

## **Government Capacity to Guarantee Halal Products by Electronic Halal Application for Micro, Small, and Medium Enterprises**

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### **ABSTRACT**

**Keywords:**

*Electronic Halal Application;  
Halal Product Certification;  
Micro Small Medium Enterprises;*

*Halal product guarantee is one of the complex and long-standing issues in Indonesia as it took more than 20 years to establish the regulation. The government must fulfill the consumer need for a halal product guarantee by providing a reliable certification system. However, there are still many business actors who have not given priority to the importance of halal certification for their products because they think applying for halal certification is complicated. Therefore, this research aims to examine the local government's capacity to guarantee halal products from micro, small, and medium enterprises (MSMEs) in Kebumen. It was empirical normative legal research using a qualitative approach. In this research, we used primary data collected through interviews and secondary data sourced from literature studies of primary, secondary, and tertiary legal materials. We analyzed the data using a qualitative descriptive approach. The results suggest that the local government's capacity to guarantee halal products in Kebumen is advanced in terms of legal capacity. While in community empowerment and utilizing electronics applications in halal product certification is still a challenge.*

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### **1. INTRODUCTION**

Indonesia is home for the world's largest Muslim population.<sup>1</sup> The Indonesian Muslim consumers strongly uphold their Islamic faith, with 98% of them considering religion as very important. The Muslim population in Indonesia are predominantly young, digital natives, and very loyal to local brands. On the other hand, they are also price sensitive. These consumer characteristics create a huge opportunity for newcomer businesses to make big profits. Based on the size, structure, and value-based preferences of Indonesian Muslims, the industries of food, pharmaceutical, and cosmetics become the

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<sup>1</sup> Komaruddin Hidayat and Dadi Darmadi, "Indonesia and Two Great Narratives on Islamic Studies.," *Studi Islamika* 26, no. 1 (2019).

champions with at least \$500 million annually income.<sup>2</sup> For Indonesian Muslims, therefore, the halal status of food, pharmaceuticals, and cosmetics traded in the community is an important issue.<sup>3</sup> Recently, the awareness of consuming halal food is widespread not only among Muslims, but also among non-Muslims, who consider it safer to buy halal products.<sup>4</sup>

On October 17th, 2014, Indonesia promulgated the Law Number 33 of 2014 concerning Halal Products Guarantee. The law aims to protect the Muslim community in obtaining halal products and services under Islamic law. For Muslims, consuming halal products is part of worshiping practices. Therefore, upholding the right to obtain halal products is also part of protecting religious freedom.<sup>5</sup> Article 4 states that all products that enter, circulate, and are traded in the Indonesian territory must be halal-certified both for materials and production processes that need to meet the halal standards based on Islamic law. The obligation to have halal certificates for food, pharmaceutical, and cosmetic products is not only for large industries but also for micro, small, and medium enterprises (MSMEs) including home industries. As businesses, small businesses must be able to compete to create products and services that meet consumer needs. To survive in an age of competition, owners and operators must be able to meet consumer needs and innovate to give their businesses a competitive edge.<sup>6</sup>

Oates wrote that decentralization has been a hallmark of government reform over the past three decades. Such reforms aim to increase the government's effectiveness in dealing with development issues by devolving power from the central government to local governments. Local governments are expected to provide more effective and efficient public services based on the decentralization theorem.<sup>7</sup> Kebumen is one of the regencies in Central Java Province that has similar characteristics to other districts in Indonesia which have a Muslim population majority. In 2021, the Muslim population in Kebumen is 99.05%, and in 2022 is 99.07% of the total population (Kebumen Regency Government, 2022). Kebumen has the slogan "KEBUMEN SEMARAK" Kebumen is

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<sup>2</sup> Nirwandari et al., "Indonesia Halal Markets Report 2021/2022," 2021, 1–118.

<sup>3</sup> Asri, "Perlindungan Hukum Bagi Konsumen Terhadap Produk Yang Tidak Bersertifikat Halal," *Ius IV*, no. 2 (2016): 2–21, [http://jurnalius.ac.id/ojs/index.php/jurnalIUS/article/viewFile/316/pdf\\_2](http://jurnalius.ac.id/ojs/index.php/jurnalIUS/article/viewFile/316/pdf_2).

