

TRANSFORMATION OF THE HALAL SYSTEM IN THE INDONESIAN FOOD INDUSTRY IN THE IMPLEMENTATION OF NATIONAL POLICY

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ABSTRACT

The transformation of the halal product guarantee system in Indonesia after the enactment of Law No. 33 of 2014 shows the state's commitment to ensuring the protection of Muslim consumers and increasing the competitiveness of the national halal industry. This study uses a descriptive qualitative approach based on literature study to analyze the dynamics of halal policy implementation, especially for Micro, Small and Medium Enterprises (MSMEs). The findings show that although the government has established the Halal Product Guarantee Agency (BPJPH) and launched digital innovations such as SIHALAL and the Free Halal Certification (SEHATI) program, the implementation process still faces structural, technical, and social challenges. Inequality in the distribution of auditors and Halal Examining Institutions (LPH), overlapping authority between BPJPH and MUI, and low halal literacy among MSMEs are the main obstacles. This study emphasizes the importance of cross-institutional synergy, effective communication, empowering business actors, and strengthening human resource capacity and supporting infrastructure to realize an inclusive, credible and sustainable national halal system. The results of this study are expected to be the basis for consideration in the formulation of halal policies that are more adaptive to local conditions and global dynamics.

Keywords: Halal Certification, Msmes, BPJPH, Policy Implementation, Halal Product Guarantee System

INTRODUCTION

Today's halal industry is no longer limited to the needs of the Muslim community alone, but has become a global economic phenomenon reflecting the growing trend of ethical consumption and quality of life. The value of the global halal market is now estimated at around USD 2.5 trillion, reflecting the widespread demand from consumers across faiths, including non-Muslims who value the assurance of reciprocity and hygiene inherent in halal products[1] . Halal products are now associated not only with compliance with Islamic law, but also with quality, safety and ethical production. This development shows the changing orientation of global consumers who are beginning to demand transparency, desirability and social responsibility from industry players. Halal products are considered to not only meet religious criteria, but also address the needs of healthy lifestyles and more ethically conscious consumers[2] . Recent reports show that the increasing purchasing power of Muslim consumers and awareness of the importance of halal certification are the main drivers of this market growth. [3]

This growth in the halal food market is also reflected in recent reports from several global research organizations. IMARC Group reports that the value of the global halal food market reached USD 2,714.40 billion in 2024 and is projected to grow at a CAGR of 8.92% from 2025 to 2033, to reach USD 5,911.95 billion in 2033. This growth is

due not only to the increase in the world's Muslim population, but also to the rise in consumer concern for food safety, hygiene, and production ethics-making halal certification a credible global quality indicator. Similarly, Grand View Research notes that the value of the global halal food and beverage market stood at USD 774.93 billion in 2021 and is expected to increase to USD 1,063.11 billion by 2030, at a CAGR of 3.6%. Interestingly, this growth also involves increased consumption from non-Muslims who associate halal products with high standards of hygiene and safety.[4]

Indonesia has various comparative advantages, including food diversity, local culinary richness, and socio-cultural support that is very much in line with halal values. However, this potential has not been able to be optimally actualized due to weak regulatory infrastructure, lack of industry awareness, and limited support for local businesses, especially in the food and beverage sector[5] In response to these conditions, the Indonesian government enacted Law No. 33 of 2014 concerning Halal Product Guarantee (JPH Law) as an important legal milestone in building a national halal certification system[6] . This law changes the voluntary approach to a legal obligation for all food and beverage products circulating in the domestic market. Thus, this regulation seeks to ensure the protection of Muslim consumers while opening opportunities for Indonesia to strengthen competitiveness in the global halal market.

