Self-Declare as an Implementation of Islamic Business Ethics and Its Relevance to Consumer Protection

Ainul Masruroh
ainul_masruroh@unwahas.ac.id

Universitas Wahid Hasyim Semarang, Indonesia

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Abstract

Although halal certification is mandated by Law Number 33 of 2014 concerning Halal Product Assurance, its implementation is difficult especially for micro and small businesses (MSMEs). Self-declaration provides a way for MSMEs, although there are concerns about the accuracy and consumer trust. This research examines the intersection between halal self-declaration, Islamic business ethics, and consumer protection. By using normative legal research, this study highlights the importance of monitoring the regulations of the Halal Product Assurance Law and ethical principles in ensuring halal integrity and protecting consumer rights. Self-declaration is in line with Islamic business ethics, emphasizing unity, justice, and honesty. This ensures consumer protection by prioritizing transparency and compliance with halal standards. Effective supervision by BPJPH, MUI, and other relevant institutions is necessary, as well as considering sanctions for businesses that do not comply. This is important to protect consumer rights and maintain halal integrity as stipulated in consumer protection laws.

I. Introduction

The Law No. 33 of 2014 concerning Halal Product Guarantees (UU JPH) mandates that all products entering, circulating, and being traded in Indonesia must be certified halal (Article 4 of the JPH Law). Government Regulation No. 39 of 2021 concerning The Implementation of Halal Product Guarantees carries out this halal certification obligation in stages. The first stage involves food and beverage products, which will be completed by October 17, 2024. The second stage encompasses raw materials, food additives, and auxiliary materials for food and drinks. The third stage covers slaughtered products and slaughtering services.

According to the Ministry of Cooperatives and Small and Medium Enterprises, in 2011 there were 5,550 units, or 0.01% of large businesses, 44,728 units, or 0.07% of medium businesses, 193,959 units, or 0.3% of small businesses, and 63,955,369 units, or 99.62% of micro-businesses. This condition has persisted for 10 years (Muhamad, 2023). There are 30 million businesses that require halal certification, but only around 725 thousand products are halal certified, with 405 thousand of them coming from the MSME sector, compared to the total MSMEs in the country, which reached 64.2 million. This number is small, so synergy is needed from various parties to encourage access to halal certification (CNN, 2023).

The government has made regulations that allow micro and small business actors to declare the halalness of their own products as regulated in Law Number 11 of 2020 concerning Job Creation (Job Creation Law). This serves as a meeting point for the interests of the government and micro and small enterprises to overcome the low level of public awareness and the urgency of halal certification (Syahrir et al., 2019). Furthermore, the Halal Product Organizing Agency (BPJPH) held a Free Halal Certification Program (SEHATI) as an accelerated certification program with Halal self-declaration. Halal self-declaration is important for MSMEs as an effort to simplify halal certification. MSMEs can declare that they fulfill the provisions of the JPH Law regarding the certification status of their products without having to go through conventional procedures that require a lot of money and time.

Self-declaration refers to an acknowledgment or statement made by an individual or company regarding compliance with certain rules, standards, or values without any external pressure. However, there are concerns that this halal self-declaration will result in a loss of public trust in halal products due to the low accuracy and honesty of business actors (Nurhidayat, 2023) (Zulham, 2022). A product with a self-declaration scheme is dangerous if it is not accompanied by factual testing (Sadewo, 2023), because the problem of halal certification is not only an economic issue but also a religious one (Jahar & Thalhah, 2018). For

example, the Nabidz fruit juice product, containing 8.84 percent ethanol, or almost 9 percent, received a halal label from BPJPH through a self-declaration process (Permana, 2023). Based on its contents, this product should not be able to obtain halal certification because it is included in the liquor category as per the Republic of Indonesia Minister of Health Regulation No. 86 /Menkes/Per/IV/77. Alcoholic drinks with an ethanol content of 1 to 5 percent are categorized as class a of liquor. Consequently, the Indonesian Ulema Council (MUI) asked BPJPH to carry out a moratorium, evaluate halal self-declarations, and not escape responsibility by blaming business actors who are deemed unethical. Business and implementing consumer protection (Nurhidayat, 2023).