<sup>4</sup> Rani Puspitaningrum et al., "The Role of Micro Small Medium Enterprises (MSMEs) In Halal Industry Enhancement (Case Study of MSMEs in Lhokseumawe – Aceh)," *Review of Islamic Economics and Finance* 4, no. 2 (2021): 122–34, <https://ejournal.upi.edu/index.php/rief/article/view/39630>.

<sup>5</sup> Muchamad Ali Safa'at, "The Domination Of Indonesian Ulama Council Withhold Law Of Halal Product Guarantee," *Arena Hukum* 15, no. 2 (2022): 257–84, <https://doi.org/10.21776/ub.arenahukum.2022.01502.3>.

<sup>6</sup> Sidik Ismanu, Anik Kusmintarti, and Nur Indah Riwayatanti, "The Effects of Product Innovation, Process Innovation and Government Policy on SMEs Performance: Evidence from Indonesia\*," *Journal of Asian Finance, Economics and Business* 8, no. 12 (2021): 305–11, <https://doi.org/10.13106/jafeb.2021.vol8.no12.0305>.

<sup>7</sup> Arif Setiawan et al., "The Impact of Local Government Capacity on Public Service Delivery: Lessons Learned from Decentralized Indonesia," *Economies* 10, no. 12 (2022): 1–13, <https://doi.org/10.3390/economies10120323>.

prosperous, independent, and has morals with the people (Kebumen is prosperous, independent, has morals with the people). In its vision, having morals emphasizes the behavior of community and government life that reflects the application of religious values in every action and daily behavior, including halal consumption.

The Office of the Ministry of Religion in Kebumen Regency facilitates the administration of halal certificates in cooperation with the Halal Product Assurance Organizing Agency (Halal Product Guarantee Implementing Agency/BPJPH). The central government has also provided an online system for halal certification through the Halal Information System (SIHALAL) on the website <https://ptsp.halal.go.id/>. Based on our preliminary findings, however, many food products from home industries without halal certificates were still widely traded in Kebumen Regency, both in regular and online shops, for example, shredded sea fish, banana chips, shredded catfish, shredded rabbit, and so on. Thus, there was a legal problem with the gap between *das sollen* (law in the book) and *das sein* (law in the field).<sup>8</sup> Therefore, the objectives of this research are to examine the local government's capacity to guarantee halal products from micro, small, and medium enterprises in Kebumen. Furthermore, this research examines the utilization of electronic halal applications in halal product certification for micro, small, and medium enterprises in Kebumen. It's essential to simplify and make more affordable in the halal certification procedure for micro, small, and medium enterprises in Kebumen which have a population that declares as a religious community. Therefore, the halal product issue is a priority for consumers as well as for entrepreneurs.

## 2. RESEARCH METHOD

This research used the empirical legal research method (Davies 2020). Empirical research of law is a more realistic method to explain what the law is, what it does, and how it can be improved, than those that present a unified and consistent way of understanding the law from different perspectives. It is thought to provide a good point of view or express a particular style of alternative interpretation or reasoning.<sup>9</sup> In this research, we used primary data collected through interview,<sup>10</sup> and secondary data sourced from literature studies of primary, secondary, and tertiary legal materials.<sup>11</sup>

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<sup>8</sup> Aditya Wiguna Sanjaya et al., "Sociological Implication of pro Parte Dolus pro Parte Culpa Form of Fault in the Formulation of Passive Money Laundering," *Research, Society and Development* 9, no. 11 (2020): e53991110323, <https://doi.org/10.33448/rsd-v9i11.10323>.

<sup>9</sup> Willem H Van Boom, Pieter Desmet, and Peter Mascini, "Empirical Data in Legal Research," 2018, 1–22.

<sup>10</sup> Hamed Taherdoost, "Data Collection Methods and Tools for Research; Technique for Academic and Business Research Projects," *International Journal of Academic Research in Management (IJARM)* 10, no. 1 (2021): 10–38, <https://hal.science/hal-03741847/document>.

<sup>11</sup> Patrick Mikalef et al., "Big Data Analytics and Firm Performance: Findings from a Mixed-Method Approach," *Journal of Business Research* 98 (2019): 261–76, <https://doi.org/https://doi.org/10.1016/j.jbusres.2019.01.044>.