However, the implementation of the JPH Law has not gone as smoothly as expected. Implementing regulations such as Government Regulation No. 39 of 2021 only came later, causing many industry players to not be fully prepared ahead of the mandatory halal certification deadline in 2024[4] . Moreover, the dualism of roles between the Halal Product Guarantee Agency (BPJPH) and the Indonesian Ulema Council (MUI) in the certification mechanism often causes confusion and slows down the service process[7] . The problem is even more complex when we look at the dominance of Micro, Small and Medium Enterprises (MSMEs) in the Indonesian food industry supply chain. This sector is the backbone of the national economy, but it is the most vulnerable to the impact of halal certification policies[8] . Many MSME players face administrative obstacles, limited information, and high certification costs, making it difficult to participate optimally[9] . What should be a business opportunity is actually a burdensome burden, especially for small businesses that do not have access to adequate training and financing systems. Normative legal provisions are often not in line with the reality on the ground, where many MSMEs feel pressured by formal legal demands that have not been accompanied by technical support.[10] This condition reflects a paradox in Indonesia's halal system: regulations that aim to ensure inclusion and protection have the potential to cause exclusion of small business actors. This situation has direct implications for the resilience and survival of MSMEs and their contribution to the national economy.

In the context of global trends, halal certification is now also influenced by issues of desire, digitalization, and integration with international standards. The halal industry must compete amidst the demands of halal logistics systems, blockchain-based product tracking, and the increasingly complex implementation of halal certification across countries. Indonesia needs to respond to this trend progressively so as not to fall behind other countries such as Malaysia or even Thailand. Therefore, a synergy between regulation, education, and comprehensive institutional support is needed for the halal system to run effectively and inclusively. This approach is not only important for the growth of the national halal economy, but also to strengthen Indonesia's image as a leader in the world halal industry. Through this descriptive qualitative research, the

author seeks to make an academic contribution in understanding the dynamics and challenges of transforming the national halal system, especially in the food sector. The research results are expected to provide a strong basis for policy making, the development of MSME development programs, and the improvement of a fair and sustainable halal certification system.

Based on the background that has been described, there are a number of important questions that drive this study. First, how is the implementation of the halal product guarantee system in the Indonesian food industry after the enactment of Law No. 33 of 2014? Second, what are the challenges faced in implementing the halal system, especially at the national food industry level which is dominated by Micro, Small and Medium Enterprises (MSMEs)? Third, what is the role of the government and business actors in supporting the implementation of the halal product guarantee system so that it can run effectively and inclusively? To answer these questions, this paper aims to thoroughly examine the implementation of the halal product guarantee policy in the food sector, identify various structural and technical challenges in the implementation process, and explore the active role of the government and business actors in building a credible, adaptive and sustainable national halal ecosystem.

THEORETICAL OVERVIEW

Concept of Halal Product Guarantee System (SJPH)

SJPH is a systematic mechanism designed to ensure the halalness of products from upstream to downstream, including the production, distribution, storage, and marketing processes. This concept relies on transparent and measurable halal governance principles that facilitate producer accountability and consumer protection. According to the *SJPH Manual* published by BPJPH (2021), this system includes 11 main criteria such as internal halal policies, halal team formation, HR training, raw material control, and regular internal audits. This concept simultaneously strengthens the halal value chain and positions business actors to be able to compete in domestic and global markets that increasingly demand high halal standards.[11]

Literature from KNEKS (2022) stresses the importance of a risk management based approach in SJPH, where the entire production process must be able to identify and control Halal Critical Points (TKH/CCP). This is very important considering the global halal industry is increasingly competitive and complex, so a system that not only fulfills religious normative aspects is needed, but also meets international mutual principles. Emphasis on traceability and documentation is an important element in supporting a credible halal system that can be carried out by auditors and consumers. In it, the role of training for MSMEs is important so that understanding of the SJPH concept can be translated into daily business practices.[12]

Juridical Foundation: Law No. 33 Year 2014 and BPJPH Repositioning

Law No. 33 of 2014 is not important in the history of halal regulation in Indonesia. This regulation explicitly states that all products circulating in Indonesia, both domestically produced and imported, must have a halal certificate. This law replaces the previous system, which was voluntary and decentralized under the MUI, into a mandatory and institutionalized system under the state authority. BPJPH, which was formed as a mandate of this law, is given the authority to establish general policies, register and issue halal certificates, and foster and supervise the implementation of SJPH nationally. [13]