Islamic business ethics are necessary in trade. Business ethics help entrepreneurs run their businesses by societal and religious norms. It is hoped that by implementing Islamic business ethics, a source of halal and blessed business income will be created (Ramlan & Nahrowi, 2014). Islam regulates humans regarding permitted and prohibited business activities; business is not solely aimed at making a profit, which can result in consumer losses and loss of public trust in sellers (Zulianti & Aslam, 2022). The application of business ethics can also function as consumer protection. The discussion of halal products cannot be separated from consumer rights, as regulated in Law Number 8 of 1999 concerning Consumer Protection (UUPK), which states that consumers have the right to obtain correct, clear, and honest information regarding the condition and guarantee of goods and/or services. Manufacturers are obliged to provide information to consumers about whether certain products are halal or not for consumption. This is also the reason why products must have a halal label, statement, or certificate. Based on this, this research discusses how to implement self-declaration by business actors within the framework of implementing business ethics and its relationship with consumer protection.

Based on the author's search, several studies are relevant to this discussion. Djuhrijjani's research in 2023 regarding consumer protection through mandatory halal certification for micro and small business actors, based on Perpu No. 2 of 2022 concerning Job Creation, focuses on the position of MSME halal certification according to the Job Creation Law (Djuhrijjani, 2023). Furthermore, Mustaklima's research analyzed the obligation to self-declare for MSMEs legally between ease of doing business and guaranteeing consumers' spiritual rights (Musataklima, 2021). Meanwhile, the implementation of halal self-declaration based on Islamic Sharia law and its implications for legal certainty for Muslims were researched by Siti Nur Azizah (Azizah, 2022). Research examining Islamic business ethics and halal certification in the context of consumer protection was conducted by Ramelan, but this research was conducted before the halal self-declaration program existed (Ramlan & Nahrowi, 2014).

2. Research Method

This research employs normative legal research methodology, analyzing both primary and secondary legal materials. The research adopts several approaches, including the statutory approach, the case approach, and the conceptual approach. It scrutinizes regulations pertinent to the topic under discussion. Primary legal materials encompass Law No. 33 of 2014 concerning Halal Product Guarantees, Law No. 8 of 1999 concerning Consumer Protection (UUPK), and Law No. 11/2020 concerning Job Creation, while secondary legal materials include relevant research journals and reports from online media, and tertiary legal materials. Data collection entails a systematic description of procedures for gathering primary, secondary, and tertiary legal materials, subsequently analyzed using content analysis techniques, followed by interpretation employing authentic, systematic, and historical methods.

3. Results and Discussion

Self-declaration in the Halal Product Guarantee

The history of halal food product regulation in Indonesia unfolds in four stages:

Firstly, the labeling requirement initially applied solely to products containing pork, given the uniformity of food processing at the time. This era was characterized by the originality of food, facilitating the identification of haram products (Masruroh et al., 2017). Economically, marking haram food was simpler due to its limited variety, contrasting with the rule of *'al ashlu fil asyiya al ibahah illa an yadulla dalil 'ala tahrimiha'*, signifying that everything is permissible / halal unless proven otherwise (Permana, 2019). This phase was delineated by the Republic of Indonesia Minister of Health Regulation No. 280/Menkes/Per/XI/1976 concerning the Distribution and Labeling of Foods Containing Ingredients Derived from Pork.

