certified legal. In this study used **qualitative methods**. The approach used in this study is an approach through a normative approach through sample testing and MSME data as the main data which is then processed qualitatively based on existing data. The research samples that became the object of this study were the UMK of Bandar Lampung City, UMK of South Lampung Regency, and UMK of Mesuji Regency. The number of respondents who were sampled in the study were 30 respondents from 10 UMK in Bandar Lampung City, 10 UMK in South Lampung Regency, and 10 UMK in Mesuji Regency. The results of the study show that in the past year self-declared halal certification has been well socialized, but UMK hopes that the free halal certification quota will be extended/added so that it is absorbed evenly both in cities and in remote districts.

Keywords: Effectiveness, Service, Halal Certification, Self Declare, SMEs

INTRODUCTION

The background to this proposal is that MSMEs are the most important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a GDP contribution of 61.07% or worth 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total existing workforce and can collect up to 60.4% of total investment. However, the high number of MSMEs in Indonesia cannot be separated from the existing challenges. To answer this challenge, the government has implemented a number of support programs for MSMEs, one of the supports provided by the government is free halal certification services through a *self-declaration scheme* for MSMEs. *Self-declaration* is a statement of the halal status of micro and small business products by business actors.

based on demands Constitution that all over products circulating in Indonesia are mandatory certified halal, no except products produced by SMEs. Food products, beverages, medicines, slaughter services and slaughter must be halal certified. Products that are not yet halal-certified in October 2024 will be subject to sanctions, sanctions ranging from written warnings, administrative fines, to the withdrawal of goods from circulation in accordance with the provisions in PP No. 39 of 2021 (Republic of Indonesia's Ministry of Religion). Because that, BPJPH as the Organizing Body Guarantee Mandated Halal Products Constitution give convenience For UMK actors, namely by opening free halal certification facilitation (Sehati) through a *self-declare mechanism*.

According to Beni (2016: 69), effectiveness is the relationship between output and goals or it can also be said to be a measure of how far the level of output, policies and procedures is from the organization. Effectiveness is also related to the degree of success of an operation and the public sector so that an activity is said to be effective if the activity has a major influence on the ability to provide community services which is a predetermined target.

Halal certification is a business ethic that producers should carry out as a halal guarantee for consumers. Halal certification is the process of obtaining a halal certificate by going through several stages of inspection to prove that the raw materials, production process and product halal guarantee system in a company are in accordance with established standards (LPPOM MUI, 2008). *Self-declaration* is a statement of the halal status of micro and small business products by the business actors themselves. *Self-declaration* itself does not necessarily mean that business actors can declare that their products are halal, but there is still a mechanism that regulates it.

According to the 2008 Law of the Republic of Indonesia, MSMEs are businesses owned by individuals or business entities that have the criteria for being a business. MSEs are micro and small businesses, where micro businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro businesses with maximum assets of IDR 50 million and maximum turnover of IDR. 300 million. Meanwhile, a small business is a stand-alone productive economic business carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled or is a direct part of a medium or large business with assets of a maximum of IDR. 50 million- Rp. 500 million and a maximum turnover of IDR 300 million – IDR. 2.5 billion.

There are several studies regarding halal certification for MSEs:

