



Strategy to Increase the Number of Halal Self Declared Certification in Indonesia

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ABSTRACT

Self-declared halal certification is a type of certification intended to simplify the halal certification process for Micro and Small Enterprises (MSEs). However, in reality, the number of self-declared halal certifications in Indonesia is still not maximizing its optimal potential. Out of the available quota of 349,834 free halal Self-declared certifications from governments, only 119,662 quotas have been used (BPJPH 2022). In fact, there are more than 64 million MSEs in Indonesia that are still not halal certified. Even though self-declared halal certification has advantages from MSEs over other types of halal certification, there are still several problems in implementation in the field which are reflected in the low number from MSEs that are halal certified. Therefore, a strategy is needed to answer this problem. The purpose of this research is to identify the SWOT analysis related to self-declared halal certification and to formulate a strategy to increase its usage from stakeholder perspective. SWOT method is used to applied the strengths, weaknesses, opportunities, and threats and the possible development strategies of self-declared stakeholder namely the Indonesian Ulema Council (MUI), PPH Assistance and Halal Product Guarantee Organizer (BPJPH) The ANP method prioritizes these four aspects and the best strategy in developing halal self-declared policy. An aggressive strategy is needed through equitable information dissemination and optimizing the support of PPH assistants to address the challenge of the low number of self-declared halal certifications. From this research we recommend the Government to provides a reasonable honorarium for PPH assistants. BPJPH can enhance governance and expedite the development of AI and blockchain technologies to facilitate UMK and PPH assistants in the document collection process. In addition, PPH assistants can adopt more proactive and creative approaches in their assistance.

ARTICLE INFO

Keywords:
ANP,
Halal Industry,
Halal Certification,
Strategy,
SWOT

1. Introduction

Halal certification is divided into four types according to the BPJPH Report in 2021, namely the halal certification independent program, the Sehati program, the halal program Self Declare, and facility/agency programs. Independent halal certification is program that requires business actors to pay for certification applications along with accommodation and transportation for product halal inspection by auditors from Halal Inspection Institution (LPH) in accordance with the Decision of the Organizing Body Halal Product Guarantee number 141 of 2021 concerning determining agency service rates BPJPH public services. Second, the Sehati Program (free halal certification) is a general term for all parties that provide halal certification financing. Third, halal Self Declare, namely halal certification which is based on a statement business actors accompanied by PPH (halal product processing)

assistants. Fourth, the facility/agency program is a collaborative certification program with private parties or certain agencies (BPJPH, 2021).

Self-declared halal certification is a certification policy where MSEs can obtain halal certification through a Self-declared process, aiming to facilitate MSMEs in their business activities. The Self-Declare Halal Certification has uniqueness compared to other halal certifications, namely the role of LPH (Halal Inspection Agency) replaced by PPH assistants, thus reducing costs in the halal certification process. Halal certification is also specifically designed for Micro and Small Enterprises (MSEs) that have products with non-risky ingredients and guaranteed halal status.

MSEs who apply for regular halal certification are subject to a fee amounting to 650 thousand rupiah which is used for registration and examination fees product halal by the Halal Inspection Institute (LPH). Halal certification process

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Self Declare does not require fees or 0 rupiah. However, that doesn't mean it's free of costs. This is due to the Sehat program (free halal certification) for MSEs whose financing has been budgeted by various sources such as APBN, APBD, partnership funds, grants and other sources of funds are valid or not binding amounting to 300 thousand rupiah. This nominal determination is based on Regulation of the Minister of Finance of the Republic of Indonesia number 57/pmk.05/2021 concerning Service Tariffs for the Public Service Agency for the Halal Product Guarantee Organizing Agency at the Ministry of Religion (Kemenag, 2021). Even though self-declared halal certification has advantages over other types of halal certification, there are still several problems in implementation in the field which are reflected in the low number and completion times that do not meet standards. Therefore, a strategy is needed to answer this problem

The reason why this research need to be conducted is the number of Muslim population in Indonesia as of December 31, 2021, amounted to 237.57 million people, which represents 86% of the total population of Indonesia (The Royal Islamic Strategic Studies Centre, 2023). Therefore, the guarantee of halal (permissible according to Islamic law) in Indonesia is very important. This is stated in the mandate of the 1945 Constitution Article 29, paragraph 2, which guarantees religious freedom for the Indonesian society. Ensuring the halal status of food for a Muslim is considered a spiritual right (Musataklima, 2021).

Food is a basic necessity for humans to carry out their activities. According to a survey by Badan Penelitian Statistik (BPS) in 2021, consumption is the main expenditure of the Indonesian society, with an average of 49.25% of their expenses, while the rest is allocated to non-food expenditures, such as housing, goods, services, clothing, and others. The BPS data shows that consumption has a significant influence on the daily lives of Indonesian society. The halal food sector worldwide is projected to grow by 3.5%, amounting to \$1.38 trillion USD, according to the State of Global Islamic Economy Report (SGIE) 2020/2021. There is an export opportunity of \$2 billion USD from the food industry sector in both OIC (Organization of Islamic Cooperation) and non-OIC markets, as presented by Bank Indonesia in the Islamic Economy and Financial Report for the year 2021 (BI, 2021).