Secondly, the obligation for a halal label was voluntary, granting producers the discretion to include a halal label. The term "halal" was appended solely by manufacturers asserting their products' halal status. Non-compliance led to legal repercussions (Natakusuma, 1997). This was governed by Law No. 7 of 1996 concerning food, in conjunction with Law No. 18 of 2012 concerning Food and Law No. 8 of 1999 concerning Consumer Protection. This voluntary nature birthed a halal self-declaration program outlined in Minister of Health Decree No. 82/Menkes/SK/I/1996. However, the absence of MUI involvement and inadequate understanding among business actors regarding halal and haram ingredients prompted the revocation of this policy, substituted by Minister of Health Decree No. 942/Menkes/SK/VIII/1996, mandating halal label inclusion

after assessment by the Directorate of Drug and Food Control and the MUI (Istianah & Dewi, 2022).

Thirdly, the mandate for mandatory halal labeling ensued, necessitating all products circulating in Indonesia to possess a halal certificate. Compliance with halal certification became obligatory for all business entities, as stipulated in Article 4 of Law No. 33 of 2014 concerning Halal Product Guarantees.

Fourth, the mandatory-self-declare halal label obligation. Halal certification obligation has two procedures, namely the regular scheme and the self-declaration scheme. The regular scheme is a halal certification application scheme that requires more in-depth verification and must be carried out by experienced halal auditors, so it requires additional costs. The self-declaration scheme is intended for businesses that are simple and made from natural ingredients or have been certified halal, so they do not require additional costs or are free. The regular scheme is regulated in the JPH Law, and the self-declaration scheme is regulated in the Job Creation Law, which stipulates that for Micro and Small Business Actors, the obligation to be halal certified is based on a statement by Micro and Small business actors based on halal standards set by BPJPH.

Similarly, halal self-declaration is addressed in PP 39/2021, specifying halal certification obligations for micro and small business actors based on their statements. Minister of Religion Regulation (PMA) Number 20 of 2021 and Government Regulation Number 5 of 2021 further stipulate that a halal guarantee statement is applicable for low-risk business activities conducted by MSEs. Halal verification is conducted by halal product process assistants (PPH). Micro and small business actors are defined as productive enterprises meeting net asset or annual sales criteria outlined in relevant laws and regulations, producing non-risky products or employing a simple, halal-certified production process (Article 79, paragraphs 1-2, PP No. 39/2021).

Halal self-declaration is a statement made by a business regarding the validity of the documents supporting the claim that their products meet the halal requirements set by BPJPH (RI, 2018). The self-declaration should be based on the standards set by BPJPH, which include a contract or pledge stating the halalness of the used products and materials, a declaration of the halal product process (PPH) meeting the halal criteria, and PPH assistance to ensure the product meets the requirements for declaration, verified and validated by the companion (Mastuki, 2021). The UMK halal statement document is submitted to BPJPH and then forwarded to the Indonesian Ulema Council to obtain a determination of the product's halal status. Based on the written halal fatwa from the MUI, BPJPH issues halal certificates.

The requirements for free halal certification for small businesses in the self-

declaration category are based on the decision of the head of BPJPH No. 33 of 2022:

1) The product is not risky or uses ingredients that have been confirmed to be halal;
2) The production process is guaranteed to be halal and simple;
3) Have annual sales results (turnover) of a maximum of IDR 500 million as proven by an independent statement and have business capital of up to a maximum of IDR 2 billion;
4) Have a Business Identification Number (NIB);
5) Have a location, place, and equipment for processing halal products (PPH) that are separate from the location, place, and equipment for processing non-halal products;
6) Have or do not have a distribution permit (PIRT/MD/UMOT/UKOT), Sanitation Hygiene Eligibility Certificate (SLHS) for food/beverage products with a shelf life of less than seven days or other industrial permits for products produced by agencies/agencies related.
7) Have outlets and/or production facilities in a maximum of 1 (one) location;
8) Has been actively producing one year before the application for halal certification;
9) The product produced is in the form of goods (not services or restaurants, canteens, catering, and shops/houses/food stalls);
10) The materials used have been confirmed to be halal. Proven by a halal certificate, or included in the list of ingredients in accordance with the Decree of the Minister of Religion Number 1360 of 2021 concerning Materials that are excluded from the Halal Certified Obligation;
11) Do not use hazardous materials;
12) Has been verified as halal by the halal product process assistant;
13) Types of products/product groups that are certified halal do not contain elements of slaughtered animals, unless they come from producers or slaughterhouses/poultry slaughterhouses that are halal certified;
14) Using production equipment with simple technology or done manually and/or semi-automatically (home business, not factory business);
15) The resulting product preservation process does not use radiation techniques, genetic engineering, the use of ozone, and a combination of several preservation methods (hurdle technology);
16) Complete the halal certification application documents with the online business actor statement mechanism via SIHALAL.

