



ANALYSIS OF THE DEVELOPMENT OF HALAL CERTIFICATION IN MSMEs IN WEST JAVA IN 2023: CHALLENGES AND GOVERNMENT TARGETS

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Abstract

Halal certification is an important aspect in increasing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in West Java, considering the large Muslim population in Indonesia. This study aims to analyze the development of halal certification in West Java MSMEs in 2023, identify the challenges faced, and evaluate the government's efforts and targets in supporting the acceleration of halal certification. This research approach is qualitative, with data collection techniques through in-depth interviews with the Secretary of the Halal Product Guarantee Organizing Agency (BPJPH) and supported by statistical data related to the development of halal certification. The findings show that the development of halal certification in West Java in 2023 shows significant achievements with the realization of 189,886 certificates, although it is still faced with challenges in MSME literacy, administrative obstacles, and limited BPJPH resources.

Keywords : Halal Certification, UMKM, BPJPH, West Java, Certification Challenges

1. INTRODUCTION

Halal certification has become an important aspect in the food and product industry in Indonesia, especially for Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, which has the largest Muslim population in the world, halal certification is not only a necessity but also a market demand. Halal certification is defined as the process of granting recognition that a product has met halal standards according to Islamic law, which provides a guarantee of halalness for Muslim consumers and becomes a competitive advantage for MSMEs (Rido & Sukmana, 2021). According to data from the Halal Product Guarantee Agency (BPJPH), in 2023, there was a significant increase in halal certification applications from MSMEs, with more than 50,000 applications received, an increase of 30% compared to the previous year



(Bpjph, 2023). This shows the awareness of MSMEs of the urgency of halal certification in attracting Muslim consumers and increasing competitiveness.

The importance of halal certification not only covers religious aspects but is also related to product quality and safety. Research by Sakti et al. (2021) and Santoso et al. (2021) shows that halal-certified products have a higher level of consumer trust, which leads to increased sales. Therefore, in an increasingly competitive market, halal certification plays an important role in increasing the competitiveness of MSME products. West Java, as one of the provinces with the largest number of MSMEs in Indonesia, has great potential in developing halal certification. According to data from the West Java Cooperatives and Small and Medium Enterprises Service, in 2022, there were more than 1.5 million MSMEs operating in this province (Kemenkopukm, 2022).

However, the implementation of halal certification among MSMEs is not free from various challenges. Some of the main challenges include the lack of literacy of business actors regarding halal certification procedures, certification costs which are considered high, and limited access to information. This is reinforced by the study of Nadya et al. (2023) who found that intensive assistance for MSMEs is very necessary so that business actors understand the certification process comprehensively. Another challenge is the lack of technical support in the halal verification process, as stated by Moerad et al. (2023) in a study of halal certification assistance in Sidoarjo Regency.

In response to this challenge, the Indonesian government through BPJPH is trying to accelerate halal certification. Important policies such as Law Number 33 of 2014 concerning Halal Product Assurance and the Free Halal Certification (SEHATI) program are concrete solutions to help MSMEs, especially those constrained by costs (Indah, 2023). This program is expected to expand access to halal certification for MSMEs, so that they can compete better in the domestic and global markets.

Previous studies have also revealed the importance of collaboration between the government, halal certification institutions, and MSME actors in creating an inclusive halal ecosystem (Wahyuni et al., 2023; Shofiyah & Qadariyah, 2022). Purnomo (2023) research, which conducted a systematic review of the impact of halal certification, concluded that the implementation of certification had a significant positive impact on the development of MSME businesses, although it still requires increased effectiveness in its implementation. This is in line with the research of Moerad et al. (2023) which emphasized the need for socialization and assistance to improve MSME understanding of halal certification. Similarly, Nadya et al. (2023) showed that halal certification assistance is effective in helping MSMEs overcome administrative and technical obstacles. In addition, Rido & Sukmana (2021) examined the urgency of halal certification as an important factor in increasing the competitiveness of MSME products in the global market. Hanim & Noorman (2023) added that the implementation of halal certification is a crucial step in guaranteeing halal products and building consumer trust.

Other research by Ulfin et al. (2022) revealed the importance of synergy between the government and related institutions in supporting the halal certification assistance program. Verawati et al. (2021) also emphasized the need to accelerate the licensing process such as PIRT and halal certification to increase the competitiveness of MSMEs at the local level. Pratikto et al. (2023) identified that literacy on self-declaration of halal certification and types of businesses are key factors in the readiness of MSMEs to apply for halal certification. Astuti et al. (2023) emphasized the need for a more inclusive halal certification implementation model so that it can be widely adopted by MSMEs. Finally, Salam (2022) stated that halal certification



plays an important role in providing halal product assurance and increasing consumer trust in MSME products, especially in the food and beverage sector.