One important aspect to maximize the potential of the halal industry is the halal certification for businesses in Indonesia. The large number of Micro, Small, and Medium Enterprises (MSMEs) reaching 65 million units can have a significant impact in supporting the halal industry (BPS, 2021). Therefore, the government has made halal certification mandatory for business actors in accordance with the mandate of Law No. 33 of 2014 article 4 reads, "Products entering, circulating and being traded in Indonesia must be certified halal." However, the reality on the ground shows that only a small number of MSMEs have obtained halal certification. The current number of MSMEs with halal certification is 305,754 or 0.4% of the total MSMEs in Indonesia (BPJPH, 2022). Apart from that, when compared with other types of halal certification issued MUI, the number of Self Declared halal certifications is still very low. Difference The number of halal certification issuances based on certification type can be seen in Figure 1. In that figure we can see that Self Declared is the lowest in number compared to other type of halal certification. There are also differences in the number of applicants for halal certification Self Declare in every province of Indonesia because registration is not evenly distributed (BPJPH, 2021).

The process of applying for Self-declared halal certification and obtaining the halal certificate, if it meets the standards set by Badan Penyelenggara Jaminan Produk Halal (BPJPH),

takes 21 days. However, in practice, it often does not align with this standard. The 2021 Public Satisfaction Survey Report by BPJPH showed that the average completion time for halal certification was 52 days, indicating poor quality in terms of timeliness. Therefore, intensive coordination and communication are needed between the BPJPH, PPH (Halal Assurance Partner), and MUI (Indonesian Ulema Council) as stakeholders directly involved in the Self-declared halal certification process, as the issuance of halal certificates is the result of integrating the performance of these parties.

According to Law no. 33 of 2014, there are three actors involved in the process halal certification, namely BPJPH (Halal Product Guarantee Administering Body), Halal Inspection Institute or LPH, and MUI (Indonesian Ulema Council). BPJPH has a role in establishing regulations, receiving and verifying halal applications from business actors, as well as issuing halal certificates. LPH has the role of carrying out testing and checking the halalness of large business products, medium, and MSEs that do not meet Self's halal certification requirements Declare. The role of LPH was replaced by PPH assistants for MSEs carry out halal certification through self-declaration. MUI has a role to play determine the halalness of products through a halal fatwa trial. These three institutions is the main stakeholder who plays a direct role in the certification process halal Self Declared. Therefore, it is very important to maximize synergies from these three institutions in increasing the number of Self halal certifications Declared in Indonesia. Previous study by Pratama (2020) mentioned that the synergy of policy stakeholders' contributions is very important in optimizing the acceleration of halal certification for MSMEs under the Halal Self Declare scheme and minimizing potential negative consequences. Aprilia & Pranita (2022) and Kasanah (2022) also stated that the main problem in halal certification in South Bangka is the lack of information and outreach in several of the articles above. It can be concluded that literacy issues are still the main problem with self-declared halal certification when viewed from the community's perspective. However, studies on national self-declared halal certification are still rarely carried out.

This research aims to identify and formulate strategies to increase the number of Self-declared halal certifications in Indonesia. The study involves exploring the strengths, weaknesses, opportunities, and threats of the Self-declared halal certification program to select the best strategy using the Analytic Network Process (ANP) method. The focus of this research is on the stakeholders of the Self-declared halal certification, namely the PPH, BPJPH, and MUI as internal aspects, and MSMEs and the general public as external aspects. This paper is split into five parts. First, there's the introduction, which talks about the background and previous research on the topic, along with the research gap and objectives. Next is the methodology, where the SWOT-ANP analysis method used in this research is explained. The third part is about results and discussion, going into detail about each SWOT aspect and strategies related to Halal Self-Declared. After that, there's a conclusion, ended with policy recommendations.

2. Methodology

2.1 Sources and Methods of Data Collection

This research was conducted from January 2023 to March 2023. The research was carried out through interviews and questionnaire surveys with practitioners, academics, regulators, and experts who have an understanding of the halal industry, particularly self-declared halal certification at the national level. There were 4 respondents for in-depth

interviews and 7 respondents for the questionnaire. The data collection locations were adjusted based on the availability of the respondents, either offline or through online Zoom meetings.

2.2 General Description of Analytical Network Process

This research is a combination of qualitative and quantitative research. This research utilized the Analytical Network Process (ANP) analysis method with the Strengths, Weaknesses, Opportunities, and Threats (SWOT) approach, and it was processed using Microsoft Excel 2019 and Super Decision software. ANP is a new qualitative method that is non-parametric and non-Bayesian. This method allows decision-making by creating a general framework without making assumptions about the independence of elements at higher levels from elements at lower levels and the independence of elements at a certain level. It is an extension of the Analytic Hierarchy Process (AHP) method and was first developed by Thomas L. Saaty (Ascarya, 2005). ANP analysis enables systematic dependence and feedback by combining both tangible and intangible factors. The analysis consists of three stages: model construction, model quantification, synthesis, and analysis.

2.2.1 Model Construction

The construction of the ANP model was based on a literature review, both theoretically and empirically. The constructed ANP model obtained from the literature review was then confirmed by experts, practitioners, academics, and regulators who have expertise in the relevant topic of the thesis. This step was necessary to ensure that the constructed model reflects the actual situation.

2.2.2 Model Quantification

The quantification stage involved using the ANP questionnaire to obtain pairwise comparisons between elements within clusters. The quantified elements must have inconsistency values below 10% (Ascarya, 2005). This pairwise comparison was conducted to determine which elements were more dominant and to what extent their influence was, using a numerical scale of 1-9.