1. Obedience Halal certification and its effects to innovation company and market performance by Normia Akhmad Salindal (2018). The empirical study used a quantitative approach in analyzing the relationship between halal certification and business performance in terms of innovation and market performance. Primary data was collected through a survey involving 211 food companies (141 halal certified and 70 non-halal certified). The analysis method uses confirmatory factor analysis, structural equation modeling and independent sample T-test. The results of the first analysis state that halal certification significantly influences the innovative performance of halal certified food companies. Second, increased innovative performance leads to increased market performance. Third, innovative performance completely mediates the relationship between halal certification and market performance.
2. Do consumers need a halal label? Evidence from the small and medium business segment in a Muslim-majority environment.
3. Halal industry in Uzbekistan: analysis using a proper system model by Khairul Akmaliah Adham (2023). This study uses a qualitative methodology with data collected primarily from in-depth interviews with industry and consumer experts in Uzbekistan. The results of the study reveal that the country of Uzbekistan has considerable potential to develop the halal tourism market because of its beautiful landscapes, rich history and cultural heritage, which are supported by mature development policies. Uzbekistan's industrial sector is showing great readiness to serve the Muslim market. However, the country does not have a specific policy for the halal manufacturing export industry.
4. Response of MSMEs and BPJPH efforts in implementing halal certification through halal *declare* in Bantul Regency by Uswatun Hasanah in 2022. The results of the research show that micro and small business actors gave a good response. Then regarding BPJPH's efforts in implementing it, the halal declaration has carried out socialization, coordination with related bodies/institutions, and institutions such as LPH, MUI, MSE Association/Community, stakeholders in the regions and conducted public hearings and socialization of halal certification *to business actors* in all provinces in Indonesia.
5. The potential, regulations, and problems of free halal certification by Nur Kasanah and Muhammad Husain As Sajjad in 2022. The results of the research show that the potential for success of the halal certification program is supported by the large number of micro and small business actors and the majority of Indonesia's Muslim population as the market.
6. *self-declare* program by Fitri Rafianti et al in 2022. The results show that in practice, the role of business actors is to provide convenience, protect Muslim consumers in particular, as well as the strength of the

commitment of policy makers and related institutions so that can be implemented as well as possible.

The originality/value of this research produces themes that are relevant to the future sustainability of halal products in economic development. The themes that emerge related to halal certification will strengthen the conceptualization of a viable system model in relation to environmental elements and the function of policy making in contributing to the sustainability of halal products. From several previous studies, researchers conducted original research regarding the effectiveness of free halal certification services through the *self-declare scheme* in Lampung Province. This research was conducted to encourage business actors, especially in the regions, to be able to entrust their products to *modern retailers* (*Indomart, Alfamart, Chamart* , etc.). So that the products in local *modern retailers* do not take products from outside the area. So that MSME products are known in their own region, both district and province. This research was also conducted to determine the extent to which free halal certificate information was received by MSEs in Lampung Province. Based on the experience of the lead researcher in the field, there are still many MSEs in Lampung Province, both Regency and City, who do not know the information regarding free *self-declared halal certificates* , so the researcher is interested in conducting further analysis regarding the uptake of free halal certificates facilitated by the Ministry of Religion through BPJPH, which is discussed will be completed in October 2024.

RESEARCH METHODS

The stages of the research that will be carried out are initial observations of UMK which are the object of research, then determine the research object, namely UMK in Bandar Lampung City, UMK South Lampung Regency, and UMK Mesuji Regency which are considered to represent UMK Lampung Province, after that interviews are conducted, data collection as a research sample, after the data is collected it is then analyzed and the results of the analysis are discussed with the team, and the research results are presented in the final research report.

