

# Legal Awareness of Micro and Small Enterprise Operators Regarding Halal Certification: A *Maslaha* Perspective

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The halal certification of food products is essential for consumer protection and should be harmonized with the practices of small-scale micro-producers to ensure security and mutual benefits in accordance with Islamic teachings. However, micro-businesses have been observed to possess varied perceptions toward the certification program. Based on this understanding, the present study aims to categorize awareness of the benefits and legal aspects of digitalizing the process of obtaining the certification using a theoretical legal system approach. In order to achieve the stated objective, qualitative data was gathered from different sources such as micro-business owners, halal certifiers, and beneficiaries of halal-certified food products. The obtained results showed that micro-businesses in serang-Banten often register for halal certification due to regulatory requirements and

potential sanctions, rather than a deep understanding of the benefits of halal-certified products. This finding emphasized the persistence of a lack of significant awareness among micro-businesses regarding the advantages of obtaining halal certification. Accordingly, during the course of the investigation, the dominant challenges experienced include administrative complexities in the self-declaration process and the availability of qualified halal certifiers for high-risk food ingredients. To address these issues, there is an essential necessity for the development of a streamlined certification system that supports micro-businesses, facilitates application processes, and monitors the potential misuse of fake halal logos. Lastly, following the observations made, it can be inferred that digitizing the process of halal certification for both the registration and labeling of food products would improve consumer confidence and ease supervision.

Pengaturan sertifikasi halal bagi produk usaha makanan berguna untuk melindungi konsumen serta harus memiliki keselarasan dengan produsen skala mikro kecil, dalam rangka memberikan rasa aman dan kemaslahatan bagi semua pihak dalam memanfaatkannya sesuai ajaran Islam. Pelaku usaha mikro kecil memiliki respon yang variatif terhadap program sertifikasi halal, sehingga penelitian ini bertujuan mengklasifikasi kesadaran pada aspek kemaslahatan dengan pendekatan teori *legal system* pada aspek kesadaran dan signifikansi digitalisasi sertifikasi halal. Penelitian ini menggunakan data kualitatif yang diperoleh dari respon pelaku usaha mikro kecil, pendamping halal dan masyarakat penerima manfaat dari produk makanan tersertifikat halal. Temuan hasil penelitian menunjukkan pelaku usaha mikro kecil di Serang-Banten sebagai case studi, mendaftarkan sertifikasi halal didorong adanya keharusan dari Peraturan Pemerintah karena ada ancaman sanksi, sikap ini menunjukkan tidak ada kesadaran terhadap aspek kemaslahatan terhadap produk makanan yang telah memiliki sertifikat halal. Halal awareness belum terbangun secara signifikan terhadap pelaku usaha mikro kecil, salah satu kendalanya adalah proses sertifikasi halal melalui jalur *self declare* terkendala syarat administrasi dan ketersediaan pendamping halal yang kompeten terhadap bahan makanan berkategori *high risk*. Diperlukan adanya sistem yang memudahkan bagi pelaku usaha mikro kecil dalam proses sertifikasi halal yaitu adanya dukungan aplikasi sekaligus dapat mengawasi potensi penyalahgunaan logo halal palsu. Kebijakan digitalisasi sertifikasi halal untuk registrasi dan pemasangan logo halal pada produk pangan diperlukan, untuk memudahkan pendaftaran dan pengawasan oleh konsumen terhadap produk halal.

**Keywords:** *halal certification; legal compliance; Maslaha*

## **Introduction**

Halal certification in the food sector is crucial, particularly for products targeting Muslim consumers. According to Islamic beliefs, Muslims are only permitted to consume food products that adhere to halal standards (Syafitri et al., 2022). These standards are typically defined by Islamic authorities and obtaining the certificate guarantees a producer's compliance with the standards. Typically, as consumer awareness of halal products grows,

possessing the certificate becomes essential as it can increase the level of product appeal in the market. This enables producers to access a broader consumer base by offering products that are in line with Islamic principles.

In many Muslim-majority countries, halal certificates are considered mandatory for importing or marketing food products (Warto & Samsuri, 2020; Rofiah et al., 2024). This requirement shows the importance of the certification in facilitating cross-border business expansion. Generally, obtaining the certificate signifies that the producer has adhered to strict guidelines throughout the production process with the primary aim of ensuring compliance with Islamic standards. This comprises the sourcing of ingredients, production methods, and quality control measures, all of which assure consumers that the product is free from non-halal ingredients or contaminants. Based on this understanding, conclusions can be drawn that obtaining halal certification reflects a commitment to social responsibility and business ethics by showing respect for the dietary needs and beliefs of Muslim consumers.

