

## HALAL CERTIFICATION OBLIGATIONS OF MSMEs IN WIRADESA DISTRICT, PEKALONGAN REGENCY: A LEGAL AWARENESS ANALYSIS

Tarmidzi<sup>a,b</sup>

Zelta Hamdan Rosmi<sup>a</sup>

Hairus Saleh<sup>a</sup>

Harlan Iswanto Purnomo<sup>a</sup>

<sup>a</sup>Universitas Islam Negeri K.H. Abdurrahman Wahid Pekalongan

<sup>b</sup>tarmidzi@uingusdur.ac.id

### Abstract

Halal products are not only a religious demand, but also one of the important aspects in ensuring consumer safety and health. Wiradesa District, Pekalongan Regency, as one of the regions that has many Micro, Small, and Medium Enterprises (MSMEs), is faced with the challenge of fulfilling this halal certification obligation. MSMEs in this region cover various sectors, including culinary. However, the level of legal awareness among MSME actors about the importance of halal certification is still a question mark. The method used in this study, in the form of a qualitative approach, aims to produce descriptive data. This research uses two types of data sources, namely primary data sources and secondary data sources. There are three classifications to explore information, namely, observation, interview, and documentation. The goal is that the data collected is in accordance with reality. The methods in the analysis are data reduction, data presentation, and conclusion drawn. The goal is that the resulting analysis can be maximized. The results of the study show that: 1) Legal awareness of halal certification among MSME actors is still relatively low. Although there is an understanding of the importance of halal certification, its implementation has not been optimal. Many business actors are not fully aware of or comply with the obligation of halal certification in accordance with existing regulations. The factors of knowledge, understanding, and attitude towards the law still need to be improved to achieve better legal awareness. 2) Legal awareness of halal certification is low due to the following constraints: a) Lack of knowledge related to halal certification obligations and procedures; b) Fees; c) The attitude and perception of business actors believing that their products are halal; and d) Distrust in the Benefits of Halal Certification.

**Keywords :** *Halal Certification, MSME, Legal Awareness*



## INTRODUCTION

Indonesia as a country with a majority Muslim population has a responsibility to ensure that the products consumed by its people, especially food, have met halal standards in accordance with the teachings of Islam. Halal products are not only a religious demand, but also one of the important aspects in ensuring consumer safety and health. Wiradesa District, Pekalongan Regency, as one of the areas that has many Micro, Small, and Medium Enterprises (MSMEs), is faced with the challenge of fulfilling this halal certification obligation. MSMEs in this region cover various sectors, including culinary. However, the level of legal awareness among MSME actors about the importance of halal certification is still a question mark.

In Indonesia, halal certification is regulated by several regulations. for example, Law Number 33 of 2014 concerning Halal Product Assurance which guarantees the certainty of halal products in circulation. There is also Government Regulation Number 31 of 2019 concerning the Halal Assurance System which regulates the procedures for guaranteeing halal products, as well as the Regulation of the Minister of Religion of the Republic of Indonesia Number 29 of 2019 concerning Procedures for Issuing Halal Certificates which provides guidelines for the issuance of halal certificates. In addition, there is also a Regulation of the Minister of Religion Number 32 of 2019 concerning Halal Inspection on Food Products which regulates the procedures for halal inspection of food products. With these regulations, it is hoped that business actors can understand and carry out halal certification obligations properly. This is expected to provide certainty for Muslim consumers regarding the halalness of the products they consume.

The significance of consumer confidence in the halal of products is linked to legal awareness regarding halal certification. Following the halal certification procedure requires a thorough understanding of legal awareness in order to boost MSME compliance. In order to improve adherence to and use of sharia principles in business, this study will investigate the legal knowledge of MSMEs in Wiradesa District about halal certification. In light of this, research on MSMEs' legal knowledge of halal certification in Wiradesa District is pertinent since it seeks to determine MSMEs' legal awareness of halal certification. With regard to halal certification, it is believed that this research would help MSMEs become more legally informed and knowledgeable. This study chooses the writing's title based on this description in order to address this issue. "Legal awareness of halal certification for MSMEs in Wiradesa District, Pekalongan Regency".