There are two general opinions regarding the obligation to obtain halal certification among business actors. Firstly, halal certification is important because it can increase income turnover. Secondly, halal certification is not

important to implement as long as the product is of high quality and trust in its halalness (Ajidin, 2023). This is because the legal culture influences the behavior and decisions of business actors in carrying out halal certification (Via Lutviana, 2023) (Puspita Ningrum, 2022). In its implementation, the success of the halal self-declaration program is influenced by several factors:

a) Causing discrimination between MSEs and other business actors. However, to become a center for producing halal products in 2024, these efforts must be made considering the large number of followers of the Islamic faith in the world and the high level of consumption of halal products in Indonesia (Sakti & Imanullah, 2021).
b) Halal self-declaration will place a large budget burden on the state, not compounded by the indications of additional MSEs in Indonesia, which are always increasing every year.
c) The halal certification process through the halal self-declaration program raises doubts regarding products automatically declared halal by MSEs. Because MSEs do not carry out product inspections by the LPH, they reduce the authority of the MUI (Jakiyudin & Fedro, 2022).
d) Different understandings among the public regarding products that must be certified, whether they are halal or haram products; because there are fewer haram products than halal ones, many still assume that all products on the market are halal products (Kartika, 2020).
e) Free halal certification via the self-declaration route is not widely known by MSEs. There is still a lot of overlap in disseminating information and socializing between regular and self-declaration channels. So far, many MSEs still assume that halal certificates are expensive, there is no transparency from facilitators and service providers, registration is difficult, and there is no clear time limit.
f) Inadequate support from relevant stakeholders, the government's delay in issuing supporting regulations to apply the JPH Law.
g) The role of PPH assistants is not yet optimal (Nur Kasanah, 2022).

Self-declaration serves as a cornerstone of Islamic business ethics and consumer protection.

Self-declaration and Islamic Business Ethics

Ethics originates from the ancient Greek word "ethos," denoting habits, morals, character, feelings, attitudes, and ways of thinking (Yunus, 2016). Ethically, it encompasses the notion of good living habits within individuals or societies and entails a systematic examination of concepts such as value, goodness, badness, obligation, rightness, and wrongness. In Islamic context, ethics, closely associated

with the term "khuluq" in Al-Qur'an, pertains to character, manners, habits, chivalry, and officerhood, thereby contributing to the cultivation of human morality (Muhammad, 2015).

Islamic Business Ethics constitute a framework for business management derived from the Al-Qur'an, hadith, and fiqh experts' interpretations of Islamic law (Darmawati, 2013). These principles include:

1) Principle of Unity (Tauhid/Unity)

The principle of unity is a philosophical basis because it is a form of reflection of the concept of Tawhid which is used as the main foundation for every step a believing Muslim takes in carrying out the functions of life. The foundation of tawhid or divine is based on Allah's pleasure, and the procedures carried out are following His sharia. Business and distribution activities are tied to divine principles and goals (Muslich, 2004).

2) Principle of Justice

Advocating equality and fairness based on rational, objective, and accountable criteria, ensuring no party's rights are infringed (Aziz, 2013).