Therefore, this study aims to analyze the development of halal certification in MSMEs in West Java in 2023, identify the challenges faced, and evaluate government targets in supporting the implementation of halal certification. By understanding the developments, challenges, and existing policies, it is hoped that this research can provide practical recommendations for business actors, policy makers, and related parties in encouraging more West Java MSMEs to obtain halal certification, thereby contributing to sustainable economic growth.

2. RESEARCH METHODS

This study uses a qualitative approach to provide an in-depth overview of the development of halal certification in West Java in 2023. The qualitative approach was chosen because it is able to reveal the meaning, phenomena, and social realities from the perspective of participants, which is in accordance with the objectives of the study to understand the challenges and efforts to accelerate halal certification (Sugiyono, 2019). Although statistical data from the Halal Product Guarantee Agency (BPJPH) is also used as a reference to provide an overview, the main focus of this study is in-depth exploration through interviews with related parties.

The interview technique was conducted with BPJPH Secretary Yulia (2023) Yulia, as the main source to explore information related to obstacles, challenges, and strategies applied in the halal certification process. This interview, which was conducted in March 2023, aimed to gain a deeper understanding of administrative obstacles, the lack of understanding of MSME actors about the urgency of halal certification, and the limited resources faced by the institution in accelerating the certification process. In addition, this interview also explored innovative efforts that have been made by BPJPH, such as socialization to MSMEs, technical assistance programs, and the implementation of digitalization to facilitate certification applications.

Furthermore, data analysis was conducted descriptively to describe the real conditions in the field. The interview results were analyzed to identify factors inhibiting the acceleration of halal certification, the effectiveness of the strategies that have been implemented, and opportunities for improvement that can be implemented. However, this study has several limitations, including limited access to specific data on MSME actors covering their business characteristics and obstacles in the certification process. In addition, the representation of informants was also limited because the interview only involved BPJPH, especially the BPJPH Secretary, so that perspectives from other parties, such as MSME actors, supporting institutions, or other policy makers, were not fully represented. Nevertheless, this study still seeks to provide a comprehensive understanding of the challenges and efforts in developing halal certification in West Java.

3. RESULTS AND DISCUSSION

Based on data from the Halal Product Guarantee Agency (BPJPH), there were more than 50,000 halal certification applications submitted by MSMEs, an increase of around 30% compared to the previous year (Bpjph, 2023). The food and beverage sector is the largest contributor to halal certification applications, reflecting the awareness of business actors to meet the increasing needs of the Muslim market. This potential is supported by the fact that West Java has more than 1.5 million MSMEs operating in various sectors (Kemenkopukm,



2022). However, the increase in the number of applications is inseparable from the various challenges faced, both by MSME actors and BPJPH as the certification organizing institution.

The results of the interview with the Secretary of BPJPH, Yulia (2023) also provide an in-depth overview of the development of the halal certification program. In the interview, Lidya explained that the government's main target at this time is to support MSMEs through the halal certification program, especially the self-declare program which began in 2020. This program allows MSMEs to make halal declarations independently with the assistance of a facilitator. Until 2023, each province has a target of at least 2,000 halal certificates through this program, with a total achievement of 100,000 certificates in 2022. However, there are still obstacles, such as the lack of understanding of MSMEs about the self-declare process, so that the target has not been fully achieved.

Overall, the total number of halal certificates issued in West Java in 2023 reached 189,886 certificates. Pangandaran Regency recorded the highest number of certifications with 19,214 certificates, followed by Garut Regency (15,189 certificates) and Sumedang Regency (11,884 certificates). This data shows significant achievements in the implementation of the halal certification program at the district/city level.

Table 1. Number of Halal Certificates Realized and Products

No	Regency/City	Number of Halal Certificates	Number of Products
1	Kabupaten Pangandaran	19.214	19.952
2	Kabupaten Garut	15.189	20.045
3	Kabupaten Sumedang	11.884	18.259
4	Kabupaten Tasikmalaya	10.009	13.790
5	Kota Bandung	9.765	48.288
6	Kabupaten Bogor	8.334	40.723
7	Kabupaten Cianjur	8.159	13.831
8	Kabupaten Ciamis	8.124	11.281
9	Kabupaten Majalengka	8.079	10.524
10	Kabupaten Bekasi	8.073	58.492
11	Kabupaten Sukabumi	7.839	14.703
12	Kota Tasikmalaya	7.633	11.403
13	Kabupaten Bandung	7.553	24.475
14	Kota Depok	7.315	37.819
15	Kabupaten Bandung Barat	7.200	15.734
16	Kabupaten Cirebon	6.849	12.864
17	Kabupaten Subang	5.981	9.563
18	Kabupaten Kuningan	5.465	9.955
19	Kabupaten Indramayu	4.838	6.427
20	Kabupaten Purwakarta	4.523	9.422
21	Kota Bekasi	3.644	27.480
22	Kabupaten Karawang	3.447	14.882
23	Kota Bogor	2.627	24.582
24	Kota Banjar	2.566	3.760