According to Hayatul Laila & Ermawati (2022)[14] , the existence of this law

has provided strong legal legitimacy for halal certification and provides legal certainty for business actors and trust for Muslim consumers. However, at a practical level, the transition of authority from MUI to BPJPH raises structural and cultural defenses that are not light. One of the main problems is the unpreparedness of institutional infrastructure and the limited number of certified halal auditors. On the other hand, coordination between BPJPH and LPH (Halal Examining Agency) still experiences administrative and technical obstacles that need to be addressed immediately so that the halal certification system can run effectively and efficiently.

Policy Implementation Theory: Edward III and Mazmanian-Sabatier

In understanding the extent to which Law No. 33/2014 is effectively implemented, a theoretical approach from Edward III is used, which emphasizes four main variables in policy implementation: communication, resources, implementer disposition, and bureaucratic structure. In the context of BPJPH, the effectiveness of its implementation is highly dependent on the extent to which this halal policy is communicated widely and accurately to all stakeholders, including the general public, business actors, and local government agencies. In addition, the availability of competent human resources and adequate budget allocations are the main prerequisites for the success of the SJPH system .[15]

Meanwhile, Mazmanian and Sabatier's theory underlines the importance of political support, regulatory consistency, and favorable social conditions. In the Indonesian context, political support for halal regulations is quite strong, but social aspects such as halal literacy among MSMEs still need to be improved. The lack of understanding of halal standards and the mismatch between local production practices and national SJPH standards are serious obstacles. Therefore, a bottom-up approach is needed that encourages active participation of business actors in the process of socialization and internalization of halal policies.[16]

SJPH Implementation and MSME Challenges

One of the groups most affected by the implementation of this halal assurance system is MSME players, which number more than 64 million units throughout Indonesia. Research by Fiqih et al. (2021) shows that many MSMEs experience difficulties in understanding halal certification procedures, mainly due to limited regulatory literacy, access to information, and the costs required to meet the standards set. This challenge has the potential to lead to the exclusion of small businesses from the halal market, which is contrary to the spirit of inclusiveness promoted in the JPH Law.[17]

To answer this challenge, a number of strategic steps need to be taken, including simplifying technical regulations in the form of easy-to-understand SOPs, digitizing the halal certification process for time and cost efficiency, and increasing the number and capacity of PPH (Halal Product Process) assistants in all regions. Collaboration between BPJPH, KNEKS, LPPOM MUI, and local governments is key in ensuring equitable and sustainable implementation of SJPH. By strengthening the role of the state in training and supervision, the national halal assurance system can grow into a strategic instrument in strengthening the competitiveness of Indonesian halal products in the global market.

RESEARCH METHODS

This research uses a descriptive qualitative approach that aims to gain an in-depth and contextual understanding of the role of sharia governance in directing ethical economic practices in Islamic financial institutions. This approach was chosen because

it is exploratory and allows researchers to capture the complexity of meaning and social dynamics that cannot be measured or fully explained through quantitative methods.[18] . Qualitative descriptive research is well suited to uncovering the meanings implicit in practices, perceptions and policies, especially in normative contexts such as Shariah-based governance that are enforced on religious and ethical principles. This approach also allows the researcher to construct a scientific narrative that is reflective and interpretative of the phenomenon being studied. In this case, the phenomenon in question includes the relationship between sharia principles and their actualization in the governance of Islamic financial institutions. Similar to what is stated by[19] , the qualitative descriptive method not only explains 'what' happens, but also 'why' and 'how' the phenomenon occurs in a complex social, legal and spiritual context.