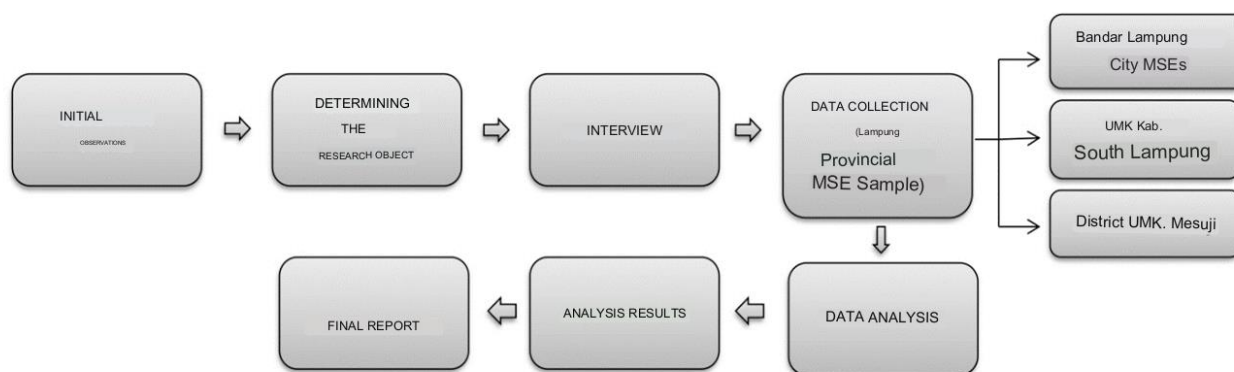


Figure 1. Flow diagram of research stages

Types and Nature of Research

A thorough design is needed, in order to obtain information that is in accordance with the research objectives. Especially the overall design of research work sequences in the form of operational formulations using the scientific method. The method used in this research is descriptive qualitative research method. Descriptive research is a type of research whose aim is to provide a complete description of a social situation by conducting an initial survey and field observations in order to determine the sample research object, namely UMK for food, beverage and pharmaceutical products in Lampung Province which is the target of the halal certification program *self declare* by BPJPH. The samples in this study were the UMK of Bandar Lampung City, UMK of South Lampung Regency, and UMK of Mesuji Regency. The number of samples in the study were 30 respondents from 10 UMK actors in Bandar Lampung City, 10 UMK actors in South Lampung Regency, and 10 UMK actors in Mesuji Regency.

Data Collection Technique

As for data collection techniques in research using primary data. Primary data sources are data sources that directly provide data to data collectors. In this research obtained by conducting field research, namely interviews. The type of interview that was conducted was a free interview, without being limited by time and order of questions, but still adhering to the important subject matter according to the purpose of the interview (Sugiyono: 2010, 137-140).

Data Analysis

The method used in this research is a qualitative analysis method, namely the data obtained is compiled systematically and then analyzed qualitatively so that clarity on the problem to be discussed can be obtained. Data analysis in qualitative research aims to provide categories, systematize, and even produce meaning by researchers regarding what is the center of attention (Arikunto: 2010, 3).

RESULTS AND DISCUSSION

The government, in this case the Ministry of Religion through the Halal Product Assurance Organizing Agency (BPJPH), then BPJPH in collaboration with the Halal Process Assistance Agency (LP3H) continues to make efforts to socialize free halal certification with a self-declare scheme through Halal Product Process Facilitators (P3H) which are *spread* throughout Indonesia. BPJPH's efforts in socializing free *self-declare halal certification* can be said to be successful, seen from the increase in LP3H in just the last 3 months, where in April 2023 there were 28 LP3H and increased in July 2023 as many as 144 LP3H registered with BPJPH. However, there are still some obstacles found in the process of *self-declaring the free halal certification scheme*.

Many MSEs do not yet have halal certification for their products, this is due to a lack of understanding of the governing laws. In fact, Law Number 33 of 2014 concerning Halal Product Guarantees confirms that this law is mandatory. The government requires business actors to have halal certification for products produced and consumed by the wider community. Apart from that, the aim of halal certification is not only an effort to protect consumers (especially Muslim communities) regarding the guarantee of halal products, but also an effort to prepare business actors to be able to compete in a market with different demands from time to time. In this regard, researchers conducted interviews with MSEs, namely 10 MSEs in Bandar Lampung City, 10 MSEs in South Lampung Regency, and 10 MSEs in Mesuji Regency with the same questions. Some MSEs do not know that there are regulations governing halal certification. One of the UMK informants from Mesuji Regency which produces snacks (cucuk tooth, cassava chips, banana chips and wonton crackers), in an interview said:

"I know products that are labeled as halal, but I think that's only for big businesses because of course it costs money to take care of them. I once asked a friend of mine whose product already had a halal label but it turned out that it had not gone through an official process, so I just stuck the halal label on my product, Ms. So I guess I'm not the only one who doesn't know there is a law that regulates halal labels. Maybe on average those whose sales are still small don't need a halal label" (Interview with Mrs. Mirama Sari under the name UMK Mekar Kasih on Wednesday April 12 2023 at 10.46 in Simpang Pematang Village, Simpang Pematang District, Mesuji Regency).