3) Principle of Free Will (free will)

Freedom means that humans as individuals and collectives have complete freedom to carry out business activities. In economics, humans are free to implement Islamic rules because economic problems include aspects of *muamalah*, not worship, so the general rule "everything is permitted except what is prohibited" applies to it, which is not permitted in Islam, namely injustice and usury

4) Principle of Responsibility

Enforcing accountability vertically to Allah and horizontally to society or consumers, necessitating transparency, honesty, optimal service, and excellence in all endeavors, thus complementing the principle of free will (Darmawati, 2013)

5) Principles of Truth, virtue, and honesty (truth, goodness, honesty)

In the business context, truth is meant as the right intention, attitude, and behavior which includes the process of searching for or obtaining development commodities as well as the process of trying to achieve or determine profits. In this principle, sometimes two important elements are virtue and honesty. Virtue in business is demonstrated by an honest attitude in all business processes carried out without the slightest deception. With this principle of truth, Islamic

business ethics is very protective and preventive against possible losses to one of the parties carrying out transactions, cooperation or agreements in business (Aziz, 2013).

For Muslims, business ethics form an integral aspect of conducting business, as advocated in the Quran, balancing material and spiritual objectives. Thus, a business is deemed valuable when it fulfills both material and spiritual needs in harmony, devoid of evil, harm, or injustice, while upholding principles of unity, balance, free will, accountability, truth, virtue, and honesty (Darmawati, 2013).

Halal self-declaration serves as a mechanism for implementing Islamic business ethics, offering internal control for Micro and Small Enterprises (MSEs) alongside external scrutiny by regulatory bodies like BPJPH. MSEs, prone to dishonest practices, can ensure halal self-declaration by adhering to criteria such as using halal-certified raw materials and adopting halal-compliant production processes (Ilham, 2022). Encouraging MSEs to integrate Islamic business ethics internally fosters a commitment to principles of unity, justice, freedom of will, responsibility, and truth.

Halal certification is a business ethic that producers should carry out as a halal guarantee for consumers. Halal certificates and halal labels also provide economic benefits for business actors, namely: 1) Halal self-declaration provides a sense of trust, comfort, and legal certainty for Muslim consumers (Azizah, 2022). 2) improving the image of a product. 3) increasing consumer confidence. 4) improving the quality of halal products produced. 5) Halal certification is a reliable guarantee to support halal food claims. 6) Increasing product marketability in Muslim markets and countries. 7) Investment is low cost compared to the revenue growth that can be achieved (Ramlan & Nahrowi, 2014). Hence, halal self-declaration not only reinforces the halal aspect of products but also aligns business practices with Islamic ethics.

Halal Self-declaration and Consumer Protection

In consumer protection, there are several principles related to the position of consumers and legal relationships with business actors. These principles are as follows: (Anis Masdhurohatun, 2019):

1. Let The buyer Beware

Business actors and consumers are equal parties, so there is no need for any protection. However, in its development, consumers often do not receive information regarding the goods they consume.

2. The due care theory

Business actors must be careful when marketing their products. As long as they are careful, business actors cannot be blamed; for this reason, business actors and consumers must prove it. This principle is in line with Article 1865 of the Civil Code, namely "that anyone who claims that he has a right, confirms his right, disputes another person's right, or refers to an event is obliged to prove the existence of that right or event" (Gloria & Neltje, 2020).

3. The privity of contract

Business actors have an obligation to protect consumers, but this is done after a contractual relationship has been established. Business actors cannot be blamed for things outside of what was agreed upon.

These principles are described in four basic consumer rights, namely:

a) The right to safe products.
b) The right to be informed about products.
c) The right to make definite choices in selecting products.
d) The right to be heard regarding consumer interests.

A halal certificate is an obligation for business actors and a right for Muslim consumers. Even though halal self-declaration is a statement by business actors, consumers must feel safe that the products they consume do not violate the Sharia they believe in, so that they feel calm and comfortable as Muslims. This security guarantee is in the form of a halal certificate, which is accompanied by supervision in the process. Consumers are every person who uses goods and/or services available in society, whether for their own benefit, their families, other people, or other living creatures, and not for trading. Consumers encompass "everyone," meaning everyone regardless of background, whether gender, age, race, or religion.

