

The Role of Halal Certification Policy in Strengthening Legal Status and Empowering Culinary MSMEs in Indonesia

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Abstract— This study aims to assess the contribution of halal certification policy in strengthening the legal status of Micro, Small, and Medium Enterprises (MSMEs), particularly in the culinary sector in Indonesia. Since the enactment of Law No. 33 of 2014 concerning Halal Product Assurance, halal certification has not only become a legal obligation but also serves as a strategic instrument to support the formalization of MSMEs. This research adopts a descriptive qualitative approach through literature review by analyzing various secondary sources such as academic journals, government regulations, and documents related to halal certification and MSME legality. The findings indicate that halal certification policy acts as a key driver in the legalization process of culinary MSMEs, whereby business actors are encouraged to complete other legal documents such as the Business Identification Number (NIB), Home Industry Food Permit (PIRT), and product distribution permits when applying for halal certification. Halal certification provides positive impacts including enhanced product reputation, improved market access, and increased opportunities to obtain formal financing. The Free Halal Certification Program (SEHATI) has proven effective in reducing bureaucratic and financial barriers faced by MSMEs. In conclusion, halal certification has transformed into a strategic asset that not only ensures product compliance with halal standards but also reinforces legal legitimacy and enhances the competitiveness of MSMEs at both national and international levels.

Keywords: halal certification, MSME legality, public policy, culinary sector, business formalization.

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a vital role as the backbone of Indonesia's economy, making significant contributions to the Gross Domestic Product (GDP) and employment absorption. According to data from the Ministry of Cooperatives and SMEs [1], MSMEs contributed approximately 61.07% to the national GDP and employed 97% of the total workforce in the country. Among the various MSME sectors, the culinary industry is one of the most active and rapidly growing, driven by the advancement of the digital economy and changing consumption patterns. However, the majority of culinary MSMEs still operate informally and lack proper business legality. This presents a major challenge to their development and sustainability, as legal status is crucial for accessing formal financing, government programs, modern markets, and digital platforms. The absence of legal clarity also affects consumer trust and limits opportunities for business expansion.

As the country with the largest Muslim population in the world, the halal aspect of products is a major concern for Indonesian consumers. The government has responded to this need by issuing Law No. 33 of

2014 concerning Halal Product Assurance (HPA Law), which mandates that all products circulating in the domestic market must obtain halal certification. This policy opens strategic opportunities to increase the formalization of culinary MSMEs through the halal certification process. Initially regarded solely as a religious guarantee, halal certification has evolved into a mechanism that also promotes business legality. The process of applying for halal certification requires business actors to complete administrative documents related to legal status, which indirectly encourages them to formalize other aspects of their businesses. The government's Free Halal Certification Program (SEHATI) further reinforces the strategic role of this policy in empowering MSMEs.

This study is important due to the limited academic discussion on the dual role of halal certification as both a religious instrument and a tool for formalization. Moreover, understanding the impact of halal certification policies on MSME legality is essential to optimize policy implementation and enhance the effectiveness of MSME empowerment programs. Therefore, this research aims to examine the role of halal certification policies in encouraging the legality of culinary MSMEs, assess the impact of halal certification on the legal status and development of MSMEs, and develop recommendations to optimize the strategic role of halal certification in strengthening Indonesia's culinary MSMEs.

2. Method

This study adopts a descriptive qualitative approach through library research to explore the role of halal certification policies in strengthening the legality of culinary Micro, Small, and Medium Enterprises (MSMEs) in the context of business feasibility. This method enables a comprehensive analysis of social and regulatory phenomena based on literature sources, rather than relying on numerical data [2].

2.1 Data Collection and Analysis

The data utilized in this research are secondary, obtained from books, scientific journals, government regulations, and relevant online articles that discuss halal certification, MSME legality, and their implications for business development. The collection process involved document analysis, including systematic reading, identification, and documentation of key information regarding the implementation of halal certification, legalization processes for MSMEs, and their relevance to business sustainability.

The collected data were analyzed using content analysis techniques. This involved the classification, synthesis, and interpretation of textual content to reveal both conceptual and practical relationships among public policy, legal compliance, and MSME development. To ensure the credibility and reliability of findings, source triangulation was applied as recommended by Creswell [3], by comparing multiple sources and cross-referencing interpretations.

This methodological framework provides a strong foundation to understand the strategic function of halal certification not merely as a religious requirement, but also as a formalization tool for culinary MSMEs in Indonesia. It allows the extraction of best practices and formulation of evidence-based policy recommendations grounded in theory and empirical findings from the literature.

2.2 Literature Review

Public Policy and MSME Legality

Public policy refers to a set of decisions and actions taken by the government to address social, economic, and regulatory issues. These policies may take the form of laws, regulations, programs, or administrative procedures aimed at achieving equitable and sustainable development. According to Nugroho, public policy is a deliberate and systematic state intervention in society, one of which is to enhance public welfare [4].

In the context of MSME development, especially in the informal sector, public policies play a vital role. Government support through inclusive and facilitative policies—such as simplified licensing processes,

issuance of Business Identification Numbers (NIB), product distribution permits, and halal certification—is essential in enabling informal businesses to transition into the formal economy. Many MSMEs continue to operate informally due to a lack of legal legitimacy, making such policy interventions crucial.

Effective policy implementation, as emphasized by Edward III, is influenced by four main factors: communication, resources, disposition of implementers, and bureaucratic structure [5]. Clear and consistent communication, sufficient human and financial resources, strong commitment from policy implementers, and streamlined administrative systems are all critical for policy success. In the case of MSMEs, a complex bureaucratic structure can hinder access to legal compliance mechanisms, including halal certification.