Based on observations, food producers without halal certificates may encounter various disadvantages, especially when targeting markets predominantly comprising Muslim consumers, as the demographic typically prefer products produced in adherence to Islamic standards. This can result in decreased sales and competitive difficulties for producers. Therefore, harmonizing halal standards among Organization of Islamic Cooperation (OIC) countries is crucial to ensure consistent implementation and avoid confusion among Halal Certification Bodies worldwide. According to a previous study, this form of harmonization should be tailored towards the reduction of certification costs and enhancement of consumer confidence in halal products (Al-Mahmood & Fraser, 2023).

Statistically, Indonesia comprises a substantial number of Micro and Small Enterprises (MSEs), totaling 64.2 million, which comprise 98.9 percent of all micro, small, and medium businesses in the country. Over the past decade, these businesses have shown annual growth averaging 4.2 percent from 2016 to 2019 and have contributed more than 50 percent to Indonesia's Gross Domestic Product in the last three years (Chaerani et al., 2020). Subsequently, it is important to state that various regions across Indonesia, including the Regency and City of Serang in Banten Province, have shown unique potential for

developing micro-businesses, particularly in sectors like culinary arts. This is evidenced by the observation made in 2022, which shows that Banten province hosted 102,359 MSEs, creating employment for approximately 220,209 individuals. The food industry dominates this sector with 46,699 enterprises and generated a production value of 22.55 trillion rupiah in 2022 alone (BPS Statistics Indonesia, 2024).

According to Rijal (2024a), in Serang City's integrated business licensing sector, less than 40 percent of businesses have obtained halal certification. This low adoption rate is attributed to insufficient information among business operators about the certification process, complicated requirements, and lengthy procedures. Predominantly, those who apply for the certification have been observed to be often motivated by concerns that products without halal logo may struggle to find market acceptance. This emphasizes the significant role of volunteering companions in educating MSEs and supporting business owners with a free certification application program offered by halal Product Assurance Organizing Agency. However, as stated in a previous study, the availability of both certified and uncertified products bearing halal logos creates challenges in terms of discernment for ordinary consumers (Taufik, 2024).

As elucidated by Abduh and Bastian (2024), the requirement for halal certification should be applied universally across all business scales, including micro, small, medium, and large ventures. MSEs often benefit from accessible halal certification services provided by Halal Product Assurance Organizing Agency. The issuance of this certification is facilitated through the Ministry of Religious Affairs and other governmental bodies at both national and regional levels. Additionally, as stipulated by Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance, a mandatory certification requirement will be fully enforced starting October 17, 2024. This regulation emphasizes that non-certified food producers may face sanctions, including reprimands and prohibitions on product circulation.

The criminal provisions for violating the standard of products certified as halal are outlined in Articles 4A, 7, 8F, and 62 paragraph (1) of the Consumer Protection Law. Within this context, the resolution of criminal cases falls under the jurisdiction of general courts as per the criminal procedure law. According to Wong & Halim (2021), recent

information regarding nonconformities among halal-certified micro and small businesses in Malaysia is limited. However, studies have identified challenges and obstacles faced by SMEs in obtaining halal certification, showing gaps in the specialized regulations governing the issuance of certification. This regulatory gap was found to significantly contribute to the ineffective enforcement against misuse of halal logo, hindering the comprehensive resolution of halal-related issues (Nazim & Yusof, 2023).

As observed from previous investigations, there are no substantial studies conducted with the primary aim of examining the knowledge level of micro-small business operators in Pasuruan regarding halal practices and quality ingredients, including food additives, enhanced sanitation, good hygiene, and proper management techniques (Rahayu & Mardiyani, 2023). Attributed to this gap, the percentage of businesses seeking the certification was less than 5%. Moreover, the support from institutions such as the Indonesian Ulema Council (MUI), Nahdlatul Ulama (NU), Muhammadiyah, universities, halal Product Assurance Organizing Agency (BPJPH), and local governments remains fragmented. Integration and collaboration among these entities are crucial to improving the knowledge, skills, attitudes, and integrity of MSEs owners in the food sector. It is also important to emphasize that consumer awareness of products bearing halal logos has been observed to be significantly low, leading to minimal pressure or demand from consumers for halal-certified products. This low demand encourages many business operators to not perceive a necessity to obtain the certification. Additionally, in areas such as Serang, some MSEs were found to have not fully grasped the economic benefits of halal certification. These business owners view the certification as an investment with delayed returns and prioritize other perceived urgent aspects over it (Taufik, 2024).