The data in this research is sourced from literature studies consisting of indexed international scientific journals, policy and regulatory reports from Islamic financial authorities, and academic books published from 2020 to 2024 that are relevant to the topic. The selection of the time span is intended to maintain theoretical and empirical relevance, as well as integrate the latest thinking from experts in the field of Islamic governance and economic ethics. The existence of scientific journals is very important because it provides empirical data, contemporary theories, and critical reflections on actual practices that take place in Islamic financial institutions .[20]

RESULTS AND DISCUSSION

Transformation of the Halal Product Guarantee System After Law No.33 of 2014

The transformation of the halal product guarantee system in Indonesia is an important milestone in the history of public policy in the fields of religion and consumer protection. This change has accelerated since the enactment of Law Number 33 of 2014 concerning Halal Product Guarantee (JPH), which reforms the approach to product halalness into a legal obligation. Previously, halal certification in Indonesia was voluntary and fully managed by the Indonesian Ulema Council's Institute for the Assessment of Food, Drugs and Cosmetics (LPPOM MUI). Although LPPOM MUI has high religious credibility and is widely accepted by the Muslim community, as a non-governmental organization, it lacks formal legal authority that can guarantee legal certainty nationwide. This situation creates an urgent need for state involvement as a protector of public interest and legal guarantor of halal products.[21]

The existence of Law No. 33 of 2014 provides a strong legal framework for the state to take a central role in organizing halal product guarantees through the establishment of the Halal Product Guarantee Agency (BPJPH). As a non-ministerial government agency under the Ministry of Religious Affairs, BPJPH not only functions as a regulator, but also a driving force for systemic transformation in the implementation of national halal. Its authority includes product registration, guidance and accreditation of the Halal Examining Agency (LPH), training of halal auditors, and supervision of certification implementation. Thus, Law No. 33 of 2014 marks a paradigm shift from a voluntary certification system to a binding mandatory system, strengthening state authority in ensuring consumer protection and encouraging consistency of halal standards nationally[22] . This regulatory change has a broad impact on business actors in various industrial sectors, especially the food, cosmetics, medicines and consumer goods industries. Halal certification is no longer seen merely as an added value, but rather a legal prerequisite for operating in the domestic market. This paradigm strengthens the position of halal as an integral part of quality management and product

safety assurance, as well as being a strategic instrument in increasing industry competitiveness amidst the increasing awareness of Muslim consumers.

In order to ensure the efficiency and effectiveness of the implementation of the Halal Product Guarantee System (SJPH), BPJPH develops an integrated digital information system. One of the main innovations is the SIHALAL application, which is designed to facilitate business actors in applying for certification online. SIHALAL is also connected to the risk-based OSS (Online Single Submission) system which allows the licensing process to be carried out simultaneously and transparently, especially for micro, small and medium enterprises (MSMEs)[23] . This digital innovation is part of the bureaucratic reform agenda, accelerating public services and overcoming administrative barriers that have been considered burdensome. However, in the midst of this progressive transformation, there are a number of challenges that need to be anticipated. One of the main obstacles is the limited number of LPH and halal auditors, especially in the 3T (Disadvantaged, Frontier, and Outermost) areas. This imbalance in the distribution of facilities and resources has an impact on the delay in the certification process, which ultimately makes it difficult for business actors in these areas to fulfill legal obligations. Therefore, equalizing institutional capacity and strengthening human resources at the local level is an urgent policy priority. [24]

In addition, the institutional relationship between BPJPH and MUI is also an important aspect in maintaining the integrity of the halal system. Although BPJPH acts as an administrative executor of certification, the authority to determine the halal fatwa remains in the hands of MUI. This dualism requires harmonious coordination so that there is no overlap in policy implementation. Regulatory harmonization and a clear division of roles between BPJPH and MUI are crucial to maintaining the credibility of the system (Wulandari, 2023). From the side of business actors, especially MSMEs, another challenge is the limited understanding of certification procedures, as well as cost constraints that can hinder the process of applying for a halal certificate. To overcome this, BPJPH launched the Free Halal Certification program for MSMEs (Sehati), which is accompanied by a socialization and mentoring program to increase halal literacy among small business actors[23] . This step not only helps ease the cost burden, but also encourages MSMEs to be able to compete and gain wider market access through halal certification.

