Legal Responsibility on Halal Labelling of Packaged-Processes Food in Bangkalan

Nasrulloh Nasrulloh¹ and Galuh Widitya Qomaro²

¹,²Universitas Trunojoyo Madura
gwiditya@trunojoyo.ac.id

Abstract. Halal food constitutes a lucrative enterprise not only within Muslim-majority nations but also in those with diverse religious demographics. Despite Indonesia holding the position of the world's most populous Muslim country, it presently operates primarily as a market rather than a key player in the halal industry. This phenomenon is linked to the emergence of a halal supply chain, wherein the entire production process, from upstream to downstream, adheres to halal standards and certification. However, in Indonesia, particularly in regions like Bangkalan, the quantity of halal certifications falls short of the numerous Micro, Small, and Medium Enterprises (MSMEs). Bangkalan alone accommodates 166,768 MSMEs, employing around 210,003 individuals. Notably, numerous products from these enterprises bear a halal label despite lacking an official halal certificate. This research seeks to reveal the legal provisions in Indonesia that regulate the affixing of halal labels to packaged processed foods, especially for MSMEs in Bangkalan, as well as examining the extent to which MSMEs in Bangkalan comply with legal requirements regarding the affixing of halal labels to food products. Their products, as well as what factors influence the addition or removal of halal labels on processed food products in Bangkalan and the impact of these labels on consumer perceptions and purchasing decisions. The research was conducted by observing primary data in Bangkalan and then interviewing the MSMEs.

Keywords: MSME, Halal Certification, Halal Labeling.

1 Introduction

Halal certification is an official decree issued by the Indonesian Ulema Council (MUI), providing a written confirmation of a product's compliance with Islamic law, thereby affirming its status as halal. Halal Product Assurance Law number 33 of 2014 Article 4 states that "All products including food and pharmaceutical products must be certified halal"[1]. The fact that the realization of the constitution has not yet been fully implemented, the certificates that should be owned by consumers for the cleanliness and halalness of food products are ignored.

In the view of Islam, halal certification is part of Islamic business ethics. The economic system in the view of Islam has internal control or is generated by faith in the hearts of Muslims and makes companions for it. Sharia economics aims to meet the needs of human life prescribed by Allah SWT. Humans need to live with a religious
and human pattern of life so that they can carry out their obligations to God, themselves, and the environment as well as fellow human beings. Islam also teaches its people to consume good and halal food as stated in the Qur'an surah Al-Baqarah: 168 which reads:

يَا أَيُّهَا النَّاسِ كِلُّ مَثَلَّا مِمَّا فِي الْأَرْضِ حَلالٌ وَطَيِّبٌ وَلَا تَتَّبِعِوا خَطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُّبِينٌ

"O mankind, eat what is lawful and good from what is on the earth, and do not follow the steps of the devil; for verily the devil is a real enemy to you".

From the verses that have been mentioned above, it means the command of Allah SWT. To his people to eat halal food is an absolute command that must be fulfilled, but in these letters, it is also mentioned along with the word "tayyib" which means good and quality so that the food consumed by Muslims is not only halal but also good and of good quality. Given the command to consume halal and good food, causing the need for halal consumption to become a basic need for Muslims in Indonesia. Providers of needs which in this case will be met by producers, which in this case refers to MSMEs, are required to ensure their products are halal and good. This should be an opportunity for MSMEs to compete to fulfil it because the halal certification can provide added value, not only for health but also for economic value.

Small and Micro Enterprises in the food and beverage sector itself are one of the important pillars in the economic condition of the community, especially in the superior food and beverage sector. Almost in every area, there are businesses in the types of food and beverages, starting with the existence of food entrepreneurs who open their businesses to the concepts of markets, food courts, and tours, which exist in many areas and places. In addition, in the context of the enactment of Law Number 33 of 2014 regarding the Halal Product Guarantee, the food, and beverage sector is the sector that is the first step in the availability and guarantee of halal products, one of which is taken through the halal certification mechanism [2].