To obtain the primary data, we conducted the first interview with the Chair of the Halal Task Force at the Office of the Ministry of Religion in Kebumen Regency and the second interview with Ms. Dewi from the Office of Industry, Trade, Cooperative, and MSMEs in Kebumen Regency. Meanwhile, to get secondary data, we studied the primary legal materials such as the Law Number 33 of 2014 concerning Halal Products Guarantee, the Law Number 8 of 1999 concerning Consumer Protection, Law Number 6 of 2023 concerning Job Creation, and the Regional Regulation of Kebumen Regency Number 17 of 2017 concerning Food Safety Supervision.

The other secondary data comes from secondary legal materials. They are materials that explain primary legal materials, like government publications, books, journals, research reports, articles, and other related documents. Besides, we also study tertiary legal materials, which are materials complementary to primary and secondary legal materials, such as dictionaries. Finally, we analyzed all primary and secondary data using a qualitative data analysis,<sup>12</sup> a type of analysis in which the researcher interprets words in observations, or data consisting of written text.<sup>13</sup>

The author limits the government capacity meaning into three elements such as Legal Capacity, Community mentoring capacity, Leveraging technology capacity

### 3. RESULTS AND DISCUSSION

A halal certificate is an acknowledgment of the halal status of a product issued by BPJPH based on a written halal fatwa (edict) issued by the Indonesian Ulama Council, Provincial Indonesian Ulama Council, Regency/City Indonesian Ulama Council, Aceh Ulama Consultative Council, or Halal Product Fatwa Committee (*Law Number 6 of 2023 Concerning Job Creation Law*, 2023). In Article 7 of Law Number 8 of 1999 concerning Consumer Protection, letter (b) states that business actors must provide true, clear, and honest information regarding the conditions and guarantees of goods and/or services and provide an explanation of their use, repair, and maintenance. Article 7 letter (b) implies the obligation of business actors to “provide correct, clear and honest information” about their products, and one of the information needed is the product's halal status. Therefore, even though it is not explicitly written, Article 7 letter (b) indirectly requires business actors to have halal certificates for the products they make. In society, we can identify a product that has been tested for its halal status from the halal logo pasted on the product packaging.<sup>14</sup> The halal logo is a sign that the product has been certified in terms of halal

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<sup>12</sup> Maryam Salehijam, “The Value of Systematic Content Analysis in Legal Research,” *Tilburg Law Review* 23, no. 1 (2018): 34–42, <https://doi.org/10.5334/tlir.5>.

<sup>13</sup> Simion Kristina, “Practitioner’s Guide: Qualitative and Quantitative Approaches to Rule of Law Research,” *Practitioner Guide by International Network to Promote the Rule of Law*, no. July (2016): 6.

<sup>14</sup> Devi Septiani and Ahmad Ajib Ridlwan, “The Effects of Halal Certification and Halal Awareness on Purchase Intention of Halal Food Products in Indonesia,” *Indonesian Journal of Halal Research* 2, no. 2 (2020): 55–60, <https://doi.org/10.24239/jsi.v16i1.538.111-141>.

status. It is legally attached to the product package after going through an inspection by an accredited inspection agency based on the guidelines and procedures set by the Minister of Religion.<sup>15</sup>

Regarding the government's capacity to guarantee halal products, we must first define the capacity. There are two meanings of capacity in the Oxford Dictionary. First, capacity is the ability to upper hand or the act of doing something, and second, capacity is the official status or function that someone or something has. Conceptually, government capacity refers to the government's ability to carry out its tasks, solve problems, and set and achieve expected goals.<sup>16</sup> The three elements of government capacity are:

### 3.1. Legal Capacity

Based on that meaning, the local government of Kebumen Regency is the representative of the central government itself. The Halal Product Assurance Organizing Agency (BPJPH) is an agency established by the central government to administer halal product assurance. To run the process, BPJPH cooperates with the related ministries and institutions, such as the Office of Industry, Trade, Cooperative, and MSMEs, and the Indonesian Ulama Council. The Office of Industry, Trade, Cooperative, and MSMEs, for example, facilitates home industries in Kebumen to obtain halal certificates for MSME food products. The local government also promulgates the Regional Regulation of Kebumen Regency Number 17 of 2017 concerning Food Safety Supervision. This regulation is a form of intervention by the local government of Kebumen Regency to provide halal consumer protection. This initiative also indicates the government's awareness to accommodate and harmonize the halal issue in food safety.