Muslim consumer awareness of the importance of halal products also plays a major role in the success of this system. The demand for halal products has encouraged businesses to pay more attention to halal aspects as part of their business strategy. Studies show that this transformation has resulted in a positive impact in the form of an increase in the number of certified products, especially in the MSME sector, with more than 50% of food businesses in various regions starting to follow the certification process[25] . This indicates the successful penetration of halal policies at the grassroots level, supported by the participation of communities and religious organizations in supervision and education[26] . From the point of view of policy implementation theory, the success of the national halal system is largely determined by four main factors: communication between stakeholders, availability of resources, capabilities of implementing organizations, and political and social support. Therefore, a sustainable strategy is needed that includes human resource training, service digitalization, strengthening inter-agency coordination, and empowering MSMEs so that the halal system in Indonesia can continue to develop inclusively and responsively to global dynamics.

With a legal, modern and inclusive halal assurance system, Indonesia is increasingly strengthening its position as the center of the world's halal industry. Not only as a form of domestic consumer protection, but also as a strategic step to increase exports and answer the challenges of globalization of halal products. This transformation proves that the integration of regulation, technology, and community participation can create credible, adaptive, and sustainable halal governance.

Challenges in Implementing the Halal Product Guarantee System

The implementation of the halal product guarantee system in Indonesia is a strategic step in strengthening the national halal industry ecosystem. Since the enactment of Law Number 33 of 2014 concerning Halal Product Guarantee (JPH), the government has shown a commitment to guarantee the halalness of products circulating in the domestic market. However, in practice, the implementation of this system is faced with various complex obstacles, including technical, bureaucratic, regulatory aspects, and challenges faced by business actors, especially from Micro, Small and Medium Enterprises (MSMEs). Technical constraints are one of the main factors affecting the slow process of halal certification. One of the crucial issues is the limited number of halal auditors available nationally. Most regions, especially areas outside Java Island, still experience a shortage of experts who are competent in conducting halal audits, which results in long lines and a slow verification process (Widyawati, 2022).

This shortage of auditors is also exacerbated by the lack of Halal Examining Institutions (LPH) that are actively operating and evenly distributed throughout Indonesia. This inequality creates inequality of access for business actors to obtain certification services, especially for those in the 3T (underdeveloped, frontier, and outermost) areas[27] In addition, supporting infrastructure such as halal testing laboratories is also not yet adequately available. Many regions do not have laboratory facilities that meet the standards for testing the halalness of raw materials or products, so businesses in the region must send samples to other regions, which adds to the cost and time. Furthermore, the halal supply chain system in Indonesia is not fully integrated. The absence of a reliable traceability system causes the process of validating the halalness of raw materials to be non-transparent. This poses a risk to the guarantee of the final halalness of the products offered to consumers.[28] The next problem arises from the regulatory and bureaucratic side. The dual role between the Halal Product Guarantee Agency (BPJPH) as the regulator and the Indonesian Ulema Council (MUI) as the halal fatwa authority creates overlapping authority that confuses business actors. [22]

Although BPJPH has an administrative mandate in the certification process, halal fatwa remains the domain of MUI. Coordination between the two has not been fully synergistic, which often results in delays in determining the halal status of a product.[29] In addition, lengthy and inefficient licensing procedures exacerbate implementation problems. The complicated certification process, coupled with the limited operational budget and human resources in the BPJPH regional offices, makes public services in this field not optimal.[21] . In this transition period of authority, many LPHs that were previously under the auspices of MUI have not fully adapted to the BPJPH supervision model. A clearer governance structure is needed to prevent duplication of roles and confusion of business actors in choosing the right certification path (Mustaqim, 2023).

