

Halal Legality in Enhancing MSME Competitiveness in Ciawi District, Bogor

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ABSTRACT

Ciawi District is a potential area with many MSME actors in the food and beverage sector. Although the utilization of halal certification is not yet common, the halal consumption trend among the Bogor community shows significant growth in demand. Studies in Bogor Regency indicate that MSME actors who perform self-declared halal certification are predominantly young women aged 21–30 years, running businesses aged 1–5 years, with capital under IDR 10 million and annual turnover below IDR 100 million. Their main reasons include the belief that their products are already halal in terms of ingredients and processes, as well as the advantage of increasing consumer loyalty. The focus of this study includes the level of understanding of MSME actors in Ciawi District regarding halal legality, technical, administrative, and socialization challenges faced in the certification process, and the impact of halal certification on product competitiveness. Therefore, workshops and literacy programs related to halal products are necessary. Halal legality has a significant influence on increasing MSME competitiveness, especially in building consumer trust and expanding market access. However, the level of understanding of MSME actors in Ciawi regarding the importance of halal certification remains low. Continuous education, simpler certification procedure socialization, and assistance programs from local governments and relevant institutions are required to increase the number of halal-certified MSMEs. Hence, the local government needs to collaborate with BPJPH (Halal Product Assurance Organizing Agency) and MUI (Indonesian Ulama Council) to organize training and technical assistance for halal certification. Islamic financial institutions can provide special financing schemes for halal certification for MSMEs. Moreover, MSMEs need to build awareness that halal legality is not only a religious obligation but also a sustainable business strategy

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, contributing more than 60% to the Gross Domestic Product (GDP) and absorbing the majority of the national workforce (Halal Center UNAIR, 2023). Amid a growing consumer trend towards greater concern for halal compliance, safety, and product quality, halal legality has become a strategic instrument to enhance MSME

competitiveness both domestically and globally. This elevates MSMEs beyond small business entities to an integral part of the national economic ecosystem, ready to compete ethically and religiously.

Halal certification is not merely a symbol of religiosity but also serves as a guarantee of quality, cleanliness, and traceability of production materials. Maulidhina and Basya (2024), in their study in Paciran Village, demonstrated that halal certification strengthens consumer trust, expands access to modern markets, and increases MSME sales, although cost and procedural complexity remain major obstacles. This finding is supported by Almani & Riyanto (2023), who observed MSMEs in Klampisrejo Village, Pasuruan, and found that halal certification provides Muslim consumers with a sense of security and broadens marketing opportunities for MSME products within the context of global halal market globalization.

Compliance levels with halal regulations continue to be hindered by several structural challenges, especially for micro and small enterprises. Zakiah Rahmi et al. (2023) found that the low rate of halal certification among culinary MSMEs in Tanjungbalai is driven by limited socialization, lack of procedural knowledge, and minimal support from relevant institutions — while the Islamic identity of business actors does not always correspond with formal awareness regarding product halalness. Additionally, Subandono, Juniwardhani, et al. (2023) highlighted that although digital marketing optimization and halal certification have significant synergistic potential, the integration has not yet been effectively realized due to limitations in understanding, resources, and managerial capabilities among MSMEs.

A study in Bekasi Regency (Camelia, Achmad, et al., 2023) also showed that halal certification plays a significant role in differentiating MSME products, expanding market access, and building business reputation within local and regional business ecosystems. Among the main roles of halal certification are providing legal compliance, product differentiation, and social cooperation opportunities within the Muslim community context.

Besides these benefits, the government is accelerating the halal certification process through digital innovations and a self-declaration program (Sehati), which reduces costs to zero for micro enterprises. This access is critical given the government's target by the end of 2025 to issue halal certification for millions of products per day to strengthen Indonesia as the world's halal industry hub. Digital innovations, including real-time verification systems and integration of technologies such as blockchain and AI, are also being introduced to enhance product traceability from upstream to downstream, while reducing administrative burdens for MSMEs.

Ciawi District, Bogor Regency, is a potential area with many MSMEs in the food and beverage sector. Although halal certification utilization is not yet widespread, the halal consumption trend among Bogor residents shows significant growth in demand. Studies in Bogor Regency indicate that MSME actors who self-declare halal certification are predominantly young women aged 21–30 years, running businesses aged 1–5 years, with capital under IDR 10 million and annual turnover below IDR 100 million. Their main reasons are the belief that their products are already halal in terms of ingredients and processes, as well as the advantage of increasing consumer loyalty.

Given these conditions, this study focuses on investigating:

1. The level of understanding among MSME actors in Ciawi District regarding halal legality.
2. The technical, administrative, and socialization challenges faced in the certification process.
3. The impact of halal certification on product competitiveness.

Integration of findings from various studies such as Maulidhina & Basya (2024), Almani & Riyanto (2023), Siagian et al. (2023), and Subandono et al. (2023) reinforces the argument that halal legality is not merely legal compliance but a strategy for empowering microeconomies. Halal certification provides product differentiation, enhances market access, builds reputation, and strengthens a loyal Muslim consumer base.

Therefore, this research is expected to offer concrete policy recommendations, including educational programs, technical assistance, and the development of accessible digital systems for MSME actors in Ciawi. This aligns with the national vision to position Indonesia as a global halal industry center and enhance the competitiveness of local products through a formally recognized halal legality and quality framework

METHOD

This community service employs a descriptive qualitative approach, with the location in Ciawi District, Bogor Regency. The implementation techniques were carried out through:

1. Workshop on halal legality
2. Observation of business conditions and products sold by MSME actors
3. Interviews with 25 purposively selected MSME actors in the food and beverage sector
4. Documentation including MSME profile data from relevant agencies and information from halal certification bodies.