2.2.3 Synthesis and Analysis

The geometric mean was used to determine the individual assessments of the respondents and to determine the consensus within a group. The geometric mean was calculated based on the pairwise comparisons provided by the respondents (Saaty Vargas, 2006). The comparison responses

were combined to form a consensus. Rater Agreement, which measures the level of agreement among respondents (R1-Rn) on a problem within a cluster, was also considered. Table 1 ANP Respondents.

3.. Results

This research formulates alternative strategies to enhance self-declared halal certification in Indonesia, consisting of sixteen internal and external criteria, resulting in five alternative strategies. The internal factors focus on stakeholders in the self-declared halal certification program, including MUI (Majelis Ulama Indonesia), BPJPH (Badan Penyelenggara Jaminan Produk Halal), and PPH (Proses Produk Halal) Assistants. The internal analysis is divided into two aspects, strengths and weaknesses. The external factors concentrate on the targets of the self-declared halal certification program, namely micro and small businesses (UMK) and the Indonesian society as a whole. The external analysis comprises two aspects, opportunities and threats. These criteria are identified through literature studies and in-depth interviews with regulators, academics, practitioners, and experts knowledgeable about the development of self-declared halal certification in Indonesia.

The internal and external criteria obtained are then used to formulate alternative strategies using the SWOT network structure. The previously identified internal and external aspects from the literature studies and in-depth interviews are formed into a SWOT network, and the alternative strategies are employed to formulate an ANP model as illustrated in the diagram below.

3.1 Elements of SWOT Aspect

The priority of the SWOT aspects, the main among the four SWOT aspects obtained from data analysis results, is the weakness aspect, which has a geometric mean value of 0.297880. This indicates that the weakness aspect is the most influential aspect in improving self-declared halal certification in Indonesia. The agreement among respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance), which has a value of 0.27, indicating that although the rater agreement value is small, it does not mean that the model used is wrong or useless. The results indicate that respondents have different perspectives on the priority of SWOT aspects, causing variation in answers. The Kendall coefficient is not used to assess the quality of a model but only to indicate the level of agreement among experts (Ali & Kassim, 2021). The priority order of the SWOT aspects can be seen in Figure 3.

Table 1 Research Respondents

Respondent In-depth Interview		
Regulators	Sub-Coordinator of Planning and Information System Section of BPJPH	M Yanuar Arief
Academics	Lecturer at Muhammadiyah Makassar University and KDEKS Makassar	Syafri Haliding
Practitioner	Program coordinator of the Center for Halal Science Studies (Halal Center) Bogor Agricultural University	Agy Wirabudi
Practitioner	Owner of UMK Coco Jelly Fresh	Yusup Firmanudin
Questionnaire Respondents		
Practitioner	Economic Analyst of the Coordinating Ministry for Economic Affairs	Riski A. M. Dewi
Practitioner	Owner of UMK Coco Jelly Fresh	Yusup Firmanudin
Academics	Lecturer in Islamic Economics IPB university	Ranti Wilasih
Academics	Lecturer at Muhammadiyah Makassar University and KDEKS Makassar	Syafri Haliding
Pakar	KNEKS Sharia Business and Entrepreneur Director	Putu Rahwidhiyasa
Practitioner	Program coordinator of the Center for Halal Science Studies (Halal Center) Bogor Agricultural University	Agy Wirabudi
Regulators	BPJH Expert Statistics Ministry of Religion	Mena Salawati