Certification constitutes a systematic evaluative process aimed at determining the adherence of a company's product to halal regulations. The outcome of this certification process is the issuance of a halal certificate, signifying the product's compliance with halal guidelines. This certification activity culminates in the placement of a halal label on the product's packaging. The provision of halal certificates, conveyed through food labels and advertisements on products from Micro, Small, and Medium Enterprises (MSMEs), serves as an informational resource for consumers, given the limited direct interaction between consumers and business actors. Furthermore, it serves as a basis for consumers to deliberate on choices, facilitating comparisons with other food products concerning factors such as composition, net weight, price, and other relevant aspects prior to making purchases.

The basis for the application of a halal certificate along with a halal label is a manifestation of the fulfilment of the consumer's right to obtain the product of his choice. Especially so that consumers are free from products that do not contain ingredients or treatments that are not permitted by religion (haram). Technological developments in the processing, packaging, and marketing of goods and/or services today make a labelling system necessary. Without certificates and labels (marks) it is difficult for consumers to recognize the raw materials, compositions, and processes that the product goes through.

Numerous products from Micro, Small, and Medium Enterprises (MSMEs) bear a halal label even in the absence of an accompanying halal certificate. Contrary to this
practice, the prescribed procedure for obtaining authorization for such halal labels is contingent upon possessing a valid halal certificate issued by the Indonesian Council of Ulama (MUI). While public awareness regarding halal-related aspects of food, medicine, or other products is reasonably substantial, there exists a noteworthy deficiency in the inclination to scrutinize and verify the authenticity of goods purported to be halal. The veracity of the halal label is unequivocally ascertained through the issuance of a halal certification by the MUI's LPPOM. The incorporation of a halal label accompanied by the requisite halal certificate serves manifold purposes, including expanding market share and sales volume, fulfilling consumer demands, ensuring satisfaction, enhancing product quality, and aligning with the preferences and convenience of consumers, particularly those adhering to Islamic dietary practices.

This research endeavors to unravel the intricate web of legal frameworks dictating the labelling of halal on packaged-processed food in Indonesia, with a specific focus on Micro, Small, and Medium Enterprises (MSMEs) operating in Bangkalan. The study delves into the nuanced landscape of legal requirements, aiming to answer how MSMEs in Bangkalan navigate and adhere to these regulations in their halal labeling practices. Additionally, the research explores the multifaceted factors that sway business decisions regarding the inclusion or exclusion of halal labels on packaged-processed food products in Bangkalan. Understanding the intricate interplay between legal obligations and business strategies, the study also investigates the perceptual impact of these labels on consumer behavior, aiming to decipher the dynamics that shape consumer trust and purchasing choices in the context of halal-labelled food.

2 Literature Review

Halal food refers to food items that do not incorporate elements or substances deemed haram (prohibited) for consumption by Muslims. This encompasses various aspects, including the sourcing of food raw materials, the use of food additives, auxiliary components, and other materials involved in the food processing, even those subjected to genetic engineering or irradiation processes. The entire management of these food products is guided by the principles outlined in Islamic religious law [3]. Foods that can be said to be halal must meet three criteria: 1) The substance is halal. Halal food according to its substance is food that is halal for consumption and has also been stipulated as halal in the Al-Qur’an and Hadith. 2) Halal by obtaining it. Halal food by obtaining it means that it is obtained in a good way, such as buying food, farming, getting gifts, and so on. While food will be haram if the food is obtained by way of vanity because it can harm others and is prohibited by Islamic law. 3) Halal by way of processing. Halal food is determined through proper processing, where all food is considered halal and would be deemed haram if the processing does not adhere to the religious laws. Despite the halal origin of numerous foods, incorrect processing methods can render them impermissible [4].
Indonesian halal food products are ranked second in the world based on the State of the Global Islamic Economy (SGIE) Report 2022 released by DinarStandard, March 31, 2022. Indonesia only lost to Malaysia in the halal food and beverage category [5]. The SGIE 2022 highlights significant progress made by the Government of Indonesia, particularly in the realm of halal product assurance. Noteworthy adjustments to regulations have been implemented to expedite processes, simplify procedures, and facilitate halal certification for micro and small businesses (UMK) [7].