The Halal Product Assurance Law (Law No. 33/2014) is a concrete example of public policy intersecting directly with the MSME sector, particularly culinary businesses. While the law aims to protect Muslim consumers, it also serves as a regulatory mechanism to formalize MSMEs and encourage their integration into the legal business ecosystem [6].

Halal Certification

Halal certification is a formal process to verify the halal status of a product, conducted by authorized institutions such as the Indonesian Ulema Council (MUI) and the Halal Product Assurance Organizing Agency (BPJPH), under the Ministry of Religious Affairs. This certification provides assurance to consumers that the product complies with Islamic dietary laws. In Indonesia, where the majority of the population is Muslim, halal certification is essential as it relates to fundamental religious beliefs, consumer trust, and product credibility [7].

The legal basis for halal certification is outlined in Law No. 33/2014 on Halal Product Assurance, which mandates that all products produced, distributed, and traded in Indonesia must be halal-certified unless explicitly stated otherwise. This requirement applies to all business scales, including MSMEs. Therefore, halal certification functions not only as religious compliance but also as a regulatory instrument that strengthens the legal foundation and professionalism of MSMEs, enabling greater market competitiveness [6].

The certification process involves several stages: registration of the application with BPJPH, administrative verification of documents (such as raw material composition and halal management systems), halal audit by a Halal Inspection Agency (LPH), issuance of a halal fatwa by MUI, and final certification by BPJPH. Despite the structured process, MSMEs often face challenges such as limited knowledge, financial constraints, and lack of access to information [8].

To address these barriers, the government launched the Free Halal Certification Program (SEHATI), funded by the state budget (APBN), to support eligible MSMEs. This initiative aims to expand access to certification, accelerate business legalization, and integrate informal businesses into the formal economy [9].

From an economic perspective, halal certification enhances product image, builds consumer trust, and improves competitiveness in both domestic and international markets. In the digital era, halal certification has also become a prerequisite for product listing on major e-commerce platforms, making it a strategic requirement for MSME growth and market integration [10].

Legality and MSME Development

Business legality is the formal recognition by the state that economic activities conducted by individuals or groups comply with applicable laws. For MSMEs, especially those in the culinary sector, legality is not merely administrative but a fundamental pillar for sustainable and professional business operations.

Common legal documents required include NIB, Home Industry Product Permits (PIRT), distribution permits from the Food and Drug Authority (BPOM), and halal certificates [11].

Having legal status enables MSMEs to access financing, partnerships, and digital markets more effectively. Legal compliance enhances credibility, quality assurance, and trust among stakeholders. According to Tambunan, legality is a key foundation for integrating MSMEs into broader industrial ecosystems and achieving inclusive national economic development [12].

However, many MSMEs lack proper legal documentation due to limited information, financial constraints, bureaucratic complexities, and insufficient technical assistance. Consequently, many remain in the informal sector, limiting their growth potential [13].

In this context, halal certification serves not only religious and consumer protection purposes but also as a gateway to legal formalization. The BPJPH certification process indirectly requires MSMEs to complete necessary legal documents as part of the application. Through government facilitation programs such as SEHATI, MSMEs are encouraged to formalize their businesses, improving their eligibility for legal and market participation [9].

In the long term, halal certification contributes to enhancing the legal status, marketability, and competitiveness of MSMEs. It enables access to modern distribution channels, partnerships, and export markets—especially in Muslim-majority countries. Therefore, halal certification bridges religious values, regulatory frameworks, and market demands in fostering inclusive and sustainable MSME development.

3. Results and Discussion

The halal certification policy serves as a strategic legal instrument for ensuring the safety and religious compliance of products, particularly for Muslim consumers. In the culinary MSME sector, halal certification is not only a religious requirement but also a formalization mechanism that helps integrate informal businesses into the legal economy. Regulated under Law No. 33/2014 on Halal Product Assurance, this policy requires all consumable products in Indonesia to be halal-certified. As a result, culinary MSMEs seeking certification must also fulfill other legal requirements such as obtaining a Business Identification Number (NIB), Home Industry Food Production (PIRT) permits, and sanitation certificates [14]. This process aligns halal certification with broader business legalization efforts.

Programs such as SEHATI (Free Halal Certification) have been instrumental in supporting MSMEs to meet these legal standards. By reducing certification costs and providing technical assistance, SEHATI lowers the entry barriers for small businesses to access the formal sector. This, in turn, enhances product legitimacy, builds consumer trust, and opens access to broader markets—including modern retail and export destinations—especially in Muslim-majority countries [15]. Halal-certified MSMEs also show higher potential to access government support and formal financing, as legal compliance improves their credibility and lowers perceived risk [16].

Moreover, the certification process encourages improvements in hygiene, raw material selection, and production quality, all of which contribute to enhanced competitiveness and long-term sustainability. Thus, halal certification functions not only as a religious label but also as a catalyst for MSME empowerment through legal formalization, capacity development, and market expansion [17].

4. Conclusion

Halal certification plays a pivotal role in strengthening the legal status and competitiveness of culinary MSMEs in Indonesia. Beyond its religious implications, the certification process drives business formalization by requiring legal documentation, improving administrative capacity, and enhancing product quality. Government initiatives like SEHATI have further supported MSMEs in this transition by reducing costs and simplifying procedures. Moving forward, collaboration between the government and

MSMEs—supported by digital innovation and integrated development programs—is essential to maximize the impact of halal certification on inclusive and sustainable economic growth [18].

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