## RESEARCH METHOD

The researcher uses a type of empirical juridical research, which includes the analysis of the legal behavior of individuals or communities related to the law by collecting data directly in the field (primary data). In this study, a qualitative approach is used which is often referred to as a naturalistic research method because it is carried out

in a natural state, where the presence of the researcher does not affect the dynamics of the object being studied. The primary data source in this study is data obtained from the main source directly from the field. In this context, the primary data refers to MSME resource persons in Wiradesa District. Meanwhile, secondary data sources in research are data obtained through the collection and documentation of books, journals, scientific papers, and other documents relevant to research problems, which are sourced from literature materials.

## **RESULTS AND DISCUSSION**

### **Profile of Wiradesa District**

Wiradesa District is one of the sub-districts in Pekalongan Regency which is located in the north bordering Wonokerto District, east with Tirta District, west bordering Siwalan District while south bordering Bojong District. Wiradesa District is located between 109 35'28" and 109 38'20" East Longitude and between 7027'39" and between 652' 46" and 6 56'30" South Latitude and is located at an altitude of 4-6 above sea level.

The Wiradesa District area consists of five sub-districts and 11 villages. The number of residents of Wiradesa District was recorded at 63,133 people, consisting of 31,986 male residents and 31,147 female residents. The population density in Wiradesa District is 4,971 people per square km. The most populous area is Kepatihan Village with 17,434 people per km<sup>2</sup>. While the area with the lowest density is Kadipaten Village. Educational facilities in Wiradesa District are quite good. The educational facilities are spread across all villages/sub-districts in Wiradesa District. There are 74 public and private educational facilities with 29 kindergarten/RA schools, 32 elementary / middle school levels, 7 junior high schools/MTS, and 6 high schools.

### **MSME Legal Awareness of Halal Certification Obligations**

Legal awareness is the awareness that arises from oneself without any pressure or coercion from anyone, contained in human beings about the existing law or the law that is expected to exist. So, legal awareness is a feeling that arises in a person because of the knowledge and understanding of a law so that they can accept or not accept the law. Forming a habit of people who are aware of the law without having to wait for violations and witnesses by law enforcement is wrong or the purpose of a regulation. If people in a country have good legal awareness, it will be more orderly and conducive to the lives of their citizens and vice versa.

The Government of Indonesia has regulated the regulation of halal product guarantee, which is contained in Law No. 33 of 2014 concerning Halal Product Assurance In the law, it is stated that the implementation of JPH is the government's effort to provide convenience, security, safety, and certainty of halal products to



consumers, especially Muslim consumers in Indonesia and increase added value for business actors who produce and sell halal products.

The certainty of halal products contained in the JPH Law is based on the existence of a halal certificate, which is a letter or document stating the halalness of a product in writing issued by BPJPH based on a fatwa determining halal from the MUI after going through an inspection process from an institution or authority. The obligation to own halal certification for all products circulating in Indonesian territory is contained in article 4 of the JPH Law, namely "Products that enter, circulate, and trade in Indonesian territory must be halal certified".

According to Soerjono Soekanto, to measure people's legal awareness, there are four indicators to measure it, which contain legal knowledge, legal understanding, legal attitudes, and legal behavior. Based on these indicators, this study to measure how the legal awareness of MSMEs in Wiradesa District towards the obligation of halal certification can be seen from the knowledge, understanding, attitudes, and behaviors of business actors as follows:

#### 1. Legal Knowledge

Legal knowledge can be said to be a legal concept related to orders and prohibitions. Legal knowledge is where a person has known that certain behaviors are prohibited and allowed in the law. In this study, legal knowledge is measured if business actors know about halal certification and know the obligation of halal certification regulated in Law No. 33 of 2014 concerning Halal Product Assurance.

Based on the results of the research, there are business actors who already have detailed knowledge about halal certificates, but there are also those who only "know" about halal certification. From the results of the research as the researcher conducted an interview to review legal knowledge with the question "Do you know about halal certification?". The average business actor already knows about halal certification.

Furthermore, in the statement of knowledge that there is an obligation to have halal certification on all products circulating in Indonesia, the researcher asked the question "Do you know that there is an obligation to have a halal certificate?" Of all the interviewees, there are three informants who know that owning a halal certificate is an obligation that must be obeyed by business actors throughout Indonesia.