This demonstrates the government's commitment to fortify the halal food ecosystem, a sentiment echoed by Aulia Muthiah, who underscores the responsibility of business actors in ensuring food safety. Muthiah emphasizes the demand for accountability against those producing dangerous food, outlining principles of responsibility based on error or absolute responsibility for risks imposed on business actors [8]. Debora, in her legal review, emphasizes the crucial role of halal certificates in informing consumers about food products, noting the potential criminal sanctions for MSMEs failing to meet safety and quality standards [9]. Nurmala Sari's analysis on halal labelling in Makassar suggests a gap between actual halal labelling practices in food stalls and consumer perceptions, emphasizing the importance of trust and assurance [10]. Selfiana Devi's research on education and socialization's impact on halal certification readiness for IKM in Ponorogo Regency underscores the significant positive influence of both factors. These studies collectively contribute valuable insights into the evolving landscape of halal regulations, consumer perceptions, and the readiness of businesses to comply with certification requirements [11].

3 Research Methodology

This research is qualitative research with field studies, [12] Abdurrahmat Fathoni states that field research is research carried out in the field or at the research location, a place chosen as a location to investigate objective symptoms as occurring at that location,
which is also done for the preparation of scientific reports [13]. This study employs both primary and secondary data sources. The primary data is directly collected by the researchers from individuals who have encountered events associated with halal labelling. In this context, the primary data sources, referred to as informants and resource persons, were selected purposively. The selection was based on the researcher's judgment that these individuals possessed pertinent data and were willing to share information related to the study's focus. Secondary data obtained from library research consisting of: (a) Primary Legal Materials: Law Number 18 of 2012 concerning Food, Law Number 36 of 2009 concerning Health, Law Number 8 of 1999 concerning Consumer Protection, Regulation Government Number 69 of 1999 concerning Food Labels and Advertising, Presidential Instruction of 1991 concerning Improvement of Guidance and Supervision of Processed Food Production and Distribution, Law Number 33 of 2014 concerning Guaranteed Halal Products, Joint Decree of the Minister of Health and Minister of Religion of the Republic of Indonesia Number: 427/Menkes/SKB/VIII/1985 Number 68 of 1985 concerning the Inclusion of “Halal” on Food Labels, Decree of the Minister of Health of the Republic of Indonesia Number: 82/Menkes/ SK/I/1996 concerning the Inclusion of the words “Halal” on Food Labels, as amended by Decree of the Minister of Health of the Republic of Indonesia Number: 924/Menkes/SKB/VIII/1996 concerning Amendments to the Decree of the Minister of Health of the Republic of Indonesia Number 82/Menkes/SK/1996, Joint Decree (SKB) of the Minister of Religion and an Minister of Health Number: 472/Menkes/SKB/VIII/1985 and Number: 68/1985 concerning the regulation of the words "Halal" on food labels. (b) Secondary Legal Materials: Legal materials that provide explanations and instructions regarding primary legal materials such as reference books, legal journals, and research results of scientific papers relevant to this research, and (c) Tertiary Legal Materials: Supporting legal materials encompass resources offering guidance and elucidation on primary and secondary legal materials, manifesting in formats such as dictionaries and encyclopaedias.

Data for this study were gathered through in-depth interview techniques and document analysis. In-depth interviews were conducted, facilitating direct interaction between the researcher and the informants and resource persons identified in the preceding section. In this interview, the researcher prepares an interview guide to guide the interview to fit the research topic, but it is not applied rigidly as it is written. The document study technique is a study of the contents of documents that are relevant to the research theme. The documents reviewed cover all types of secondary data sources mentioned above.