In contrast to the national results concerning the adoption of halal certification in Indonesia (Kurniawati & Savitri, 2020), its awareness among Indonesian consumers was observed to be significantly high, with an index of 94.91. This awareness is driven primarily by strong religious beliefs (96.61), health considerations (89.83), trust in certification logos (84.71), and substantial exposure (78.72). Among these four factors, religious belief have been found to be the most influential in shaping halal awareness in the country, followed closely by health reasons. In Mataram, the implementation of Law Number 30 of 2014

concerning Halal Product Assurance has shown commendable progress, despite the associated challenges (Artami et al., 2023). The millennial generation in Mataram City has shown a high level of awareness about certified products, with 82% acknowledging the importance. Despite this awareness, the demographic possess varying levels of exposure to these products. On average, the individuals showed 66% exposure to halal-certified products but still harbor doubts about whether the certification guarantees health benefits and prevents diseases.

Halal product labeling is categorized as *maslaha daruriyah*, a fundamental necessity that is considered essential for sustaining religious, spiritual, mental, lineage, and material well-being (Kadir, 2022). Typically, the implementation process of this form of labeling is gradual and crucial for human life, serving both immediate and long-term benefits that extend beyond material satisfaction to include spiritual prosperity in the afterlife.

Legal awareness surrounding the registration of halal certification among MSEs presents an interesting scope of study. In exploring the certification awareness, several studies have been conducted, each introducing different results and innovations. These include the concept of trust relationships in the legal perceptions of the certification, considerations of benefits associated with the certification arrangements, and the impact of digitalization on halal product certification processes.

## **Method**

This study was carried out using a qualitative study method where the investigators actively engaged as the primary instruments for data collection (Cresswell, 2014). This method was selected primarily because of its potential to emphasize the socially constructed nature of reality, the intimate investigator-subject relationship, and how contextual factors influence the investigation (Bowen, 2009). To analyze the attitudes of the residents of Serang Banten towards halal certification in the development of respective business products, secondary data (desk study) were collected from the sector and trade offices of Serang Regency. Additionally, primary data were gathered through interviews with SME owners and consumers to explore the benefits associated with the certification. It is important to emphasize that innovation in halal labeling and the advancement of digital certification were also investigated in

collaboration with halal Product Assurance Organizing Agency. The concept of digitizing the certification process was examined based on the previous challenges faced by food producers when trying to obtain the certificate, efforts made towards the development of measures to prevent counterfeiting, and the misuse of halal certificates.

### **Relationship of confidence in legal awareness of halal certification**

Religious beliefs have been observed to play a significant role in motivating individuals to adhere to religious teachings as commanded. According to Hariyanto et al., (2024) the historical and sociological religious factors that support the cohesion and identity of a particular community have profound implications for their sensitivity to perceived injustice. Likewise, according to Buzama (2017), Islamic law imposes obligations on its adherents with two main aspects. Firstly, the individual aspect requires every Muslim to follow Islamic law. Secondly, the state aspect comprises both active and passive dimensions. The passive aspect in this context implies that governments should allow Muslims to practice Islamic law, ensuring compatibility with Pancasila and maintaining religious order without compromising security.

In countries where the majority of the population are Muslims, it is expedient that all producers obtain halal certification and show halal logo on packaging to comply with sharia maslaha principles. This approach is in line with Ibn Taymiyyah's view that Islamic Sharia aims to bring about and perfect certain benefits, eliminate harmful elements, and minimize the negative impacts of the elements (Ahmad Bin abd al-Halim bin Taimiyah, n.d.).

The goal of Islamic law, or Shariah, is to achieve maslaha and prevent mudharat (harmful acts) and mafsadat (corruption). According to Hasan (1971), maslaha, derived from the plural of maslaha, refers to benefits or occupations that lead to positive outcomes. Al-Buthi (2001) further defines the concept as benefits that provide immediate pleasure or actions preventing harmful consequences while availing pleasurable outcomes. Indisputably, immediate pleasure is a natural pursuit for humans, and this is evidenced by the fact that individuals consistently innovate ways to attain and sustain comfort.