25	Kota Sukabumi	2.469	6.553
26	Kota Cimahi	1.959	6.681
27	Kota Cirebon	1.148	3.317
Jumlah		189.886	494.805

Source: (Bpiph, 2023) has been reprocessed by the author

Challenges of Implementing Halal Certification in West Java MSMEs

Despite positive developments, the implementation of halal certification in West Java still faces a number of obstacles. One of the main obstacles is the lack of literacy of MSME actors regarding the process and urgency of halal certification. Many business actors do not yet understand the strategic benefits of halal certification, both in increasing competitiveness and building consumer trust (Nadya et al., 2023). In addition, certification costs are often considered high, especially for small MSMEs, making them a major barrier to the application process (Moerad et al., 2023). Administrative obstacles, such as complicated procedures and long verification times, also slow down the realization of certification targets. Yulia (2023) also stated that in 2022, the self-declare program for 322,000 MSMEs did not reach the target due to the low literacy of MSME actors.

In addition, the limited human and technical resources owned by BPJPH are significant challenges. Until now, the number of Halal Product Process Assistance Institutions (LPPPH) has only reached around 150, with a total of more than 40,000 halal assistants throughout Indonesia. This number is considered still inadequate to support the acceleration of equitable halal certification.

BPJPH's Strategies and Efforts in Overcoming Challenges

To overcome these challenges, BPJPH has initiated several strategic steps. One of the leading programs is the Free Halal Certification (SEHATI) which is intended to help MSMEs with financial constraints (Indah, 2023). This program has succeeded in increasing business actors' access to halal certification, although its implementation still needs improvement. In addition, BPJPH is also actively conducting socialization and education for MSME actors, especially in the food and beverage sector, in order to increase their understanding of the importance of halal certification (Ulfin et al., 2022). Another innovation carried out is the implementation of digitalization in the certification process, such as through an online submission system, which aims to speed up the process time while making it easier for business actors to submit applications. Yulia (2023) added that BPJPH also collaborates with various parties, including universities, non-governmental organizations, and private companies, to support the halal certification program. Universities, for example, can establish halal centers or LPPPH to expand the halal assistance network. Currently, around 150 universities in Indonesia have acted as LPPPH, with this number continuing to increase through encouragement from BPJPH.

Analysis and Interpretation of Findings

The findings of this study indicate that the development of halal certification in West Java has a positive impact on increasing the competitiveness of MSMEs. The implementation of strategies such as the SEHATI program and the digitalization of certification services have proven effective in increasing the number of MSMEs with halal certification. However,



existing obstacles, such as low literacy of business actors and limited BPJPH resources, still require serious attention. A previous study by Nadya et al. (2023) emphasized the importance of intensive assistance for MSMEs to overcome administrative and technical obstacles in the certification process. In addition, research by Moerad et al. (2023) also emphasized the need for collaboration between the government, BPJPH, and other supporting institutions to create a more inclusive halal ecosystem. The novelty of this study lies in the mapping of specific challenges in West Java, which can be the basis for further policy development. Furthermore, this study recommends several strategic steps to increase the effectiveness of halal certification in West Java. First, it is necessary to increase literacy and education for MSME actors through more intensive training and assistance programs. Second, the government can provide certification cost subsidies for small MSMEs so that more business actors can access this service. Third, BPJPH needs to increase the capacity of human and technical resources to optimize halal certification services. Finally, collaboration between the government, certification bodies, and MSMEs must be strengthened to ensure the creation of a halal ecosystem that supports economic growth. With these steps, it is hoped that halal certification can further encourage the competitiveness of MSMEs in West Java, both in the domestic and global markets.

4. CONCLUSION

Based on the findings above, this study has succeeded in revealing the development of halal certification in West Java in 2023, including the challenges and opportunities faced. The total halal certification realized reached 189,886 certificates, with Pangandaran Regency, Garut Regency, and Sumedang Regency recording the highest numbers. Although this achievement shows significant progress, there are a number of obstacles such as the lack of literacy of MSME actors, administrative obstacles, and limited BPJPH resources. BPJPH's efforts to overcome these obstacles, such as the Free Halal Certification (SEHATI) program, socialization, and digitalization of services, have had a positive impact on accelerating halal certification. However, optimization is still needed through increasing multi-party collaboration, halal assistant training, and providing subsidies for small MSMEs. This study recommends that the policy for accelerating halal certification be more inclusive, by involving universities and assistant institutions in a sustainable halal ecosystem. These strategic steps are expected to encourage the competitiveness of MSMEs and strengthen the contribution of West Java as a center for halal industry development in Indonesia.

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