The data analysis in this study employs the Miles and Huberman model, encompassing data reduction, data presentation, and conclusion. The analytical process initiates with document retrieval concerning halal certification and labelling [14]. The next step is to conduct interviews with resource persons to obtain data related to halal labelling of processed food products in Bangkalan.
4 Research Methodology

4.1 Legal Provisions for Food Circulation in Indonesia

The provision of sustenance is a fundamental human requirement, constituting an integral component of the human rights entitlements for every Indonesian citizen. Ensuring that food is consistently accessible in quantities that are ample, secure, of high quality, nutritionally rich, and diverse is imperative. Additionally, it should be priced affordably to align with the purchasing capacity of the populace and should not contravene the religious, belief, and cultural tenets of the community. To realize these objectives, the establishment of a robust food system is indispensable, one that safeguards the interests of both producers and consumers in the realm of food. Article 1 Number (1) of Law Number 18 of 2012 concerning Food states, “Food is anything that comes from biological sources and water, both processed and unprocessed, which is intended as food or drink for human consumption, including food additives, food raw materials, and other materials used in the process of preparing, processing, and or making food or beverages” [15].

Advances in food technology at this time must be watched out for because many raw materials and additives are used to produce processed food. In addition, awareness of the halal aspect was not fully implemented. Whereas in procedures, halal is not only concerned with the use of materials but also means of distribution, transportation, and storage [16]. The government requires the use of labels as a form of information to consumers on a food product. A food label is any information regarding food in the form of pictures, writings, a combination of both, or other forms attached to food, inserted into, affixed to, or is part of food packaging [3].

Producers engaged in the domestic trade of food, encompassing both MSMEs and IRT, are obligated to incorporate labels on or within food packaging. These labels, whether inscribed or printed in the Indonesian language, are mandated to encompass essential details such as the product name, a comprehensive list of ingredients or composition, net weight or content, the name and address of the producing or importing entity, halal status where requisite, date and production code, expiration date, month and year, distribution permit number for processed food, the origin of specific food components, and compliance with additional stipulations pertaining to food labels and associated claims [17].

Food that necessitates the inclusion of food labels is that which has undergone the ultimate packaging phase, rendering it prepared for trade, and this requirement does not extend to packaged food in the presence of the consumer. Exceptions are outlined in Government Regulation Number 69 of 1999, which encompasses the following scenarios: a) Food packaged in excessively diminutive packaging where inclusion of all requisite information is impractical; b) Food vended and packaged directly in front of the consumer in limited quantities; c) Food traded in substantial quantities (bulk).

Law Number 18 of 2012 concerning Food, along with its accompanying regulations, has specified the essential details that must be included on a food label. A key aspect addressed in the regulation is the assurance that the information presented on the label is accurate and devoid of any misleading content.[18] A stipulation in the regulation pertaining to this matter asserts that when a food product bears a "halal" label, business actors are accountable for its accuracy. The veracity of a "halal" label
statement must be substantiated not only in terms of the raw materials, food additives, or auxiliary materials employed but also in the production process.

Business actors apply the “halal” label to all their food products. In essence, a food producer should only include halal labels on the food that has been tested for safety. Many business actors do not renew the halal certificate, but still include the halal logo issued by the MUI and BPOM on food products. Importer business actors also still include the halal logo from the country of origin even though what applies in Indonesia is the logo of the MUI and BPOM. Another problem that is mushrooming is the inclusion of a halal logo but does not have an MUI halal certificate and approval for the inclusion of a halal logo from BPOM.

Business actors, functioning as producers, bear the duty and responsibility of contributing to the establishment and sustenance of a wholesome business environment that fosters the comprehensive development of the national economy. This obligation encompasses the implementation of specific duties in at least two dimensions: a) Cultivating a healthy business atmosphere, fostering positive relations among business entities and between businesses and the consumer community. Adherence to these principles helps prevent market distortions, unfair competition, and any activities with the potential to disrupt the national economic structure, thus facilitating the smooth progress of national development. It is incumbent upon every business actor to actively participate in ensuring these standards are consistently upheld. b) Ensuring the protection of the consumer community, both on an individual and collective level, against potential harm to consumers and their property. This responsibility involves safeguarding the well-being of the populace by providing goods that are good, wholesome, and of high quality. As entrepreneurs, producers, and business actors hold the responsibility for compensating consumers for any losses incurred due to the use or consumption of their products [19].

The concept of responsibility holds significant importance in the examination of consumer protection law. When addressing violations of consumer rights, careful analysis is imperative to determine the appropriate party to be held responsible and to what extent that responsibility can be attributed to the parties involved [20].