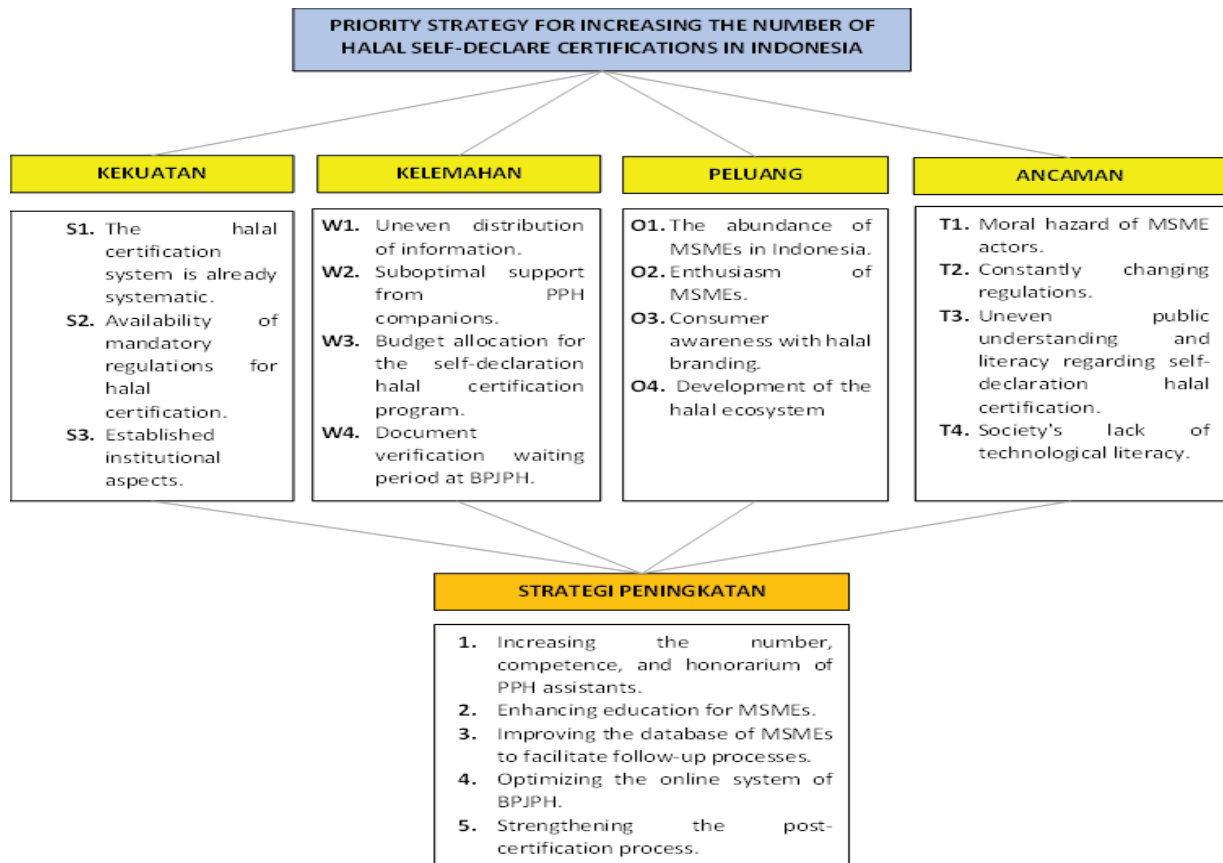


Figure 1. ANP Framework in the Research

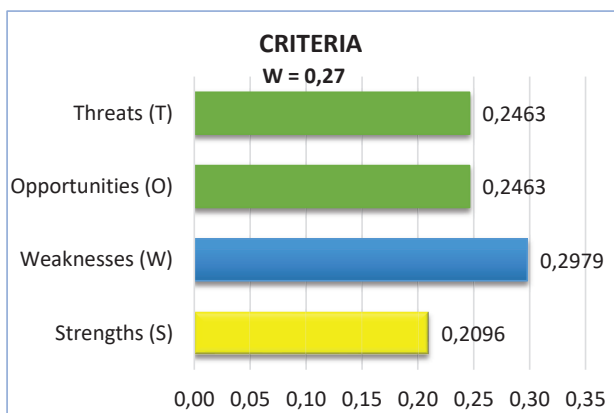


Figure 2. Priority of SWOT Aspects (own estimation)

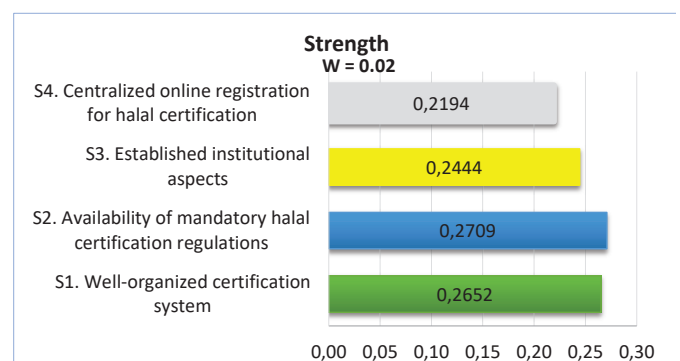


Figure 3. Priority of Strength Aspects (own estimation)

3.2 Element of Strength

The strength aspect consists of four elements: a systematic halal certification system, the availability of halal certification regulations, established institutional aspects, and centralized online halal certification registration. The highest priority level from data processing results is the availability of mandatory halal certification regulations with a geometric mean of 0.271. The agreement among respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance), which has a value of 0.02. The results indicate that respondents have different perspectives on the strength aspect, leading to variation in answers.

3.3 Elements of Weakness

The weakness aspect consists of four elements: uneven information dissemination, suboptimal PPH assistance, limited budget for the self-declared halal certification program, and file

waiting time at BPJPH. The highest priority level from the data processing results is uneven information dissemination with a geometric mean of 0.2897. The agreement of the respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance) with a value of 0.33, indicating that respondents have different perspectives on the priority of SWOT aspects, resulting in variations in answers.

3.4 Elements of Opportunity

The opportunity aspect consists of four elements: the high number of MSMEs in Indonesia, positive public response, consumer awareness of halal branding, and the development of the halal ecosystem. The highest priority level from the data processing results is the high number of MSMEs in Indonesia with a geometric mean of 0.2849. The agreement of the respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance) with a value of 0.04, indicating that respondents have different perspectives on the priority of SWOT aspects, resulting in variations in answers.

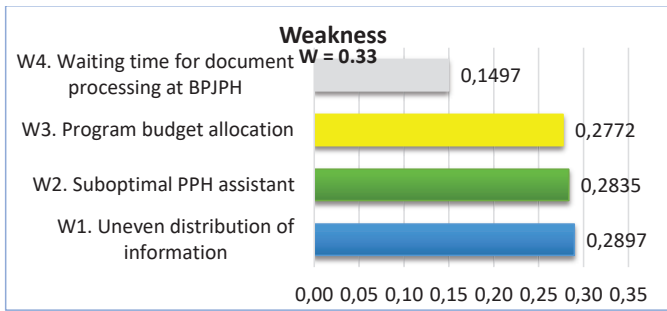


Figure 4. Priority of Weakness (own estimation)

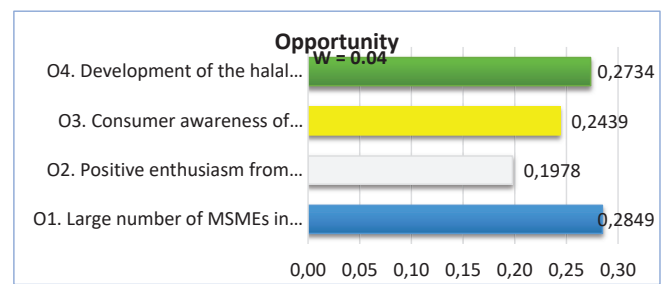


Figure 5. Priority of Opportunity (own estimation)