RESULTS

1. MSME Understanding of Halal Legality

Although Indonesia is a country with a majority Muslim population, the awareness among MSME actors regarding the importance of halal certification remains relatively low. Based on data, 11 out of 25 MSME respondents do not fully understand the urgency of halal certification. They assume that as long as the raw materials used do not contain any haram elements, the products are automatically considered halal. This perspective reflects a misconception about the concept of halal, which not only covers the substance of ingredients but also includes production processes, storage, distribution, as well as hygiene and ethical aspects of processing.

Furthermore, only 4 out of 25 respondents realize that halal certification is not merely a religious guarantee but also a form of formal legality that can enhance consumer trust, expand market access, and strengthen product competitiveness in the era of globalization. This lack of understanding is also reflected in the data showing that 73% of business actors are unaware of halal certification procedures, from document requirements to audit mechanisms.

These findings align with research by Mahomoodally and Ramful (2016), which revealed that knowledge about product halal status remains limited among micro-producers, especially in developing countries. This low level of halal literacy poses a serious challenge, considering the rapid growth of the global halal economy and increasing consumer demands for transparency and product quality assurance.

Therefore, systematic and sustainable efforts are needed from various parties, including the government, certification bodies, and academics, to provide education and assistance to MSME actors regarding the importance of halal certification—from theological, economic, and legal perspectives. Without improved understanding, MSMEs will struggle to penetrate broader markets, particularly in the increasingly competitive halal industry sector.

Below is documentation of the halal socialization event conducted by ITB Dewantara academics in collaboration with the Ciawi District government.



Figure 1. Opening of the Halal Workshop

2. Challenges in the Halal Certification Process

Some of the main challenges faced by MSME actors include:

- Lack of knowledge about halal certification application procedures.
Many MSME actors do not understand the procedures and stages involved in obtaining halal certification. They are unaware of the required documents, where to submit applications, and the verification and audit processes they must undergo. This may be caused by limited access to information or low legal and administrative literacy among small business operators. As a result, many feel uncertain or hesitant to initiate the application process
- Perception that the process is expensive and complicated.
The majority of MSME actors perceive halal certification as costly and complex, involving audits, training, and document collection. This perception often arises due to a lack of transparent information or from others' experiences facing administrative obstacles. Even when subsidy schemes or free halal

certification programs exist, not all MSMEs are aware of them or believe that the process is truly affordable.

- Insufficient socialization from government agencies and certification bodies. The socialization regarding the importance and procedures of halal certification remains very limited, especially in remote areas or outside major cities. The information available is often general and not presented in a format that is easily understood by micro-entrepreneurs. Additionally, socialization activities conducted by relevant agencies sometimes fail to reach MSME communities directly or lack sustainability.
- Lack of specialized assistance for local MSMEs. MSMEs, especially small-scale and home-based businesses, require technical assistance to prepare for the certification process. This includes improving documentation, training in sanitation and hygiene, completing forms, and undergoing audits. However, such assistance programs remain very limited and are not well-structured. Without proper guidance, MSMEs tend to struggle with the formal processes, which are often perceived as complicated and bureaucratic.

The following shows the atmosphere of the halal workshop for MSMEs in Ciawi District.



Figure 2. Atmosphere of the MSME Halal Workshop in Ciawi District

3. The Impact of Halal Certification on Competitiveness

MSMEs that have obtained halal certification acknowledge several benefits, including:

- Facilitates entry into modern retail and e-commerce markets. Halal certification is often one of the key requirements for MSME products to be accepted into major distribution networks, such as supermarkets, minimarkets, and e-commerce platforms with curated product standards. Modern retailers typically require clear legal status and quality assurance, including halal compliance for food, beverage, and cosmetic products. A halal certificate serves as a recognized guarantee of product quality and safety in the market.
- Increases consumer trust, particularly among Muslim customers. For Muslim consumers, the halal label is not merely a symbol but an essential aspect of their beliefs and lifestyle. Halal-certified products provide religious and ethical assurance, making consumers feel more confident and secure in consuming them. Even for non-Muslim consumers, the halal label is often associated with standards of cleanliness, food safety, and hygienic processing.
- Enhances business professionalism and creates a positive image. Halal certification serves as an indicator that a business operator has an organized and well-documented production system that meets specific standards, ultimately creating a professional impression. This not only influences consumer perception but also affects business relationships with other stakeholders such as distributors, resellers, and partners. Halal-certified MSMEs are generally perceived as more credible and reliable, making them more likely to be considered for larger-scale collaborations.
- Serves as a prerequisite for participating in various national-scale trainings and exhibitions. Many entrepreneurship training programs, business incubations, and national or international product exhibitions require participants to have formal business legality, including halal certification. This requirement aims to ensure that the showcased products meet specific standards. By obtaining halal

certification, MSMEs have greater opportunities to access training, grants, funding, and broader market networks.

CONCLUSION

The legality of halal certification has a significant influence on enhancing the competitiveness of MSMEs, particularly in building consumer trust and expanding market reach. However, the level of understanding among MSME actors in Ciawi regarding the importance of halal certification remains low. Continuous education, simplified certification procedures, and mentoring programs from local governments and relevant institutions are needed to increase the number of halal-certified MSMEs. Therefore, local governments should collaborate with BPJPH and MUI to provide training and technical assistance for halal certification. Islamic financial institutions can offer special financing schemes for MSMEs to obtain halal certification. Additionally, MSMEs must develop awareness that halal legality is not merely a religious obligation, but also a sustainable business strategy.

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