Consumers have the right to know any information related to the products they buy. MSEs are prohibited from concealing or reducing information related to their products or services, even if their halal certificate goes through a halal self-declaration process. If there are defects or deficiencies in goods, business actors are obliged to provide information to consumers.

Based on these consumer rights, the delivery of halal product information using regular or self-declaration schemes must aim to protect consumer rights as regulated in Article 4, Letters (a) and (h) of the Consumer Protection Law, which reads:

a) The right to comfort, security, and safety in consuming goods and/or services;
b) The right to choose and obtain goods and/or services in accordance with the exchange rate, conditions, and guarantees promised;
c) The right to correct, clear, and honest information regarding the condition and

guarantee of goods and/or services;
d) The right to have opinions and complaints heard regarding the goods and/or services used;
e) The right to obtain advocacy, protection, and appropriate efforts to resolve consumer protection disputes;
f) The right to receive consumer guidance and education;
g) The right to be treated or served correctly and honestly, not in a discriminatory manner;
h) The right to receive compensation and/or replacement if the goods and/or services received are not in accordance with the agreement or are not as they should be;
i) Rights regulated by other statutory provisions.

This article shows that every consumer has the right to obtain goods that are comfortable for consumption, as stated in Article 4, Point A. One definition of comfort is that the goods do not conflict with the rules of their religion. Article 4, Letter C, also states that consumers have the right to correct, clear, and honest information regarding the condition and guarantee of goods and/or services. This article provides an understanding that business actors cannot immediately claim that their products are halal before undergoing the testing determined by law. Apart from rights, consumers also have obligations in a reciprocal relationship; rights on one side become obligations on the other side, while consumer obligations are stated in Article 5 of Law No. 8 of 1999 concerning Consumer Protection.

Although the government is committed to facilitating halal certification for MSEs through the self-declaration scheme, business actors must not harm consumers with products that are produced and traded under the halal label, but the contents turn out to be not halal (Article 4, letter h). In line with this, Article 4, point a, emphasizes that halal certification is a mandatory requirement that must be carried out by business actors based on Article 4 of the Halal Products Assurance Law. Halal claims made by business actors must adhere to the rules established by the BPJPH regardless of the status of the business actor (micro, small, medium, or large) or the scheme chosen, whether regular or self-declared.

The statement and inclusion of halal labeling are important, especially in Indonesia where the majority of the population adheres to Islam, and Islamic law contains rules regarding the consumption of food or beverages. The halal statement ensures that a product is safe for consumption by Muslim communities. However, many food products are distributed and traded without a halal statement on their packaging. Consumers with low awareness levels will not consider the absence of a halal label without a basis as a problem. However, the halal label carries legal aspects to provide consumer protection. Legally including

a halal label means protecting Muslim consumers and fulfilling the mandate of the Law. Food security can be distinguished in two major aspects: spiritual and technical security. Spiritual security relates to the religion and beliefs of a society, while technical security relates to the safety of processing ingredients and nutrition of the food product (Dewi, 2015)

Considering the halal criteria in Islamic law, which involve "from farm to fork," the assessment of halal is not only based on the ingredients and manufacturing process but also on other aspects related to the initial stages of the halal product process (PPH), namely, the examination of data submitted by business actors, followed by inspections of the production process, slaughter (for ingredients from animals), laboratories, packaging, storage, transportation processes, distribution, marketing, presentation, and finally reaching the consumer (Istianah & Dewi, 2022).

Although the halal self-declaration program is intended as a dispensation for MSEs, consumer protection is also a concern. Unfortunately, there is no perfect regulation. Some loopholes in halal self-declaration regulations open opportunities for reducing consumer rights as regulated in the Consumer Protection Law. According to the Indonesian Consumers Foundation (YLKI), self-declaration poses risks of violating consumer rights in terms of supervision, decentralization of halal product guarantees, and sanctions.