4.2 Halal Labelling on Packaged-Processed Food MSME Products in Bangkalan

Based on the results of observations on some producers in Bangkalan, processed food produced by MSMEs is in the form of liquid drinks, powder drinks, dried herbs, pastries, dry snacks, various chips, various crackers, and bakery products. The processed food criteria are classified in the following diagram:
Of the 30 samples, only 5 producers already have a halal certificate from the MUI. All producers who have halal certificates have given official halal labels to their products, but there is one bread producer that does not yet have halal certificates and has put an official halal label on its products. In a preceding study examining consumer comprehension of halal certification, a correlation was identified between respondents’ educational levels and their understanding of halal certification [21]. In this study, 33.3% of business actors understand halal certification. 50% of the sample admitted that they only knew, 13.3% stated that they had heard of it, while the other 3.3% stated that they did not know anything about halal certification.

Business actors get information about halal certification from Instagram, WhatsApp status, television, and some of them see the existence of halal certificate numbers on other products. 40% of the existing processed food products do not include any information on the packaging. The remaining 60% include at least the brand and product name. The inclusion of information on food production is important because food products are products that need attention to their composition and eligibility period because they will be consumed and processed in the body. In Law Number 8 of 1999 Article 8 paragraph (1) concerning consumer protection regulates actions that are prohibited for business actors. The prohibition on producing and trading goods without labels or information is contained in the letter (i) paragraph 1 article 8 of Law number 8 of 1999.

Although producers do not yet have a halal certificate, 63.3% of business actors state that the halal label on food products is a product advantage. 15% of business actors doubt whether consumers are more interested in buying food products labelled halal because even without a halal label, their products are still purchased by consumers. After all, consumers understand that the products that are circulated must be halal even without a halal label. However, 83.3% of business actors still believe that the halal label is a guarantee of product quality and safety because they understand that consumers feel assured of the products’ safety with the existence of the halal label.

The presence or absence of halal labels on various Packaged-Processed Food products in Bangkalan, as observed in the samples, does not diminish the conviction among business actors that the quality of food products is a determining factor for consumers when making purchasing decisions. Heightened product quality correlates with increased consumer interest in purchasing a particular item. Emphasizing product quality is crucial for consumer satisfaction. Additionally, the inclusion of a halal label might potentially enhance the productivity of food products. Productivity serves as a metric for evaluating the success of Micro, Small, and Medium Enterprises (MSMEs) in the

![Fig. 1. Classification of Samples of Packaged-Processed Food Business Actors in Bangkalan](image)

- Liquid Drink
- Powder Drink
- Dry Herbs
- Cookies
- Dry Snacks
- Chips
- Crackers
- Bread
production of goods and services, with the certification of food products as halal presenting an opportunity to augment the income of MSME actors.

The existence of a halal label has increased sales results. Halal labels are considered to be able to increase the number of customers. Products with a halal label attract not only Muslim consumers but also non-Muslims. Exceptional customer service plays a crucial role in fostering customer loyalty, prompting them to repurchase the product. In addition, working with repeat customers can help improve product marketing.

A business actor who produces halal food should know the process of making food according to Islamic law. In this study, 97% of business actors already understand this but the rest say they produce packaged drinks according to a proper cooking process. Consumers express interest in purchasing a product due to the assurance of its halal status. This assurance is not solely determined by the existence of a halal label but is also influenced by the business actors' comprehension of the halal nature of their products. The inclusion of a halal label on a product serves as an informative indicator of both product quality and assurance. Quality, quality & halal assurance are things you always pay attention to when buying food products.

According to Article 4, letter C of the Consumer Protection Act, consumers have the right to receive accurate, transparent, and truthful information regarding the conditions and assurances related to goods and/or services [22]. Based on the results of interviews, 16.6% of business actors stated that they were allowed to include a halal logo before obtaining halal certification as long as the materials used were derived from halal goods. This is what causes many business actors to provide fake halal labels on their products. Fake halal labels are attached to product packaging that has not yet received a halal certificate [23]. Unfortunately, only 26.6% of Packaged-Processed Food businesses in Bangkalan are aware of legal sanctions if producers label processed food products as halal even though they haven't got halal certification. If consumers doubt the halalness of the product, business actors will argue that they will show the process of processing materials to become ready-to-consume products in front of consumers. Other business actors claim that the testimony of other customers can be proof that their products are safe for consumption. Only 3.3% stated that they would try to take care of filing a halal certificate for their products.