According to Mr. Najemul Huda, Chair of the Halal Task Force at the Ministry of Religion Office in Kebumen Regency, they have a problem supervising food products from home industries without a halal certificate. The main obstacle is that they have not cooperated with other agencies or institutions in the context of implementing halal-certified food products in the Kebumen regency. For example, the task force has no legal power to provide sanctions to MSMEs who are unwilling to register their products for halal certificates. The task force has limited authority to facilitate and remind them. As a result, products without halal certificates are still circulated and traded in Kebumen. In 2023 after the release of the Job Creation Law, it should be not a problem anymore, because Paragraph 8 Article 48 Number 24 of the Job Creation Law regulate that Article 41 of the Halal Product Guarantee Law is changed that Business actors do not include a

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<sup>15</sup> Hayyun Durrotul Faridah, "Sertifikasi Halal Di Indonesia: Sejarah, Perkembangan, Dan Implementasi," *Journal of Halal Product and Research* 2, no. 2 (2019): 68–78.

<sup>16</sup> Slamet Rosyadi et al., "The Indonesian Government Capacity in Responding to the COVID-19 Impacts on the Creative Economy Sector," *SAGE Open* 12, no. 2 (2022), <https://doi.org/10.1177/21582440221105820>.

halal label, they will be subjected to administrative sanctions. The legal remedies instrument is a progressive action from the government in implementing the halal guarantee in society.

### **3.2. Community Mentoring Capacity**

By having mutual cooperation with the Office of Industry, Trade, Cooperative, and MSMEs, the local government of Kebumen provides coaching for business actors (especially for Micro, Small, and Medium Enterprises) to get their products certified, including halal certificates. Business actors who have participated in coaching will get a certificate as evidence of participation. The certificate will later be used as one of the requirements for obtaining assistance from the agency to register a halal product certificate. However, these good ideas faced the problem of lacking human resources to handle coaching. With just 4 members of people, it cannot accommodate all business actors, while the number of business actors is approximately 80,000 business actors, and also the area of Kebumen Regency is quite large. Kebumen Regency administratively consists of 26 districts with an area of 158,111.50 hectares or 1,581.11 km<sup>2</sup>, with the condition that some areas are coastal and hilly areas, while most are lowlands (Local Government of Kebumen Regency, 2023). The government needs to improve the innovative method to cover as many as possible entrepreneurs to be involved in the coaching and to obtain the certificate. Strong government capacity means that governments have a wide range of policy tools at their disposal and can use them more quickly. This is also because government policies are more legitimate in the eyes of the public. Advanced government capabilities are underpinned by established rules and procedures for crisis identification and response, including the establishment of technical committees, agencies, and other advisory bodies.<sup>17</sup>

### **3.3. Utilization of Electronic Halal Application for Micro, Small, and Medium Enterprises Halal Product Certification in Kebumen**

Prior to the enactment of the Halal Product Assurance Regulation, halal product certification was provided by the Indonesian Ulama Council through an autonomous organization called The Assessment Institute for Foods, Drugs, and Cosmetics, the Indonesian Ulama Council ( Institute for the Assessment of Food, Drugs, and Cosmetics Indonesian Ulema Council/ LPPOM MUI) which originally had been established by the Indonesian Ulama Council as a response to the pork fat issue which caused social restlessness (Indonesian Ulama Council, 2022). So, initially, the institutions involved in halal certification consisted of the Indonesian Ulama Council through the Fatwa

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<sup>17</sup> Dimiter Toshkov, Brendan Carroll, and Kutsal Yesilkagit, "Government Capacity, Societal Trust or Party Preferences: What Accounts for the Variety of National Policy Responses to the COVID-19 Pandemic in Europe?," *Journal of European Public Policy* 29, no. 7 (2022): 1009–28, <https://doi.org/10.1080/13501763.2021.1928270>.

Commission as issuers of fatwas and halal certificates, the LPPOM MUI as inspectors for halal products from raw materials to production processes, BPOM (food and drug supervisor body) as a licenser in the installation of a halal label, the Ministry of Religion as a policy maker and the one who socializes the policy to the community, and the other related ministries. However, after the Halal Product Assurance Regulation was enacted, there were several changes related to the institutions involved in the certification, namely the BPJPH as the main agency authorized in the halal certification process and the Halal Inspection Agency to conduct inspections of halal products. Meanwhile, the LPPOM MUI becomes a part of the Halal Inspection Agency along with other agencies established by the government or the community. The Ulama Council will remain as fatwa issuer, but not fully authorized in the halal certification process. The council and BPJPH jointly work to provide halal certification. Furthermore, Job Creation Law Paragraph 8 clearly added Provincial Indonesian Ulama Council, Regency/City Indonesian Ulama Council, Aceh Ulama Consultative Council, and Halal Product Fatwa Committee.