Supervision of halal products is conducted by halal supervisors at the BPJPH and relevant ministries. Supervision is divided into three areas: products, business actors, and halal certifying bodies. Supervision is carried out in terms of: the validity period of halal certificates, product halalness, inclusion of halal labels/logos, separation of locations, places, and equipment for slaughter, processing, storage, packaging, distribution, sale, and presentation between halal and non-halal products, the presence of halal supervisors, and other aspects related to halal products.

Research by Dewi Mariyatul Qibtiyah on the implementation of halal certified product supervision under positive law with either the halal self-declaration or regular scheme does not function as mandated. Some business actors are not honest in reporting the ingredients used, nor do they report when there are changes in ingredients. Consumers are reluctant to report alleged violations. Furthermore, the suboptimal implementation of supervision is due to the delay in the issuance of JPH supervisor SKs by BPJPH (Qibtiyah, 2023).

A challenge of halal self-declaration is the level of consumer trust to accept a self-declared product (Azizah, 2022). Most MSE products have low risk. Their ingredients are mostly natural, and their production processes are simple. Therefore, such simple products do not need to be tested in expensive

laboratories. Consumer decisions to choose products are influenced by halal labels, halal certifying bodies, and the process of halal product assurance (Novagusda & Deriawan, 2019).

On the other hand, independent halal declarations by MSEs will weaken the authority of MUI as the institution authorized by law to make halal decisions, as regulated in Article 76 paragraph (1) of Government Regulation No. 39/2021, which states that "The determination of product halalness is carried out by MUI through MUI halal fatwa sessions." because halal products are not only a necessity for consumption by the community but also a means to obtain spirituality rights (Jakiyudin & Fedro, 2022). In the end, Muslim consumers are willing to pay more for halal products than normal prices when they know the production process(Alfikri et al., 2019).

According to Zulham, halal certification is not appropriate if the halal self-declaration method is used, as this method is unable to achieve the goal of consumer protection in Islamic law. So far, the appropriate halal certification method is the halal declaration submitted by MUI and complied with by the government and Muslims. The government's compliance with MUI's halal declaration can be seen in applicable laws and regulations, as well as government policies regarding halal food issues (Azizah, 2022).

When a unilateral halal declaration becomes controversial, violations of halal and non-halal labels also become problematic because the Halal Guarantee Agency does not have sufficient authority to fulfill its function of imposing strict sanctions, except for issuing written warnings to entrepreneurs who do not include non-halal information.

Article 8 point h of the Consumer Protection Law also raises questions about halal boundaries. What kind of halal boundaries are desired by the creators of this Law? This is related to the Ajinomoto case (January 2001). Ajinomoto company was suspected of changing the nutritional ingredients for developing bacterial cultures from *polypeptone* to *bactosoytone* containing porcine (an enzyme from pig pancreas) since June 2000. This change was never reported to the MUI's Food, Drug, and Cosmetic Research Institute (LP POM MUI). This is very vulnerable if not understood by MSEs that have received halal certification through the halal self-declaration scheme.

The fact that the Consumer Protection Law does not regulate sanctions for business actors who produce from halal materials and do not apply for halal certification and do not claim their products to be halal is the biggest weakness of this Law. The nature of this legal norm is imperative, an a priori order that must be obeyed, is coercive, and regulatory. The consequence of the existence of imperative legal norms is criminal sanctions (Asshiddiqie, 2011). Unfortunately,

the Consumer Protection Law does not contain criminal sanctions for those who do not comply. In fact, BPJPH can impose administrative sanctions ranging from fines to orders to withdraw goods from circulation, including non-halal information that can also be subject to fines. However, these fines were removed after being amended, and the provisions for administrative sanctions are regulated through Government Regulations.

Business actors who do not maintain the halal status of their products after obtaining a halal certificate in Presidential Decree Number 31 of 2019 can face imprisonment for a maximum of 5 (five) years or a fine of up to IDR 2 billion. Meanwhile, Presidential Decree Number 39 of 2021, Article 149, paragraph (6), states that there is no difference between administrative sanctions in the form of fines and criminal fines; it states administrative sanctions with a maximum fine of 2 billion rupiah (Azizah, 2022).