According to Wahbah al-Zuhaili, maslaha harmonizes the principles of Shariah by facilitating behaviors that are in correspondence with its objectives. The concept aims

to achieve benefits and mitigate harm (mafsada) without specific arguments either by endorsing or rejecting it outrightly. Al-Zuhaili's statement was also supported by Buzama (2017) who elucidated that religious beliefs motivates individuals to adhere to religious teachings.

From a religious perspective, M. Y. Yusuf et al. (2021), stated that the introduction of halal-certified products is integral to the success of the certification program. Halal sector, which comprises both halal foods and tourism management, embodies the principle of rahmatan lil'alamn (blessings for all worlds). In terms of tourism management, the concept aims to create an environment that ensures comfort for visitors through safe, clean, and religiously compliant services and environments (Ahyani & Slamet, 2021). Meanwhile the perspective of masalah regarding halal certification in electronic and non-consumer products is based on the aspect of consumer protection, especially Muslims, and the aspect of legal legality (Hatoli, 2020).

As argued by Ahmad bin `Ali al Jassas (1994), incorporating halal logo on product packaging serves dual benefits for both religion and worldly affairs. Interpreting verses from Surah Al-Baqarah (2:282-283), al Jassas asserted that the obligation to include the shahada was introduced with the aim to uphold religious truth and legal compliance, thereby mitigating potential disputes and conflicts. These disputes and conflicts pose threats that can disrupt both worldly and religious matters, as stated in the Quran (Surah Al-Anfal, 8:46).

According to Arifin & Hatoli (2021), there are several key purposes and benefits for the adoption of halal certification from legal awareness perspective. Firstly, the aspect of consumer protection, specifically for Muslims, which emphasizes the mandatory use of certified products. Secondly, halal labeling, which provides clear information to consumers, ensuring the consumer's confidentiality in identifying and using purchased products without hesitation. Thirdly, from legal standpoint, the certification process adheres to halal Product Assurance Law. This legal framework governs all procedures from determination to issuance of halal certification, ensuring compliance with established laws and regulations.

As posited by Kutschincky and quoted by Soekanto (2004), legal awareness indicators include knowledge of legal regulations (law awareness), understanding of the content of



legal regulations (law acquaintance), attitude towards legal regulations (legal attitude), and patterns of legal behavior (legal behavior). These indicators represent different levels of legal awareness, ranging from low to high. However, it is important to state that possessing knowledge of legal regulations, such as the requirements for halal certification, does not necessarily correlate with a proper comprehension of the intricacies of the regulations, and a proper comprehension of the content of legal regulations does not guarantee compliance with the law. As stated by Bottoms (2019), compliance can be influenced by factors beyond personal awareness. For instance, individuals may comply instrumentally, out of prudence or to avoid negative consequences like market exclusion or strict sanctions for products lacking halal logo. Bottoms (2019) further identified four main mechanisms of legal compliance namely instrumental (prudential), normative, situational, and habitual or routine compliance. These mechanisms were observed to show different motivations and contexts anchoring legal behavior beyond mere awareness or understanding of legal regulations.

According to Bottoni (2020), business actors are often motivated by instrumental compliance when registering for certification, self-interest, and a desire to preemptively address potential market exclusion that is associated with the lack of halal certification. This approach reflects a strategic response to perceived changes in market behavior. As observed by Parker & Nielsen (2017), there are several sub-types of compliance within normative compliance including legitimacy, normative beliefs, attachments, and cues. Accordingly, normative beliefs have been found to play a crucial role in influencing awareness towards obtaining halal certification. Compliance based on this form of belief is further reinforced by normative attachments, which guide individuals toward adhering to certain standards and behaviors. Following this, Nielsen and Parker's holistic compliance model emphasizes the role of leadership in shaping attitudes towards halal certification. This model suggests that normative beliefs and attachments contribute significantly to the decision-making process regarding halal certification, in correspondence with broader regulatory compliance frameworks.