Electronic halal application is a mandatory rule based on Article 52 A Job Creation Law. The integrated electronic system connecting the service of halal certification from:

1. BPJPH;
2. MUI, Provincial MUI, Regency/City MUI, Aceh Ulama Consultative Council;
3. Halal Product Committee; and
4. PPH assistant.

The implementation of halal product assurance is based on the principles of protection, justice, legal assurance, accountability, transparency, effectiveness and efficiency, and professionalism. The principle of protection means that the main goal is to protect both business entities and consumers. law number 8 of 1999 about Consumer Protection chap 4 and Chapter 8, prohibits the practice by business persons who manufacture and/or trade goods and/or services does not meet the standards required by legal regulations. The government's capacity to provide halal certification procedures reflects the protection capacity of society.

Using electronic halal applications is an effort to uphold justice among parties. With respect to distributive justice, some consider it different from other types of justice in that it is justice in the distribution of material or economic gains, while others consider it to be the only distributor, as against the production of free goods. some think that they are related, but others equal the idea of distributive justice with the idea of social justice, implying all principles governing balancing individual claims against all possible benefits of social cooperation.<sup>18</sup> While information system basically deals with the process of

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<sup>18</sup> Serena Olsaretti, "Introduction: The Idea of Distributive Justice," ed. Serena Olsaretti, *The Oxford Handbook of Distributive Justice* (Oxford University Press, May 31, 2018), <https://doi.org/10.1093/oxfordhb/9780199645121.013.38>.

collecting, processing, storing, and transmitting relevant information to support the administrative operations of an organization. Within the information system organization, it resembles the nervous system of the human body. It is the link that connects all the components of an organization (human resources, marketing, accounting and finance, and operations including products and services) to enable better operations and survival in a competitive environment.<sup>19</sup>

The other important issue is about legal assurance in providing halal certification for MSMEs. Legal certainty is a combination of procedural certainty and freedom from irrationality, a specification of the internal limits of legal certainty, and a not necessarily contradictory presentation of the relationships between legal certainty and justice. It also has an integrated place-progressive character. Although it may be provisional, the legal reasoning captures features of legal certainty that traditional legal theory overlooks or only partially appreciates. In this respect, the evidence-based presentation allows a deep insight into legal certainty. This provides further reason to believe that argumentation-based explanations are an insightful and comprehensive alternative to traditional legal theory.<sup>20</sup>

The concepts of transparency and accountability go hand in hand. Transparency should create accountability.<sup>21</sup> Transparency, which is often used as a synonym for accountability, is not enough to constitute accountability as defined here. Organizational transparency and freedom of information will often be very important prerequisites for accountability because they may provide forums with the necessary information. However, transparency as such is not enough to qualify as a genuine form of accountability because it only sees the element of publicness in public accountability, the disclosure of information, the accessibility of the debates to the general public or the disclosure of the judgment.<sup>22</sup>

Utilizing electronic halal applications also need to consider their effectiveness and efficiency. An information system must be responsive to changes in business and technology. Although many studies have recognized the importance of flexibility in information systems, the various elements of its flexibility are not well understood.<sup>23</sup> When the issue comes to professionalism, using IT based is an effort to be more

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<sup>19</sup> Tesfaye Hailu, "The Impact of Information System ( IS ) on Organizational Performance : With Special Reference to Ethio-Telecom Southern Region , Hawassa" 6, no. 37 (2014): 331–39.

<sup>20</sup> John Bradford Braithwaite, "Rules and Principles: A Theory of Legal Certainty," *SSRN Electronic Journal*, 2005, 1–46, <https://doi.org/10.2139/ssrn.329400>.

<sup>21</sup> Jonathan Fox, "The Uncertain Relationship between Transparency and Accountability," *Development in Practice* 17, no. 4–5 (2007): 663–71, <https://doi.org/10.1080/09614520701469955>.