Finally, the legal knowledge of business actors regarding halal certification regulations in Law No. 33 of 2014 concerning Halal Product Assurance, the researcher asked the question "Do you know about Law No. 33 of 2014 concerning Halal Product Assurance?" the results of the interview showed that the knowledge of business actors about the regulation of halal certification obligations is very minimal, it can be seen that all respondents do not know about the regulation. Their knowledge is only related to the halal certificate itself even though they do not know the rules exactly. Most of them have quite good knowledge about the definition of halal certificates. Although business actors in general know about halal certificates, their knowledge about the existence of halal certification obligations in Indonesia is still limited. This shows that most of the speakers are not fully aware of this obligation. Finally, the resource person's knowledge of the regulations governing Halal Product Assurance in Law No. 33 of 2014 is very minimal. None of the speakers knew in detail about the regulation. Their knowledge is limited to the halal certificate itself, although they do not know the rules exactly.

It can be concluded that the knowledge of MSMEs in Wiradesa District about the obligation of halal certification is still low. Although most of them know about halal certification, their knowledge of halal certification obligations and the regulations governing this is still minimal. Knowledge of halal certification and the existence of related rules is a minimum indication of legal awareness. However, business actors who only have knowledge of regulations do not necessarily have a high legal awareness in complying with these regulations. This is because legal awareness is not only related to legal knowledge, but is also determined by legal attitudes and behaviors.

## 2. Legal Understanding

An indicator of legal understanding is the extent to which people have knowledge and understanding of certain rules, especially in terms of their content. Business actors' understanding of halal certification is an important concern because it has been required in Law No. 33 of 2014 concerning Halal Product Assurance. However, the fact is that business actors' understanding of halal certification is still limited, besides that business actors do not understand that there are regulations regarding halal certification obligations.

From the results of the research as the researcher asked the question "Do you know the benefits and objectives of halal certification?". The results of the interview show that the majority of business leaders already know the purpose and benefits of halal certification. Next to the question "Do you understand the procedure for applying for halal certification?". The results of the study showed that five respondents did not understand how the procedure for applying for halal certification was. From the results of the research on legal understanding, it shows that the understanding of MSMEs in Wiradesa District about the purpose and benefits of halal certification is quite good, but the understanding of the procedure for applying for halal certification is still minimal. This shows the need for further efforts in education about the benefits, objectives, and especially halal certification procedures. The government and related parties should consider strategies to increase the understanding of business actors about the importance of halal certification rules and how they can properly engage themselves in this process. With a better understanding, business actors can better fulfill halal certification obligations and support consumer trust in their halal products.

## 3. Legal Stance

A person has a tendency to accept or reject the law because of the judgment and respect for the law, that the law can be beneficial or not beneficial to human life. The resource persons have their respective legal attitudes towards the obligation of halal certification. The attitude of business actors towards the obligation of halal certification in the receiving stage. From the results of the study, as the researcher conducted interviews with business actors to review their legal attitude towards halal certification obligations. Furthermore, to find out the legal attitude of business actors in the next halal certification prospect category, the researcher asked the question "Do you want to register your product for halal certification application?". The results of the study showed that five speakers did not plan to register halal certification and three speakers were already halal certified. In the context of supporting/accepting the obligation to certify halal, all resource persons accepted the existence of the regulation. However, due to several factors, they have not been able to implement the rules properly, so further





efforts are needed, including socialization, education, and problem solving related to costs and procedures to increase awareness and compliance with halal certification rules among MSMEs.

#### 4. Legal Conduct

Legal behavior is where humans have fulfilled the applicable regulations according to the law. This legal behavior is the main level because it can be seen how people obey the rules that apply in real life. The majority of business actors have not obtained halal certification for their products. Business actors have not registered halal certification because they are hampered by several factors. Currently, halal labels are very important, consumers who are aware of the importance of eating halal products will also ask business actors regarding whether the products sold are certified halal or not. Consumers who pay attention to product quality tend to prefer products that already have halal certification rather than those that have not.