Soekanto (2004, p. 221), defined legal attitude as the inclination to act in accordance with the law. Legal attitudes alone do not definitively show high or low legal awareness

because the attitudes only reflect potential behavior rather than actual actions. Several factors have been observed to influence legal attitudes, including knowledge of legal regulations, instrumental attitudes (which prioritize personal interests), and fundamental attitudes (such as age, education level, and duration of residence). Alternatively, patterns of legal behavior serve as indicators of the level of legal awareness because the patterns show actual adherence or non-adherence to positive law. When the behavioral patterns of an individual harmonizes with legal regulations, it is typically suggested that the individual possesses a high level of legal awareness. Based on this understanding, inferences can be made that while legal attitudes provide information into potential behaviors to uphold, patterns of legal behavior are more conclusive in assessing actual legal awareness.

According to Sadam Mulia (2023), owner of 'Roti Mulia,' the business's decision to pursue halal certification for its food products was a result of the initial information received during socialization activities conducted by the cooperative office. Sadam further stated that an understanding of the regulatory requirements and considerations of the future sustainability of the business were the key factors that influenced the willingness to apply for halal certification. Similar to other MSEs owners, Sadam views having halal label on products as integral to business identity and compliance with regulations. To support this perspective, Azizah (2021) further emphasized that halal certification and labeling are seen as mandatory means for Muslim consumers to validate halal status of products. This obligation is in line with the concept of *al-wajib al kafa'i* (collective responsibility) in Islamic jurisprudence. It ensures that necessary standards are met for consumer trust and legal compliance. In the context of situational compliance, many café and restaurant owners, including 'Carios' as mentioned by Lubis (2024), have selectively certified only a portion of respective menu items as halal. Using this selective approach, popular menu items with the most consumer demand are often prioritized in cafés and restaurants. These decisions reflect situational considerations where compliance with halal regulations is tailored to meet market expectations while managing operational complexities.

Halal Management Division, which is overseen by the Malaysian Islamic Development Department (JAKIM), has been observed to play a crucial role in halal certification across Malaysia (Asa & Azmi, 2018). JAKIM was initially established in 1965 by the Selangor

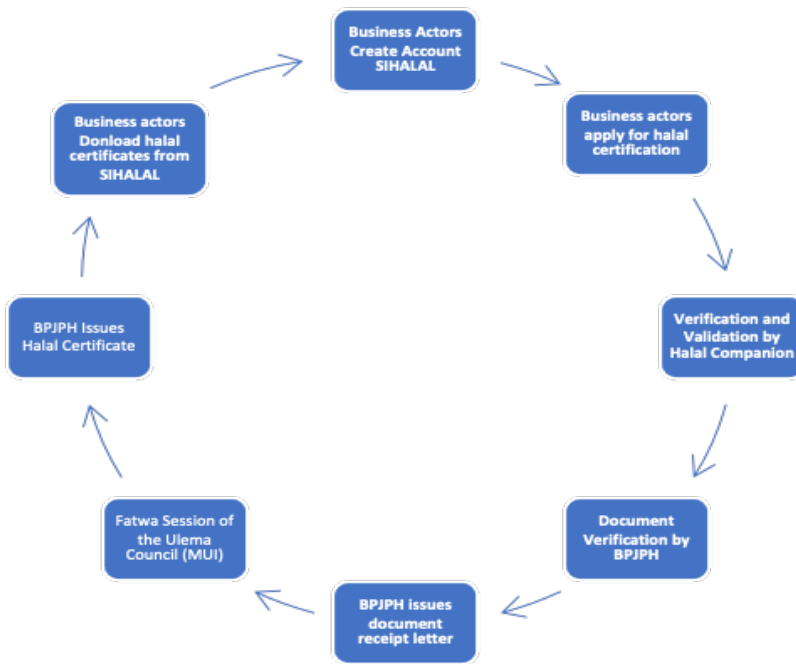
Islamic Religious Department, and the department commenced its own certification efforts in 1974. In 2008, the department was renamed to Halal Industry Corporation Sdn. Bhd. before reverting to JAKIM in 2009. Following this, on December 3, 2018, a significant restructuring occurred within the department, resulting in the division of halal into two main sections namely the Malaysian Halal Council Secretariat and Halal Management Division. The Management Division focuses on certification operations, which include reviewing application documents, conducting audits of products and premises, issuing certificates, verifying slaughterhouses, enforcing standards, and performing halal analysis. This restructuring was carried out with the aim of enhancing efficiency and effectiveness in managing the certification processes in Malaysia.