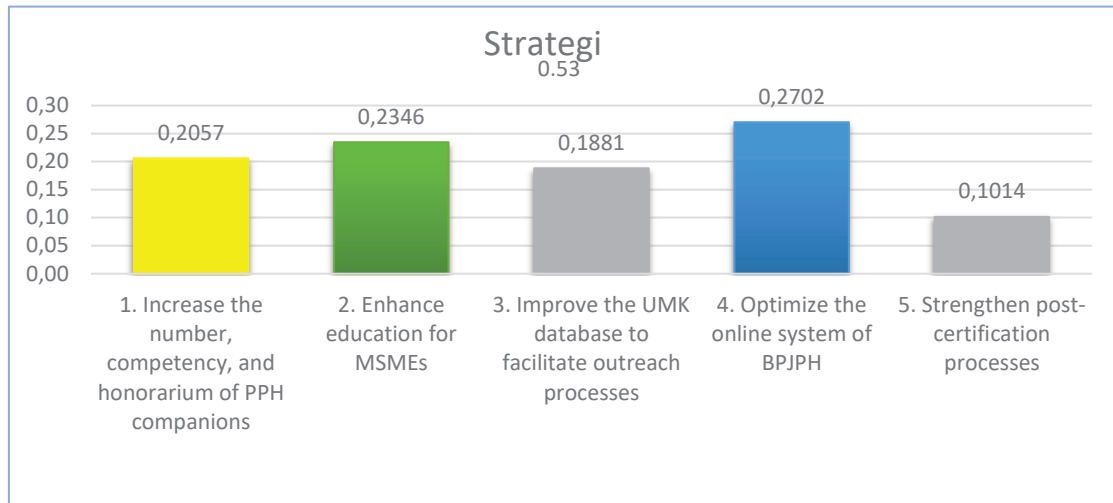


Figure 6. Priority of Strategy (own estimation)

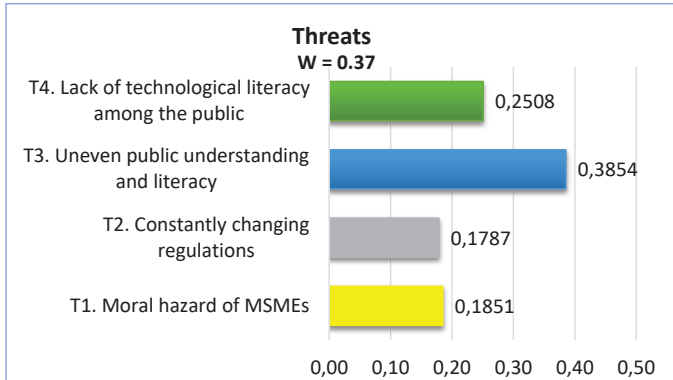


Figure 6. Priority of Threats (own estimation)

3.5 Elements of Threat

The threat aspect consists of four elements: Moral Hazard of MSMEs, constantly changing halal certification regulations, uneven public understanding and literacy regarding self-declared halal certification, and a lack of technological understanding among the public. The highest priority level from the data processing results is the high number of MSMEs in Indonesia with a geometric mean of 0.3854. The agreement of the respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance) with a value of 0.37, indicating a 37% agreement among the respondents. Although the rater agreement is low, it does not mean that the used model is wrong or useless. These results indicate that respondents have different perspectives on the SWOT aspect priorities, resulting in variations in answers.

3.6 Elements of Strategies

The strategies were formulated considering the four criteria used in the research: strengths, weaknesses, opportunities, and threats to self-declared halal certification. The strategies were determined based on literature review and in-depth interviews with three sources, including academics and practitioners. The weight of measurement indicators was calculated through quantitative analysis using the Super Decision application. The highest priority level from the data processing results is the optimization of the Online BPJPH system with a geometric mean of 0.2702. The agreement of the respondents (rater agreement) can be seen from W (Kendall's Coefficient of Concordance) with a value of 0.53, indicating a 57% agreement among the respondents, and a p-value of 0.0105, which shows that the respondents are quite unanimous in the selection of priorities.

4. Discussion

4.1 Elements of Strength

The first priority that strengthens the Self-Declared Halal Certification program is the availability of mandatory halal certification regulations. The obligation to obtain halal certification is stipulated in Law No. 33 of 2014, which has made the community, especially business actors, more aware of the importance of obtaining halal certification for their products. In addition, according to academic sources, there are also ministerial circulars, BPJPH circulars, BPJPH regulations, and others that have made the regulations for self-declared halal certification quite good.

The second priority that strengthens the Self-Declared Halal Certification program is its well-organized and regulated process, from UMK assistance to certification issuance. Academic sources and UMK explain that the procedures are effective and clear because everything is regulated, which avoids making the Self-Declared Halal Certification program useless. However, there are still many challenges and obstacles in the halal certification process, especially in meeting the target for free halal certification.