Business actors who have carried out a halal self-declaration and received a halal certificate from BPJPH have obligations as regulated in Article 25 of the JPH Law:

a. Include a Halal Label on Products that have received a Halal Certificate.
b. Maintain the halalness of Products that have obtained a Halal Certificate.
c. Separate the location, place, and slaughter, processing equipment, storage, packaging, distribution, sale, and presentation between Halal and non-halal Products.
d. Renew the Halal Certificate if the validity period of the Halal Certificate expires.
e. Report changes in material composition to BPJPH.

On the other hand, consumer protection for halal products in the UUPK does not stop with the issuance of a halal certificate. As long as halal certification is still valid, business actors must continue to maintain the halal status of their products. In UUPK Article 62 paragraph (1), the legal consequences for business actors or producers who distribute food products that are not halal certified are explained, the threat is in the form of a maximum prison sentence of 5 (five) years or a maximum fine of IDR 2,000,000,000.00 (Two Billion Rupiah) (Suhartini & Markeling, 2018).

4. Conclusion

Law no. 33 of 2014 concerning Halal Product Guarantees and Law no. 11 of 2020 concerning Job Creation regulate that all products circulating and used in Indonesia must be halal certified. To facilitate compliance with these regulations, especially for small and micro-businesses, provisions have been made for them to obtain halal certification through a process known as halal self-declaration.

This initiative aims to simplify the certification process and make it accessible to businesses of all sizes. However, despite its noble aims, the implementation of this program faces challenges, especially due to the lack of comprehensive understanding among business owners regarding the intricacies of halal principles, ingredient sourcing, and ethical business practices.

One of the fundamental aspects that underlines the importance of halal certification is compliance with Islamic business ethics. These ethics are guiding principles that originate from the teachings of the Koran, hadith (sayings of the Prophet Muhammad), and the interpretations of Islamic scholars. These values encompass a wide range of principles, including Tawhid (oneness of God), justice, free will, responsibility, truth, benevolence, and honesty. The application of these ethical standards is not only in line with producers' religious obligations but also fosters consumer trust by demonstrating a commitment to integrity and transparency in business operations.

Even though it is designed to accommodate the needs of micro and small businesses (MSBs), the halal self-declaration process must be carried out without sacrificing consumer rights or product quality. Based on Article 8 of the Halal Product Guarantee Law (UUPK), consumers have the right to obtain accurate information about the products they purchase, including their halal status. Therefore, MSBs must uphold their responsibility to provide transparent and comprehensive information, regardless of the certification method used.

Guaranteeing halal compliance is not just a legal obligation; it is deeply rooted in fulfilling the spiritual and cultural expectations of Muslim consumers. Halal certification is a concrete manifestation of this commitment, providing consumers with confidence that the products they consume are in line with their religious beliefs and food preferences. Additionally, the inclusion of halal certification alongside the halal label and supervision from leading institutions such as the Indonesian Ulema Council (MUI) and the Halal Product Guarantee Agency (BPJPH) increases consumer confidence by offering multi-layered verification.

However, the effectiveness of the halal declaration process depends on various factors, including consumer trust and the integrity of the certification system. Muslim consumers' decision-making processes are not only influenced by the presence of the halal label but also by their trust in the certification body and the integrity of the certification process as a whole. The decentralization of the halal certification system, apart from encouraging accessibility and inclusivity, also presents challenges in terms of standardization and supervision.

When the authority of traditional certification bodies such as MUI undergoes transformation due to decentralization, the role of regulatory bodies such as

BPJPH becomes increasingly significant. Although BPJPH provides regulatory oversight and guidance, its capacity to enforce compliance and address issues of non-compliance remains limited. Instances of non-compliance, such as misrepresentation of halal status or inclusion of non-halal ingredients, may require regulatory intervention. However, the effectiveness of such interventions depends on the strength of the regulatory framework and the willingness of businesses to comply with ethical business standards.

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