### **Effectiveness of halal certification arrangements for micro and small businesses**

Halal certification is regulated under Law Number 6 of 2023 concerning the Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation. This regulation stipulates that the certificate is an acknowledgment of the standards of a product issued by The Halal Product Assurance Organizing Agency (BPJPH). These standards are typically based on a written fatwa or determination by the Indonesian Ulema Council (MUI), Provincial MUI, City or Regency MUI, Aceh Ulema Consultative Assembly, or halal Product Fatwa Committee (KFPH).

Article 4A of this regulation specifies that small and micro businesses are required to obtain halal certification based on self-declaration. The article further stipulates that this self-declaration must adhere to the standards set by BPJPH. According to Iswanto (2023), four institutions are included in the certification process namely BPJPH, LPH, MUI, and KFPH, and obtaining the certification without the inclusiveness of these four entities is invalid. KFPH holds the authority to facilitate self-declaration for MSEs actors, specifically in cases where there is a delay from MUI in determining the status of a product. The self-declaration application scheme for halal certification is structured to streamline the process for MSEs, ensuring compliance with specified Islamic standards while addressing potential bureaucratic delays. The application scheme for halal certification using self-declaration is described as follows;

Picture 1  
Halal Certification Flow Through Self-Declare



*Source: Halal Product Assurance Organizing Agency (BPJPH) of the Ministry of Religious Affairs (Kemenag) in 2022*

Based on the mechanism regulating halal certification, the effectiveness of certification arrangements for MSEs can be assessed by considering factors that affect legal effectiveness (Soekanto & Sulistyowati, 2013). These factors include first, the legal substitution of halal certification regulations. This aspect refers to the legal factor itself, which comprises the law in a material sense as a written regulation generally accepted by the central and regional legal authorities. Legal substance in the guaranteeing system of halal products pertains to applicable and binding laws and regulations that serve as guidelines for law enforcement officials.

Regarding the function of law, particularly the function of social engineering, the current expectation is to encourage society to adopt new behaviors that are in correspondence with

desired societal states. Achieving this goal requires public legal awareness, which comprises factors such as values, views, and attitudes that influence the course of law. Friedman (1975) termed this legal culture and emphasized its importance in shaping legal adherence and effectiveness.

Halal Product Assurance Organizing Agency estimates that by October 2024, approximately ten million products should be halal certified. However, the number of products that have been certified or are in the process of certification is no more than two million, showing a significant shortfall from the planned target (Asep Rian, 2023). Additionally, the integration between halal Assurance Organizing Agency, local governments, and community organizations has not been synergized, and this poses a potential risk to achieving the stated target. Following the dataset obtained from the Serang Trade and Cooperative Office, 14,238 MSEs have been registered, with many already possessing a Business License Number. Regardless of this fact, only a portion of these businesses have applied for halal certification.

Based on the obtained data, legal awareness of the Serang community regarding halal certification for MSEs actors remains low, despite the implementation of the self-declaration procedure to facilitate the process. According to Kusnadi (2019), MSEs actors can enhance added value and competitiveness by obtaining halal certification, even though some view the rules as burdensome. However, it is also important to emphasize the obstacles associated with the process. These challenges include low quality of human resources in digitalization, difficulty in gaining public trust, and business management that is inconsistent with legal regulations (Kusumaningtyas et al., 2022).

Written law is typically created to be applied in society, embodying the ideal of law (Siregar, 2018). As a result, the law should be realized as fully as possible in reality. Traditionally, written laws and those in practice should not differ significantly, since achieving an exact correspondence would be wishful thinking. For instance, assuming that written law is the ideal law, any gap between documented regulations and reality would indicate issues in the effectiveness of law enforcement agencies, which is a department overseen and accounted for by the government and its apparatus or other delegated parties. Generally, ineffective laws will undoubtedly affect the goals to be achieved, and a law can be considered effective

if human behavior in society is not in harmony with the stipulations of the applicable legal rules.

According to Rijal (2024) from Small Business Licensing Office, the major challenge associated with halal certification lies in the absence of local government regulations regarding certification program. This mandate is solely given to BPJPH under the Ministry of Religious Affairs, making it difficult for MSEs actors to access information on managing certification. The District and City Licensing Office only has authority in the business study area. This office is in charge of business licensing, and its process includes laboratory tests, which are carried out by the Health Office to identify the content of food ingredients for production permits. Business actors often mistakenly consider these laboratory tests as part of halal test, leading to the belief that applying for separate halal certification is unnecessary.