The obstacles from the side of business actors, especially MSMEs, are no less significant. The low level of halal literacy is the main factor why many MSMEs have not

actively participated in the certification process. Most MSME players are not aware of the importance of halal certification as a legal instrument and product marketing.[30] This lack of knowledge is not only due to a lack of access to information, but also weak socialization and education from the government and related institutions. Many MSMEs do not understand the process and benefits of halal certification, and do not know that this provision is mandatory for certain products[24] The cost factor is also a major obstacle for MSMEs. The certification process requires administrative costs, audits, and laboratory testing which are considered quite burdensome, especially for small businesses with limited capital. [31]

In addition, the Halal Product Guarantee System (SJPH) documents that must be prepared by businesses require sufficient administrative understanding. Lack of assistance makes many MSMEs fail to fulfill the required documents, so their certification process is delayed[32] . The government through BPJPH has responded to this challenge by launching the Free Halal Certification for MSMEs (SEHATI) program. This program aims to ease the burden on small businesses so that they can obtain halal certificates for free, while expanding the reach of compliance with the JPH Law (Saefullah, 2023).

However, the SEHATI program also faces obstacles in its implementation, especially in terms of the capacity of implementing institutions and the limited number of assistants. Many MSMEs have not been touched by this program, especially those outside big cities (Sahabudin & Rahmawati, 2023). Therefore, a strategic approach is needed that involves collaboration between central and local governments, educational institutions, Islamic organizations, and the private sector to expand the scope of halal certification education and services. This collaboration can ensure the sustainability of the system and accelerate policy penetration to all levels of society.

The successful implementation of the halal assurance system depends not only on policy design, but also on the extent to which the policy can be operationalized in the field. In this context, integration between institutions, technology utilization, and community empowerment is an important key (Makbul et al., 2023). Finally, the development of an effective halal assurance system requires a comprehensive and inclusive approach. It is not enough just in terms of regulation, but also from strengthening human resource capacity, providing infrastructure, and actively involving business actors in the national halal ecosystem. If these challenges can be addressed systematically and sustainably, Indonesia has the potential to become a major player in the global halal industry, with a halal product assurance system that is credible, efficient, and accessible to all levels of society.

Strategic Role of BPJPH and Stakeholders in Encouraging Effective Implementation

As a state institution established based on the mandate of Law No. 33 of 2014, the Halal Product Guarantee Agency (BPJPH) has a strategic position in managing and overseeing the halal product guarantee system in Indonesia. The main role of BPJPH is not only limited to certification administration, but also involves aspects of policy advocacy, public education, and facilitation of coordination between stakeholders. This is very crucial considering that the halal product guarantee system requires cross-sectoral integration in order to run effectively and produce halal products that are credible and trusted by the public. In this context, BPJPH is the driving force in building a comprehensive and integrated halal governance.

In addition to internal functions, BPJPH also actively collaborates with various important institutions such as the Ministry of Cooperatives and SMEs, the Ministry of Industry, the National Standardization Agency (BSN), and the National Committee for Sharia Economics and Finance (KNEKS). This collaboration aims to build a national halal ecosystem that supports the development of halal products from upstream to downstream. For example, the *Sehati* program organized by BPJPH is clear evidence of the government's commitment to helping micro and small businesses to obtain halal certificates for free. This program not only reduces cost barriers, but also increases the accessibility of halal certification, which has been a major obstacle for MSMEs.

Furthermore, the role of BPJPH also extends to the realm of education and socialization. BPJPH continuously conducts campaigns to increase public awareness of the importance of halal products, not only in terms of sharia, but also product quality and safety. This education is aimed at business actors, consumers, and government officials in the regions so that the application of halal standards can be understood and carried out correctly. This is in accordance with the principle of strengthening the capacity of policy actors (capacity building) carried out in policy implementation theory, which emphasizes the importance of knowledge and understanding of actors as the foundation for successful implementation. Apart from BPJPH and the government, active community participation is also a key component in strengthening the halal product guarantee system. Muslim consumers' awareness of halal and *thayyib* (good and healthy) aspects encourages industry players to be more compliant with the certification process as part of a strategy to maintain and increase market share. Islamic organizations, historians, and non-governmental organizations also play an important role in conducting social supervision and policy advocacy to maintain the integrity of halal certification. The involvement of these various parties is in line with the concept of multisectoral governance which is considered effective in complex public management policies such as halal product guarantees.