From the various aspects that have been explained above, it shows that legal awareness related to halal certification obligations is still low. It can be seen in the indicators of legal knowledge of business actors related to halal certification which is still limited to halal certification in general where some speakers do not know the obligation of halal certification which has been regulated in Law No. 33 of 2014. Second, in the indicators of the legal understanding of the resource persons related to the understanding of the purpose of halal certification is quite good, but most of the resource persons do not understand the procedure for applying for halal certification. Third, the indicator of legal attitudes, even though all resource persons stated that they support and accept the existence of halal certification rules, in fact does not determine them to have a plan to apply for halal certification. Finally, indicators of legal behavior where most of the speakers do not have halal certificates.

#### **Analysis of obstacles to the legal awareness of MSME Halal Certification in Wiradesa District, Pekalongan Regency**

##### 1. Lack of knowledge related to halal certification obligations and procedures

Lack of knowledge about halal certification is the main obstacle for MSMEs in increasing their legal awareness. Many small and medium-sized business actors do not understand the importance of halal certification, the regulations that govern it, and the procedures that must be followed to obtain it. This is often due to a lack of access to relevant information and adequate education on the topic. As a result, MSMEs tend to ignore or delay the certification process, even though their products are actually eligible for the halal label.

In addition, the lack of socialization and training from government agencies or related institutions also worsens the situation. Without adequate support in the form of workshops, seminars, or educational materials, many business actors are unaware of the long-term benefits of halal certification, both in terms of increased consumer trust and broader market opportunities. This situation puts MSMEs at a disadvantage in business competition, especially in markets that are very concerned about the halal aspect of products.

## 2. Cost

Many MSME actors assume that the process of obtaining halal certification requires a large cost, which is the main obstacle in increasing their legal awareness. The fear of high costs includes various aspects, such as registration fees, audit fees, and the cost of meeting operational standards required to meet halal requirements. This assumption is often not entirely accurate, but due to a lack of proper information, this assumption persists among small and medium-sized businesses.

In addition, MSME actors often operate with thin profit margins, so adding to the cost burden for halal certification is considered not proportional to the benefits obtained. They focus more on day-to-day operational needs and maintaining business continuity rather than investing in certifications that don't immediately show benefits. This shows the need for assistance or subsidies from the government to help ease the burden of halal certification costs for MSMEs.

## 3. Attitudes and perceptions of business actors

Many business actors assume that their products are halal even though they have not been halal certified, which is an obstacle in increasing legal awareness about the importance of certification. This belief is based on the production process that they consider to have met traditional halal standards or because the raw materials they use are believed to be halal. However, without official certification, this belief has no strong legal basis and does not provide guarantees to consumers about the halalness of the product.

This perception also reflects a lack of concern for existing regulations, as well as a lack of understanding of the importance of transparency and accountability in ensuring halal products. This attitude can result in businesses ignoring the formal procedures and requirements set by certification bodies, thus missing out on opportunities to build broader consumer trust and access a larger market that prioritizes halal-certified products.

## 4. Distrust in the benefits of halal certification

Distrust in the benefits of halal certification is a significant obstacle for MSMEs in increasing their legal awareness. Some business actors doubt whether halal certification really provides real benefits for their business. They think that consumers don't care much about halal labels or that their products will still sell well without such certification. This view ignores the fact that more and more consumers, especially from the Muslim community, are paying attention to the halalness of the products they consume.

The lack of understanding of how halal certification can open up new market opportunities and increase product competitiveness also contributes to this mistrust. Halal certification not only increases the trust of local consumers but also opens access to markets that have strict requirements regarding the halalness of products. Without halal certification, MSMEs could lose the opportunity to expand their business and achieve more significant growth. More intensive support and education from the government and related institutions is urgently needed to overcome this mistrust and encourage business actors to see halal certification as a profitable long-term investment.



## Conclusion

MSME actors still have a limited level of legal awareness regarding halal certification. The significance of halal certification is acknowledged, but its application has not been ideal. According to current legislation, many corporate actors are not completely aware of or fulfill their obligation to obtain halal certification. To attain greater legal awareness, the elements of knowledge, comprehension, and attitude toward the law still require improvement. Due to the following limitations, legal awareness of halal certification is still comparatively low: a) Ignorance of the requirements and processes for halal certification; b) Costs; c) The mindset and belief of business actors that their goods are halal; and d) Mistrust of the advantages of halal certification.

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