<sup>22</sup> Mark Bovens, "EUROGOV - European Governance Papers," June 8, 2006, <http://www.mzes.uni-mannheim.de/projekte/typo3/site/fileadmin/wp/abstract/C-06-01.htm>.

<sup>23</sup> P. Ramaraj, "Information Systems Flexibility in Organizations: Conceptual Models and Research Issues," *Global Journal of Flexible Systems Management* 11, no. 1 (2010): 1–12, <https://doi.org/10.1007/BF03396574>.



professional in terms of covering a wider area, a larger number of services, and a larger scale of MSMEs institutions. Halal product assurance is organized for the purpose of providing comfort, safety, security and certainty for consuming halal products used by the public, and enhancing the added value of entrepreneurs in the production and marketing of halal products. Therefore, using technology is one method to anticipate a limited number of human resources. The government obligation must be supported by technology to minimize the resource shortage problem. Limited budget should also be reduced by the operation of the application.

Both BPJPH and LPPOM MUI offer online registration or electronic applications in administering the halal certification. This non-manual procedure will correlate with the issue of efficiency and effectiveness. The application called SIHALAL makes it easy and affordable for business actors to get halal certification. Another application is Cerol-SS23000, a reliable online platform that can help simplify the halal certification process for customers. It was created by the Indonesian Ulama Council 8 years ago, and it has been working smoothly ever since.

In 2021, the Head of the Office of the Ministry of Religion of Kebumen Regency accompanied by Zakat and Waqf Organizer, H. Najemul Huda, gave halal certificates to 10 micro, small and medium enterprises in Kebumen Regency. It was a sign of attention from the Ministry of Religion and the Halal Product Assurance Organizing Agency (BPJPH) for micro, small and medium enterprises engaged in the food/processing sector. Through this halal certification, business actors automatically fulfill the halal and hygiene requirements to obtain halal (legal) recognition from the government. The list of the 10 enterprises is presented in Table 1.

**Table 1. List of Halal Certification Receivers 2021**

No	MSMEs Name	Business Addresses	Products
1	Umi Lulu Cake and Bakery	Landlord, Kebumen Landlord	Cake
2	Marina Food	Lusi Kutosari, Kebumen, Kebumen	Shredded fish
3	Marina Hope	Tanggulangin, Klirong, Kebumen	Shredded fish and steam fish;
4	Mina Karya facility	Tambakmulya, Puring, Kebumen	Chili sauce
5	Kugar Sari Laut	Tanggulangin, Klirong, Kebumen	Iodized salt
6	Ahla Snack	Pakuran, Sruweng, Kebumen	Nastar
7	WG Snacks	Grogolpenatus, Land, Kebumen	Tempeh dumplings
8	Prime	alley Telasih, Kebumen, Kebumen	Seasoning chips
9	Nazifa	Tamanwinangun, Kebumen, Kebumen	Corn chips
10	Capas	Caruban, Adimulyo, Kebumen	Banana crackers

*Source: Analysed from the primary source.*

In 2022, the Kebumen Government gave halal certificates to 7 micro, small and medium enterprises in Kebumen. Halal certification is one of the flagship programs of the Ministry of Religion for micro and small business actors. The process is easy and free or charge. For this reason, Najemul Huda hopes that those who today receive halal

certificates can become halal ambassadors for other business actors. They can set an example for other business actors and invite their partners to follow in obtaining a halal certificate. The Ministry of Religion is ready to facilitate. The following receivers are presented in Table 2.

**Table 2. List of Halal Certification Receivers 2022**

No	MSMEs Name	Business Addresses	Products
1.	Inti Tirta	Candimulyo, Kebumen, Kebumen	Drinks and beverages
2.	Avi Onna	Kalipancur, Pejagoan, Kebumen	Snacks
3.	Azmi Snack	Karangpule, Sruweng, Kebumen	Snacks
4.	Kavaya	White Chicken, Bulus Islamic Boarding School, Kebumen	Cake
5.	Old Coffee	Courage, Champion	Drinks and Beverages
6.	Mas Chio	Gemeksecti, Kebumen	Condiments
7.	Kirana Kucker	Hose, Kebumen	Cake