Theoretically, these various stakeholders can be explained by the theoretical framework of public policy implementation from Edward III and Mazmanian & Sabatier. This theory asserts that successful policy implementation is not only determined by the formal bureaucracy, but also by the participation of non-governmental actors and supportive socio-political conditions. At this stage, BPJPH functions as the "core implementer", while the support and participation of other stakeholders are crucial supporting elements in realizing an effective and sustainable halal product guarantee system.

Theoretical Analysis: Policy Implementation in the Perspective of Edward III and Mazmanian & Sabatier

The theoretical framework of policy implementation from Edward III is a very relevant analytical tool to understand the dynamics of the implementation of Law No. 33 of 2014 concerning Halal Product Guarantee. Edward III suggests four main variables that influence the success of implementation: communication, resources, executor disposition, and bureaucratic structure. In the context of BPJPH, effective communication between the central and local governments, as well as between BPJPH and business actors, is an important foundation so that policies can run consistently and there is no miscommunication. With open and clear communication channels, each stakeholder can understand their roles and responsibilities in the halal product assurance system. Resource variables are also very decisive, including the availability of

competent human resources, funding, and information technology support. BPJPH must ensure that the human resources involved in the halal certification process have sufficient technical skills and understanding of sharia so that product evaluations can be carried out accurately and credibly. In addition, adequate financial support and reliable information technology systems such as SIHALAL are also important assets that facilitate the implementation of BPJPH's duties and facilitate access for business actors, especially MSMEs.

The disposition of implementers, namely the attitudes and motivation of officials and staff involved in policy implementation, is also a critical factor. The commitment and integrity of the implementers in BPJPH and related units in the regions directly affect the quality and consistency of the implementation of halal certification. Without a strong commitment, the policy may run as a formality without achieving the main goal of ensuring halal products for consumers.

An efficient and flexible bureaucratic structure also facilitates implementation. Rigid bureaucratic systems and overlapping bureaucracy between the center and regions can hinder optimal policy implementation. Therefore, BPJPH must be able to build cross-sector coordination and synergistic government improvement so that every process runs smoothly, especially in terms of harmonizing regulations and procedures concerning local regulations. Mazmanian and Sabatier complete the analysis by adding external factors, such as socio-political conditions, community support, and cross-sector policy coherence. They emphasize that successful policy implementation is highly dependent on social stability and strong political support. In the context of the halal product assurance system, this means the need for national conditions and policy harmonization between various government and non-government institutions to avoid overlapping authority and regulatory conflicts that can hinder effective policy implementation. By understanding these variables, BPJPH can design strategy implementation that is more adaptive and responsive to the socio-political dynamics that occur.

CONCLUSION

The transformation of the halal product guarantee system in the Indonesian food industry after the enactment of Law No. 33 of 2014 is a strategic step in building legal, structured and state-based halal governance. The existence of BPJPH as a new authority has brought changes in the regulatory approach, from a voluntary system previously managed by MUI to a mandatory system integrated in national policy. However, the implementation of this policy still faces significant challenges, ranging from the limited number of auditors and Halal Examining Institutions (LPH), dualism of authority between BPJPH and MUI, to technical and administrative obstacles faced by MSME actors. Low halal literacy, limited access to information, and certification costs are the main obstacles that hinder the participation of small businesses.

Government efforts through programs such as Free Halal Certification (SEHATI) and system digitization through SIHALAL have shown progressive steps, although implementation has not been evenly distributed throughout Indonesia. Therefore, the successful implementation of the national halal system depends on inter-agency synergy, effective communication, strengthening institutional capacity at the local level, and empowering business actors on an ongoing basis. With an inclusive and adaptive approach to social and economic dynamics, Indonesia has a great opportunity to become a global halal industry center that not only meets sharia

standards, but also international quality and sustainability standards.

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