On the same occasion the research team conducted interviews with different questions to MSE informants in Mesuji Regency. The questions asked by researchers regarding *self-declare halal certification*, namely, do you think that *self-declare* has been well socialized and when did you know about *self-declare information*:

"Incidentally, I am assisted by the Mesuji Regency PLUT under the Koperindag Service, Ms. So any

programs from the government aimed at MSMEs are always shared in the wa group, so in my opinion the free self-declare halal certification has also been well socialized. On average, Mesuji MSMEs have also had their halal certificates processed, assisted by PLUT consultants. I know the information about self-declare in September 2021 and I immediately submitted a halal process with Ms. Karin, a consultant in the field of PLUT production” (Interview with Ms. Sutasmi under the name UMK Sekar Makmur (instant tiwul products, cassava chips, and sweet potato chips) on Wednesday the 12th April 2023 at 10.03 in Adi Karya Village, Panca Jaya District, Mesuji Regency).

The same question was asked to the UMK informant in Bandar Lampung City, namely, according to you, did *self-declaration* have been well socialized and when did you know about *self-declaring information* :

"Whether or not they have been properly socialized, I don't really understand, because I also know from my community (PSMTI) that I have acquaintances with UMITRA lecturers who happen to assist in the halal product process," he said. Then the UMITRA lecturer held a free halal certificate outreach with us. So that's where we found out that there would be free halal certification for MSEs. Because I'm sorry ma'am, minorities like us rarely get information about government programs like that, even though they say there is guidance for MSMEs, we never get an invitation and don't know where to go. Fortunately, there was socialization from Mrs. and UMITRA friends yesterday and even though the quota was tight, they said, we were really helped in the free halal certificate process. "In the future, please ask for more information, ma'am, if there are government programs for MSMEs" (Interview with Mrs. Sulastri with the name UMK Kedai JK (Palembang food products: pempek, tekwan, model, mie celor, burgo, laksa, etc.) on the day Tuesday April 18 2023 at 13.30 in Sumur Batu, North Teluk Betung District, Bandar Lampung City).

Furthermore, questions related to the obstacles encountered in the process of obtaining free *self-declare halal certificates* , the results of interviews with UMK in South Lampung Regency:

"The problem at that time was that the P3H was dirty, so when asked how far the progress had reached, the answer was curt even though even if you paid, it's fine because my product is Korean snacks, so I just want to be more sure that the product is made from halal ingredients. I have been waiting for the halal certificate for almost a year, but there is no news. In the end, I took care of the PIRT again, so I took care of the PIRT, and the halal finally paid. Even though for the requirements I was included in the self-declared, I had followed the procedures during the survey when I was still in production, but maybe it was not my fortune to get free ones” (Interview with Ms. Sheila with the name UMK Diva Kimchi (Korean food product: the main product is kimchi)) on Monday April 17 2023 at 14.02 at Pesona Residence Housing, Natar District, South Lampung City).

Still with questions regarding obstacles in processing *self-declared halal certificates* with informants from Bandar Lampung City MSEs:

"The problem may be because I have a lot of products, so there are a lot of ingredients that have to be input, and the production process also has to be explained for each product, it has to be short because if it's too long it won't be able to be concise. It's a shame they didn't include all the products, even though they were free, everyone was confused about including them, but fortunately P3H was kind and patient so now we just have to wait for the results to go to the fatwa committee. "Hopefully the halal certificate will be issued quickly so that consumer confidence in my products will increase" (Interview with Cik Claudia with the name UMK Puding 21 (pudding products, original chicken

noodles, dragon fruit chicken noodles, vegetable chicken noodles, swikiau, liang tea, cendol suji, etc.) on Tuesday 18 April 2023 at 10.32 in Kota Baru Subdistrict, Tanjung Karang Timur Subdistrict, Bandar Lampung City).