The third priority that strengthens the Self-Declared Halal Certification program is the well-established institutional aspect. The institutions referred to are BPJPH, Halal Center, LPPOM MUI, KNEKS, KDEKS, community organizations, universities, and other ministry institutions that can help optimize self-declared halal certification. In addition, support is also obtained from institutions such as state-owned enterprises, regional-owned enterprises, and local governments. According to the Halal Center IPB source, the political will for self-declared halal certification is quite good. The government is also continuously improving institutional capacity by strengthening the Islamic economy institutions in the regions with the President's Regulation regarding KDEKS (BI 2022).

The fourth priority of the strength aspect of the Self-Declared Halal Certification program is the centralized online registration of self-declared halal certification through the SiHalal website. According to academic expert sources, the centralization of self-declared halal certification is a progressive step taken by BPJPH. The centralization of the halal certification process online means that UMK no longer needs to send physical documents to BPJPH, which eliminates additional costs such as shipping fees and can be more time-efficient. According to the 2019 public satisfaction survey, businesses find it easier with the online process because it does not require significant expenses (BPJPH 2019).

4.2 Elements of Weakness

The first priority of the weakness aspect is uneven information dissemination. Information dissemination refers to procedures, updated policies, as well as literacy related to self-declared halal certification. One of the experiences of academic sources states that they cannot access information related to Halal Center registration. According to the sources, the information in BPJPH is already quite open, but its reach is still not optimal. Uneven socialization, education, and training in using the SiHalal website are also among the problems of self-declared halal certification (BPJPH, 2021). In addition, information dissemination and socialization still overlap between the regular pathway and self-declared halal certification. This results in many MSMEs considering halal certification to be expensive and difficult to register (Kasanah et al., 2022). The Halal Center IPB source also states that information is still uneven, especially for people living in remote areas or without internet access.

The second priority that becomes a weakness of the self-declared halal certification program is suboptimal PPH (Halal Assurance Agency) assistance. According to academic sources, there are still PPH assistants who cannot comprehensively understand the raw materials and products owned by business actors. This is also supported by the opinion of the Halal Center IPB source, stating that many PPH assistants have received training but are still not ready to provide assistance due to a lack of comprehensive understanding of self-declared halal certification. However, according to academic sources, PPH assistants are key to achieving the halal certification target as they directly interact with MSMEs. The results of in-depth interviews with academic sources and the Halal Center state that the field facts show many PPH assistants who are not actively

providing assistance. For example, if the Halal Center recruits up to 100 PPH assistants, the maximum number of active assistants would be 20 to 30. The number of PPH assistants needs to be increased. According to academic sources and the Halal Center IPB, the number of PPH assistants is still limited and unevenly distributed across Indonesia. This is supported by data from BPJPH, which currently registers 20,078 PPH assistants out of a target of 35,500, with 71.8% of them located in Java. This is also one of the reasons why the target for self-declared halal certification has not been achieved in several regions in Indonesia (BPJPH, 2022). The RPJMN 2020-2024 explains that limited human resources are one of the obstacles to implementing halal product assurance (RPJMN, 2020).

The third priority that becomes a weakness of the self-declared halal certification program is the allocation of the program's budget, which is still not maximized and lacks prioritization for PPH assistant honorariums. PPH assistants are given an honorarium of IDR 150,000 per MSME, including consumption and transportation costs. This honorarium is provided without considering aspects such as the distance between the PPH assistant and the MSME, the conditions in each region of Indonesia, and other important aspects that should be considered. The Halal Center IPB and academic sources also state that this low honorarium reduces the motivation of PPH assistants. Many PPH assistants consider their assistance activities as more of a social activity. The total realization of the budget from the halal registration and certification service unit amounts to IDR 98 billion. If this total budget is divided by the number of MSMEs that have been halal certified in 2022, which is 119,662 MSMEs, each MSME's budget is around IDR 800,000. However, only IDR 150,000 is allocated for PPH assistants. This indicates that the PPH assistants, who are key to achieving the target for self-declared halal certification, are not prioritized in budget allocation. Therefore, the budget allocation needs to be re-evaluated with a focus on prioritizing PPH assistant honorariums.

The fourth priority of the weakness aspect is the waiting time for file verification at BPJPH. The waiting time for file verification at BPJPH is long and does not comply with the established time standards. According to academic sources, this is due to the limited human resources available at BPJPH, while the number of PPH assistants and the target for halal certification of MSMEs continue to increase.

4.3 Elements of Opportunity

The first priority that becomes an opportunity for the self-declared halal certification program is the high number of MSMEs in Indonesia. This is supported by data indicating that 96% of MSMEs are micro-enterprises and 1.2% are small enterprises. The total number of MSMEs in Indonesia reaches 64.1 million (Kasanah et al., 2022).

The second priority in terms of opportunities is the development of the self-declared halal certification ecosystem. When undergoing the self-declared halal certification process, MSMEs are required to submit their business documents. The collected documents contribute to the formation of a halal MSME database. Academic sources state that this data is crucial as it can become a strength for further development of the halal industry. This data can be further developed to support the halal ecosystem in Indonesia, such as financing development or used for the development of a halal marketplace. The development of the halal ecosystem is also a priority in the effort to develop the Islamic economy in 2023, as stated in the guidelines of the Vice President of the Republic of Indonesia in the KNEKS plenary meeting, which includes accelerating the development of halal industry MSMEs by improving the quality and quantity of suitable business opportunities for MSMEs,

strengthening programs for Sharia-compliant companies, providing technical expertise for the digitalization of halal MSMEs, advancing research, and implementing incubation for Sharia-based MSMEs.