*Source: Kebumen Government 2022.*

The raising question is why the number of halal certificate receiver is still there? Based on Ms. Dewi explains, the budget allocation from the regional government for business actors is still insufficient. It is proven that the assistance program to obtain halal certificates for home industries in Kebumen Regency is only 20 businesses per year. No matter how enthusiastic business actors are to register for halal certificates, the agency only provides a quota of 20 products. This is because of the classic obstacle, the limited government budget allocation. The ability of SMSEs to adapt to production capacity constraints related to rapidly changing market demands, technological change, knowledge, innovation, and creativity is one of the challenges MSMEs must face. However, for many small businesses, problems associated with their small size often prevent them from reaching their full potential. One of these factors is the lack of resources (finance, technology, skilled labor, market access, market information).<sup>24</sup>

To solve the problem, recently the Halal Product Assurance Organizing Agency (BPJPH) of the Ministry of Religion has reopened a quota of free-of-charge Halal Certification (SEHATI) programs for MSMEs. Starting in 2023, BPJPH reopened the Free Halal Certification (Sertifikasi halal Gratis/SEHATI) program. In contrast to 2022, SEHATI 2023 will be open throughout the year starting January 2, 2023. 1 million free halal certification quotas will be opened with a business actor statement mechanism. Phase 1 of the mandatory halal certification phase will end on October 17, 2024.<sup>25</sup> Registration for free halal certification for 2023 has been open since January 2 by a self-declared mechanism. Self-declaration is a statement of the halal status of micro, small,

<sup>24</sup> Parisa Bouzari et al., "Problem Solving and Budget Allocation of SMEs: Application of NCA Approach," *Computation* 11, no. 3 (2023): 48.

<sup>25</sup> Indah, "Sertifikasi Halal Gratis 2023 Dibuka, Ada 1 Juta Kuota," June 8, 2023, <https://kemenag.go.id/pers-rilis/sertifikasi-halal-gratis-2023-dibuka-ada-1-juta-kuota-69hqib>.

and medium business products by the business actors themselves. Article 4A, paragraph 1 of the Omnibus Law states that "For Micro and Small Business Actors, the obligation to be halal certified as referred to in Article 4 is based on the statement of Micro and Small Business actors". Then in the insertion article 4A, paragraph 2: "Declaration of Micro and Small Business Actors as referred to in paragraph (1) is carried out based on halal standards set by BPJPH." For pro-opinion, this mechanism is an acceleration program to simplify and raise the number of the halal certificate. However, contra said, halal certificates should not be based on self-declare/self-claims by business actors without proof and verification. If everything can be declared halal by the business actors themselves (although not necessarily halal), then there is no point in halal certification.<sup>26</sup>

This SEHATI is a good opportunity to increase the capacity of the Kebumen Government in leveraging electronic halal applications for MSMEs to certify halal products. They can drive micro, small, and medium enterprises in Kebumen to participate in that program. At the same time, we still encourage them to use any electronic halal application to support the halal certification process. MSMEs development agencies are obliged to provide various incentive schemes for MSMEs to seek halal certification of their products in order to further motivation.<sup>27</sup>

#### 4. CONCLUSION

The government's capacity to guarantee halal products in Kebumen is quite progressive in a legal capacity in terms of promulgating a related regulation. While the community mentoring capacity is still a problem because they are still having a normal way of conducting business capacity training as well as developing team task forces. This action seems to be slow due to the number of halal certificate recipients compared to the total number of entrepreneurs. Utilizing electronic halal applications in halal product certification for micro, small, and medium enterprises is still challenging, even though there are available two (2) e-halal information systems and the Halal Product Assurance Organizing Agency is triggering releasing a new program to reach the wider area, greater number, and larger scale. The Kebumen Government with the problem of limited human resources and minimum budgeted allocation in halal product certification services should transform the challenge into an opportunity because the regulation has been changed and using technology is one of the effective and efficient ways in facing difficulties.

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<sup>26</sup> Khaswar Syamsu, "OMNIBUS LAW MENGABAIKAN PRINSIP HALAL?," June 8, 2021, <https://halal.ipb.ac.id/2251-2/>.

<sup>27</sup> Ida Giyanti and Erna Indriastiningsih, "Impact of Halal Certification on The Performance of Food Small Medium Enterprises," *Jurnal Ilmiah Teknik Industri* 18, no. 2 (2019): 116–23, <https://doi.org/10.23917/jiti.v18i2.7242>.

## AUTHOR DECLARATION

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