Based on these observations, tracking the response of business actors to the implementation and associated implications of halal product certification is crucial to achieving a balance between ensuring legal certainty for consumers as well as facilitating business development and profitability for producers. According to testimonials by volunteers (Taufik, 2024), some MSEs including 'Bakery Mulia' have experienced a significant increase in turnover and increased confidence when engaging with consumers inquiring about the halal status of products. This shows that business actors generally respond positively to halal product certification. As elucidated by Wulandari (2022), the enthusiasm of producers for the certification is driven by two fundamental expectations namely increased productivity in the market and enhanced security and legal certainty in organizational operations. If these regulations positively impact business results, the certification program is probable to be well-received and successfully implemented.

The limited response from MSEs to halal certification policy suggests that the presence of halal logo does not necessarily guarantee market acceptance, nor does its absence lead to rejection. Many small business products, whether packaged foods or items served in cafes and restaurants, do not show a significant difference in consumer preference based on the certification. According to Atika (2024), consumers do not heavily consider whether the products being purchased have been certified or not. This fact is further supported by

the fact that the culture of choosing food items with halal logo in dining establishments has not yet been accurately developed. However, there is a growing awareness among MSEs actors about the obligation of certification. This shift is partly due to an increasing number of consumers becoming conscious of the importance of halal-certified products. Based on this understanding, SME owners are expected to properly comprehend the halal certification process. Business actors can use the self-declare scheme at respective places of business to apply for the certification. It is important to establish that the application process is associated with certain challenges which is often due to limited knowledge about the SIHALAL system and the detailed administrative requirements included in the application process. As a result, efforts to enhance the effectiveness of the certification should focus on improving public awareness and education about the significance of halal products, as well as providing better support and resources for small businesses to navigate certification process.

The concept of halal certification centers around more than just obtaining a certificate. It signifies a commitment from businesses to ensure products comply with certain Islamic standards. As stated by Rahayuningsih & Ghozali (2021), while the certificate serves as formal proof of halal status, its true essence lies in maintaining integrity throughout the production and supply chain. This commitment is considered very crucial as it shows consumers and stakeholders that the company's assurance system is credible and reliable.

As observed by Alviadi & Ramli (2021), the effectiveness of halal certification in business products is anchored by various factors. First, producers must adhere strictly to established Islamic standards during production. These standards include the sourcing of quality ingredients and preventing contamination with non-halal substances. Second, regular audits and certifications are to be carried out in order to ensure ongoing compliance and reinforce consumer trust. Third, improved law enforcement mechanisms should be made essential to enforce halal regulations effectively. This can include the imposition of fines and withdrawal of business licenses in cases of non-compliance, thereby maintaining the integrity of the certification process.

When assessing legal effectiveness, the rule of law should be used to examine both understanding and compliance. Typically, effectiveness is achieved when a rule of law is

comprehended and followed by its intended audience. Lastly, awareness and obedience are very important factors that determine whether a law succeeds or fails in society. Based on this fact, inferences can be made that the relationship between awareness, obedience, and effectiveness of legislation shows the interconnectedness between the three factors.

### **Digitalization of halal certification**

A significant obstacle in halal certification process is the difficulty MSEs face in understanding the application requirements for the certificates. This confusion has been observed to often lead to reluctance in the application for the certificate. According to Taufik (2024), food business operators, specifically those in the restaurant sector, are concerned that the process might expose trade secrets, such as ingredient types and quantities. However, it is important to state that the certification rules focus solely on the verification of the raw materials used, not on the specific measurements and doses in processing. During the course of this study, another issue observed is the misuse of halal logos. Some business operators have been caught using these logos on food products without undergoing the proper certification process. Certified halal products are marked with an official logo and registration code, but some businesses bypass this step, hence undermining the integrity of the certificate.

As the principal authority for Islamic affairs, JAKIM, through halal Management Division, plays a crucial role in managing halal certification and enforcing Islamic standards (Ruslan Abdullah et al., 2023). This shows the agency's commitment to ensuring compliance with halal standards and promoting consumer confidence in halal products. JAKIM was introduced with the vision of making the establishment a prestigious and internationally recognized hub for halal certification services, both domestically and globally. This vision accurately reflects the department's dedication to upholding the integrity and authenticity of products within Malaysia and beyond.