The third priority that becomes an opportunity for the self-declared halal certification program is consumer awareness of halal branding. According to BPJPH sources, the increasing awareness of consuming halal food among Indonesian society has led to increased demand and generated needs. The need for halal products is responded to by MSMEs by preparing products that meet halal standards. This is also supported by an internal survey conducted by LPPOM MUI, presented by Lukmanul Hakim, the director of LPPOM MUI, in 2010, which stated that the level of public concern for the halal status of products is 92.2%. This percentage has significantly increased from 70% in 2009 (Puji, 2011).

The fourth priority of the self-declared halal certification program opportunity is the enthusiasm of the public regarding halal certification. The community, especially MSMEs, are willing to participate and seek further information about the self-declared halal certification process. This is also supported by the opinion of MSME sources stating that it is crucial for a product to have halal certification because consumer awareness of the halal status of products is increasing. Halal certification is also seen as a producer's responsibility to ensure consumer comfort in consuming their products. Academic sources also state that overall, the response and acceptance of the public towards self-declared halal certification are quite positive."

4.4 Elements of Threat

The first priority that becomes a threat to the self-declared halal certification program is the uneven public understanding and literacy regarding self-declared halal certification. Academic sources state that many business owners do not understand the procedures for self-declared halal certification. This is also the reason why the target of 10 million business owners by 2022 has not been achieved (BI, 2022). According to a study by Bank Indonesia, the level of public literacy regarding the Islamic economy in Indonesia is only 20% (BI, 2022). This is partly due to the low knowledge of human resources in managing halal MSMEs, as most of them have low levels of education and management skills (Pratama, 2022). According to the Rencana Pembangunan Jangka Menengah Nasional (RPJMN) 2020-2024, the low awareness of business owners in obtaining halal certification is one of the obstacles in implementing halal product assurance (RPJMN, 2020).

The second priority that becomes a threat to the self-declared halal certification program is the public's lack of technological understanding. Technological understanding is crucial because the self-declared halal program is centralized online through the SiHalal platform. However, sources from Halal Center IPB state that many MSMEs still lack the ability to use technology. This is also supported by the Economic and Sharia Finance Study by Bank Indonesia in 2022, which revealed that many MSMEs have limited digital literacy, making it difficult for them to operate the SiHalal application (BI, 2022). Additionally, MSMEs feel that the halal certification process is too complicated and difficult to follow due to digitization (BPJPH, 2022). This is partly due to the perception that MSMEs are small businesses that do not require serious digital application usage (Kasanah et al. 2022).

The third priority that becomes a threat to the self-declared halal certification program is the moral hazard of MSMEs. Moral hazard refers to providing data that does not correspond to the actual business conditions in the field. According to sources from Halal Center IPB, there is a potential for business owners to only commit at the beginning to use the registered halal

materials and business processes during the self-declared halal certification process. After obtaining the halal certification, business owners do not adhere to the standards. This is due to the fact that the desire to obtain halal certification does not come from the willingness of MSME owners but rather from government obligations. This is also supported by a study by Pratama (2022), which indicates that the moral hazard of self-declared halal certification is more prone to exist compared to the regular scheme due to the absence of halal testing and examination at the BPJPH level. The functions of halal testing and examination are entrusted to PPH companions (Pratama, 2022).

The fourth priority that becomes a threat to the self-declared halal certification program is changing regulations. According to academic sources, one threat from the regulatory side is that the halal certification law, which was initially mandatory, has been changed to voluntary. Changes in regulations related to the technical aspects and issuance process of self-declared halal certification can also jeopardize public trust in self-declared halal certification. Sources from Halal Center IPB state that constantly updated regulations lead to changes in the halal certification process, hindering the performance of PPH companions in the field and confusing MSMEs. These constantly changing regulations also affected the SiHalal platform, which was temporarily halted for improvements to comply with the latest regulation, namely the Government Regulation in Lieu of Law (Perppu) No. 2 of 2022 on Job Creation, which established a fatwa committee to replace the fatwa commission. As a result, adjustments to the SiHalal platform need to be made, preventing the proper implementation of the self-declared halal certification process.

4.5 Elements of Strategies

The first priority among the alternative strategies is the optimization of the BPJPH system. This includes accelerating the verification process, providing solutions, and responding to complaints. According to the explanation from BPJPH, the organization is currently focusing on accommodating the SiHalal platform to comply with the new regulation, which is the establishment of a fatwa committee. This is done to enable the fatwa committee to carry out its functions online through the SiHalal platform. BPJPH is also developing artificial intelligence (AI) and blockchain technology. AI is used to recommend ingredient selection based on the products of MSMEs, thereby speeding up the halal certification application process and the grouping in fatwa sessions. Blockchain technology is being developed to enhance the traceability of halal-certified products. A representative from BPJPH illustrated that through the SiHalal platform, consumers will be able to trace the halal status of a product, including the origin of the beef, distribution channels, grinding locations, and cooking processes. Halal certification in the future will not only be a label but will also involve transparent and traceable processes from upstream to downstream. Academic sources and the Halal Center IPB emphasized the importance of BPJPH as the regulator and central authority for halal certification to continuously improve services, governance, institutional arrangements, and provide solutions to issues related to self-declared halal certification.