Based on the data the researchers collected from interviews, the UMK of Mesuji Regency and UMK of South Lampung Regency stated that free halal certification through the *self-declare scheme* had been well socialized, both through P3H and from social media (Instagram, YouTube, Twitter, Facebook and the internet). . But most of the UMK in Bandar Lampung City stated that *self-declare* had not been well socialized, because the information they got was at the end of the quota even though Bandar Lampung City is the capital of Lampung Province which information should be absorbed more quickly. However, MSEs who became informants in this study had taken care of free *self-declare halal certification* .

MSEs in Lampung Province were classified as passive and only waited for information from related parties regarding self-declaring. Of the 30 UMKs that the research team interviewed, only 1 UMK sought complete information about self-declare from the internet, YouTube, Instagram, and Facebook, namely UMK from Natar District. While 29 UMK seemed to be waiting for an appeal, which means that UMK actors have not been moved independently and proactively to find out how the process of obtaining halal certification for the products they produce. In addition, MSEs think that the obligation to certify halal is only for large businesses. Even though the obligation of halal certification is for all business actors, especially food and beverage products.

So from That Free *self-declare halal certification (sehati)* has been opened by BPJPH since the end of 2021, 30% of MSEs who were respondents in this study stated that they only knew about free halal certification of the *self-declare scheme* at the end of 2022. Meanwhile, 70% of respondents on average knew *self-declare* only in the last 4 months of 2023. Information was obtained from MSEs who had already made free *self-declare halal certificates* , there were several MSEs who developed information via the internet so they were sure there would be free halal certification intended for MSEs. So it can be concluded that free halal certification has been well socialized in Lampung Province, especially in Bandar Lampung City, South Lampung Regency, and Mesuji Regency.

BPJPH provides 1,000,000 free halal quota for MSEs with the terms and conditions stated in the Decree of the Head of BPJPH (Kepkaban) Number 150 of 2022. Information as of 14 August 2023 from one of the Halal Product Process Assistance Institutions (LP3H) under the auspices of BPJPH, the quota has been 952,697 were absorbed (figure 2) so the remaining quota is only 47,303 for all MSEs in Indonesia. With the realization of the quota absorbed to date, it can be concluded that BPJPH's performance is good because it can be ensured that before the end of 2023 the free halal certification quota for the *self-declare scheme* can be distributed in full to MSEs. Data on the progress of *self-declaration* applications per day (data taken 12 August 2023) can be seen in Figure 3.



Figure 2. Remaining *Self Declare Quota* as of 14 August 2023
(Source: LP3H Halal Center for Muslim Scholars)