Within a thorough regulatory framework, the Department of Islamic Development Malaysia (JAKIM) is principally responsible for overseeing halal enforcement in Malaysia (Matulidi, 2020). The department manages halal certification, which comprises a meticulous evaluation of businesses' facilities, ingredients, and production methods to guarantee adherence to Islamic dietary regulations. Accordingly, certification process includes



product analysis, site inspections, and documentation submission. The implementation of halal Assurance System (HAS) covers all facets of production, storage, transportation, and labeling, as well as outlines the procedures and requirements for halal certification.

In Indonesia, the illegal inclusion of halal logos has been regulated under Government Regulation Number 39 of 2021. This regulation stipulates that violations related to the implementation of Product Guarantee, including the unauthorized use of halal labels, are subject to administrative sanctions. Furthermore, these sanctions apply to both business actors and halal inspection agencies (LPH). The administrative sanctions for business actors can include written warnings, administrative fines of up to IDR 2 billion, revocation of halal certificates, and/or the withdrawal of goods from circulation.

Law, as a means of engineering society, simply refers to the use of regulations issued by lawmakers to influence both public and individual behavioral patterns. The effectiveness of these regulations often depends on the activities of officials who apply sanctions. Currently, a significant lack of action has been observed against perpetrators who illegally use halal logos. This is evidenced by the findings of Rijal (2024) and Taufik (2024) who stated that a significant number of food product manufacturers use these logos illegally without undergoing the proper certification process. This lack of enforcement is considered a major reason some food manufacturers do not seek the certification, as there are no strict penalties for illegal logo use. The enforcement gap in this context can be partly attributed to the limited supervision capabilities and difficulties in distinguishing between authentic and counterfeit logos. To address this issue, there is a need for anticipatory measures to combat the counterfeiting of halal logos on food products (Laksamana & Giovanni, 2019). Currently, 3.79 million micro, small, and medium businesses in Indonesia use digital technology or engage in e-commerce businesses. This digital engagement presents an opportunity to enhance the monitoring and enforcement of halal certification through community inclusiveness and technology. According to Wicaksono et al., (2023), halal localities in indigenous peoples in Indonesia must also receive legal recognition. The goal is so that there is no halal monopoly by the government but also in existing customary institutions because they are also people who have maintained halal genealogy from generation to generation.

The first major breakthrough experienced during the process of facilitating digital halal certification for MSEs was initiated by Astuti et al. (2022) with the development of an Android-based application named CEK-PRODAKU. This application provided services for product quality standardization procedures integrated directly with product certification bodies across Indonesia, and made the attainment of the certification easier for business actors. The Android-based application can also be used to check for the authenticity of halal logos printed on products. Additionally, the growing enthusiasm of the Muslim community towards digitalization and the increasing number of e-wallet users, which eventually led to the emergence of a Sharia-based e-wallet like Linkaja Syariah (Hamsin et al., 2023), serves as an inspiration in this regard. Integrating halal logo verification within Android applications can help consumers to effectively and seamlessly confirm the validity of the products being bought. This system could be directly linked with halal Product Assurance Organizing Agency, which maintains a database of certified halal products, and the system's integration would provide a reliable and efficient means for consumers to verify the status of products, thereby supporting the enforcement and credibility of the certification.

## **Conclusion**

In conclusion, the awareness level of the people of Serang, Banten, towards halal certification was observed to be very low. This decline was primarily attributed to the lack of awareness about the benefits of the certification, despite the understanding of religion as a manifestation of religious belief. Subsequently, within the context of this study, normative compliance to the halal standards was found to be based on pragmatic needs, meaning that awareness of the necessity for certified food products was still low. During the investigation, the regulation of halal product assurance, which was introduced through a self-declaration approach, was effectively applied to MSEs, but limited to low-risk food products. From the observations made, it was found that public education about legal awareness, the role of regulators, and the process of integration with local governments had not been optimal. This was evidenced by the low interest rate of MSEs in Serang to obtain certification. Subsequently, the obtained results emphasized the digitalization of halal certification as an urgent need that must be implemented to facilitate regulators and

the public in conducting supervision and to avoid misuse of halal logos on food products. This study provides policy-making implications for BPJPH. It contains information that can aid the institution in taking concrete steps toward addressing the issue of halal certification registration while building public awareness about the urgency of halal logos on food products. The investigation suggested that the certification program must include various parties such as regional governments, the Indonesian Ulema Council, community organizations, and halal companions in the self-declaration path who are competent in assisting SME actors. However, it is important to state that this exploration did not discuss the influence of the digitalization of the certification process on legal awareness of business actors in compliance with predefined policies.

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