The second priority among the alternative strategies is the enhancement of education for MSMEs. Education for MSMEs is conducted through widely accessible media such as online platforms and social media. This education includes information on how to prepare products, ingredients, processes, and other aspects to ensure compliance with halal standards. Online education is continuously being provided and improved by BPJPH through videos, social media posts, and webinars for socialization. However, for individuals with

limited digital literacy, online education is still challenging. Currently, education for MSMEs with low digital literacy is primarily conducted by PPH companions. According to the PPH companions, they assist and educate MSMEs on the halal certification process and compliant materials, especially in uploading documents through the SiHalal platform for MSMEs with limited knowledge. The function of educating MSMEs can be further maximized not only through PPH companions but also through the establishment of Halal and Smart MSME Centers, as proposed by the Halal Center IPB. These centers aim to provide training, guidance, and support for MSMEs in terms of halal, thoyib, sharia finance, and the use of digital applications in the era of Industry 4.0. The improvement of MSME education aligns with the Vice President of Indonesia's directive regarding efforts to develop the Indonesian sharia economy, which includes prioritizing a 50% literacy rate in sharia economics among the Indonesian population and implementing integrated programs in the Indonesian Sharia Economy Master Plan (MEKSI) 2024-2029 (BI, 2022).

The third priority among the alternative strategies is the increase in the number, competency, and appropriate honorarium for PPH companions. PPH companions play a crucial role as they interact directly with MSMEs. They act as educators for MSMEs, visit and offer halal certification directly to MSMEs without certification, and provide assistance to MSMEs facing difficulties in using the SiHalal platform for self-declared halal certification. Therefore, optimizing the number of PPH companions throughout Indonesia will accelerate the increase in the number of self-declared halal certifications in Indonesia. This is supported by the explanation from academic sources that the optimal number of PPH companions is key to achieving the target of self-declared halal certification. Currently, there are 20,078 PPH companions in Indonesia, which is still insufficient compared to the number of MSMEs. Furthermore, the distribution of PPH companions is not evenly spread across all regions in Indonesia, posing a challenge to the self-declared halal certification program (BPJPH, 2022). Improving the competency of PPH companions can also be achieved through enhanced communication between PPH companions and the Halal Center or relevant community organizations. This competency enhancement can also be facilitated through the establishment of Halal Product Process Companion Institutions (LP3H) to educate and support the companions. Currently, Indonesia is also improving the quality of halal supervisors by prioritizing training for halal supervisors in Halal Safe and Healthy Culinary Zones (Zona KHAS) as part of the efforts to develop the sharia economy in 2023 through the acceleration of the Zona KHAS program (BI, 2022). According to academic sources, PPH companions are crucial for achieving the halal certification target. However, the low honorarium of 150,000 IDR per MSME has resulted in the PPH companion role not being a primary profession and only considered as a side job. This suboptimal situation is attributed to the insufficient honorarium. According to sources, the minimum honorarium for PPH companions should be increased to 300,000 IDR to 500,000 IDR per MSME. Based on the explanation from BPJPH, the current solution to address the low honorarium is for PPH companions to adopt creative approaches, such as collective assistance through districts or production centers. As a result, they can earn more honorarium, although it still does not adequately reflect the work they do. Therefore, a reevaluation of the honorarium for PPH companions is necessary. The existing budget needs to be reviewed, with priority given to the honorarium for PPH companions.

The fourth priority among the alternative strategies is the improvement of the MSME database to facilitate outreach efforts. In order to accelerate the increase in halal certifications for MSMEs, BPJPH has collected data from the Online Single Submission (OSS), BPUM (Bantuan Produktif Usaha Mikro), the Ministry of Cooperatives and MSMEs, regional cooperative agencies, and other relevant institutions. The follow-up actions involve direct visits to MSMEs without halal certification by PPH companions to educate them and encourage them to obtain halal certification. This is done to support the acceleration of the halal certification process (BI, 2022). However, according to sources from the Halal Center IPB, there is still a significant amount of invalid data in the database, such as unreachable phone numbers or incorrect addresses, which hinder the outreach efforts. Additionally, duplicated data is frequently found, resulting in a discrepancy between the recorded number of MSMEs and the actual number in the field. BPJPH is continuously striving to improve the quality of the MSME database through communication with various relevant parties. It is acknowledged that the existing data may not be valid due to the dynamic nature of MSMEs, where businesses may change or even cease operations. PPH companions visit MSMEs in their local areas to minimize the issues related to invalid data.

The fifth priority among the alternative strategies is the strengthening of post-certification processes by conducting supervision and post-audits of halal-certified products. Post-audit activities after certification are essential as a preventive measure to enhance supervision of MSMEs and maintain public trust (Pratama, 2022). BPJPH representatives explained that to prevent fraud and ensure commitment to halal standards, MSMEs sign a Halal Product Assurance Letter called Surat Jaminan Produk Halal (SJPH). Currently, post-certification processes involve periodic reporting of production processes every six months to monitor any changes made by MSMEs. The supervision conducted is generally applicable to all types of halal certification, and specific supervision is yet to be implemented. This supervision is carried out jointly with the Indonesian Food and Drug Authority (BPOM) and regional supervisors.

5. Conclusion

An aggressive strategy is needed through equitable information dissemination and optimizing the support of PPH assistants to address the challenge of the low number of self-declared halal certifications by providing appropriate honorarium for PPH assistants. Apart from that, Indonesia must also optimize its opportunities, namely the large number of micro and small businesses in Indonesia. The strategy to resolve the problem of the low number of self-declared halal certifications is by (1) Optimization of the online system of the Halal Certification Authority (BPJPH); (2) Education for UMK; (3) Increasing the number, competence, and reasonable honorarium for PPH assistants; (4) Improving the UMK database to facilitate proactive outreach; (5) Strengthening post-certification processes.

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