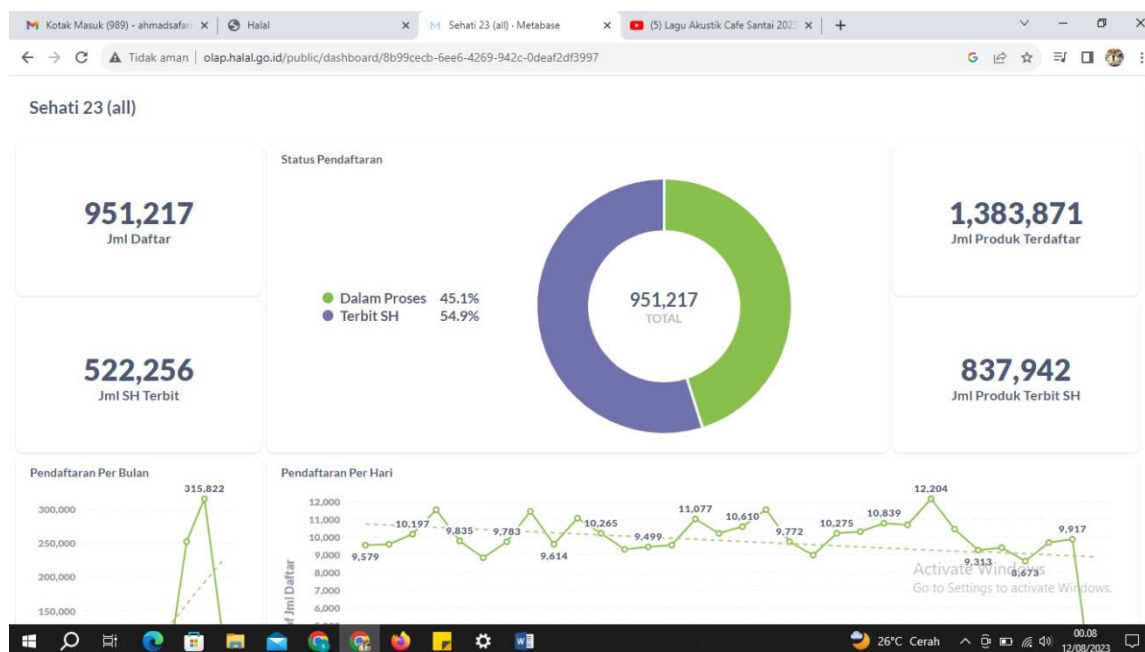


Figure 3. *Self-Declaration Submission Data* as of August 12, 2023
(Source: *olap.halal.go.id*)

As for suggested solutions for BPJPH, if by the end of 2023 the 1,000,000 *self-declare quota* has been realized, the *self-declare* quota should be increased by the specified deadline, namely 17 October 2024, because researchers believe that there are still many MSEs who have not yet processed free halal certification and so that the data is Once entered, you can still be processed for free halal certification through the *self-declare scheme*. *Self-declaration* really helps MSEs in the process of marketing their products, because with a registered halal label, consumer confidence in the products they buy increases. MSEs also become more confident in marketing their products because they believe their products are safe to consume because they use ingredients that are safe to consume.

CONCLUSION

Collaboration between Government, especially the Ministry of Religion, and the Organizing Body Guarantee Halal Products (BPJPH), together with the Halal Process Assistance Agency (LP3H), succeeded spread with success scheme free halal certification self declare to Small Micro Enterprises (UMK) throughout Indonesia. Proven with enhancement number of LP3H from 28 in April 2023 to 144 in July 2023, this reflect effectiveness effort socialization BPJPH. However, there are a number constraint in implementation free halal certification self declare. Many MSEs have not obtain Halal certification for the product due to lack of understanding about Constitution Number 33 of 2014 concerning Guarantee Mandatory Halal products halal certification. Halal certification no only function protect consumers, but also helps MSEs compete in a changing market.

Interview results with UMK describes diverse understanding related self-declare halal certification. MSEs in Mesuji and South Lampung Regencies assess socialization Already fine, meanwhile part large MSEs in Bandar Lampung City feel information Still not enough spread broad and more Lots wait information from party related. This show necessity business more carry on in convey information in a manner effective to all MSEs. Most of the MSEs in Lampung are passive in look for information yourself. A number of new know about scheme free halal certification in a

number of month last. Although socialization through P3H and social media help, still many MSEs rely on information from source external.

Suggestion

In order increase implementation free self-declare and overcome halal certification existing obstacles, some suggestions can be made submitted:

1. Expansion Socialization: BPJPH is necessary continue effort socialization, especially in areas that have not fully get information. Social media, lectures, training, and seminars can used for reach more many MSEs.
2. Enhancement Information: BPJPH can increase access information through more channels broad and easy accessed by MSEs, such as official websites, applications, and social media platforms.
3. Training Independent: Give training to UMK about the process of halal certification and its benefits in a manner independent, so they Can more active in look for information and processing certification.
4. Collaboration with Association: Holding UMK association or community business local for help spread information and provide guidance.
5. Addition Quotas and Time Extensions: Remembering UMK enthusiasm for scheme this, BPJPH can consider addition quota and extend period registration for give opportunity more many MSEs apply certification.
6. Service Consultation: Providing service easy consultation accessed to MSEs who need it guide more carry on related to the halal certification process.
7. Partnership with College: Engaging college tall in give education and guidance to related MSEs Halal certification and practice ethical business.

With do steps above, BPJPH can ensure that scheme free halal certification self declare can impact more widely and help MSEs throughout Indonesia understand and take benefit of the certification process this, improve trust consumer to MSE products, and contribute to development economy local.

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