In cases where consumers experience material or physical harm due to the consumption of their products, all Packaged-Processed Food MSME business actors in Bangkalan express their willingness to assume responsibility for consumer losses. This responsibility entails providing remedies such as replacing the affected products with new ones, refunding monetary payments, and assisting consumers with any associated medical expenses. So far there have been no major losses, one of the losses experienced by consumers of Roti whose toppings are sticky with the packaging before it reaches the consumers' hands, seller replace them with new products. According to the regulations outlined in Article 19 of the Consumer Protection Law, manufacturers and/or distributors are mandated to offer compensation for any damage, pollution, or losses incurred by consumers due to the goods and/or services they produce or trade. This compensation can take the form of a refund or replacement of goods and/or services with a similar or equivalent value, or the provision of healthcare, in accordance with the relevant laws and regulations. It is imperative that such compensation is provided within 7 (seven) days from the date of the transaction [22].
The businesses of Packaged-Processed Food producers in Bangkalan in ensuring the quality of food products are by choosing raw materials of good quality, carrying out the production process according to religious provisions, separating products that are suitable or not for sale, and ensuring hygiene in the entire process until the product arrives to the consumer's hands. Based on the results of interviews, business actors are reluctant to register their products to get halal certificates because of the long procedure so they don't have time to take care of it, business actors' lack of understanding of the registration process flow, limited understanding of business actors regarding the function of halal certification, and personal factors of business actors who really do not want to register the product.

The government continues to encourage the development of the halal industry in Indonesia. One of the commitments made is by accelerating the implementation of halal certification for micro and small business actors. They will receive facilitation in the management of the halal certification process by the government through budget allocations prepared by ministries, institutions, local governments, as well as BUMN, and the private sector. 43.3% of Packaged-Processed Food businesses in Bangkalan do not know if there is assistance from the department of cooperatives and SMEs to apply for free halal certification. As many as 26.6% of Packaged-Processed Food business actors in Bangkalan have participated in the socialization of the application for halal certification but until now they are still not interested in applying for halal certification for their products.

Indonesia has very good and promising prospects for halal food. Communication, publication, socialization, and education to all important stakeholders need to be improved for the advancement of the halal ecosystem and to make Indonesia the largest center for halal products in the world.

5 Conclusion and Recommendation

This study delves into the legal responsibilities surrounding the halal labelling of packaged-processed food in Bangkalan, Indonesia. The findings reveal a varied landscape among MSMEs, with only a fraction possessing halal certification. Despite this, a significant percentage of business actors believe that halal labels contribute positively to product reputation and consumer trust. Challenges include the lack of awareness about available assistance for halal certification and a reluctance among business actors to engage in the certification process due to perceived complexities. The study emphasizes the need for improved communication, education, and support mechanisms to encourage MSMEs to embrace halal certification.

Legal responsibilities, as stipulated in consumer protection laws, highlight the duty of producers to provide accurate information, and business actors express a willingness to take responsibility for any consumer losses. However, the study notes a concerning prevalence of fake halal labels on products, indicating a potential gap in regulatory enforcement. Overall, the research underscores the importance of aligning legal provisions, industry practices, and consumer expectations to foster a robust halal ecosystem in Indonesia.

This research is expected to be a reference for the government to continue to carry out massive socialization and guidance to business actors related to the acceleration of
halal certification of food products. For business actors and consumers to always pay attention to their rights and obligations in business activities. In addition, guidance assistance from the Non-Governmental Consumer Protection Institute (LPKSM) also plays a role in educating consumers and business actors to continue to fulfill obligations according to their respective roles.

Acknowledgments. We would like to express our sincere gratitude to the Research and Community Service Institute (LPPM) of Trunojoyo University, Madura for their financial support which made this research possible.

References

1. Republik Indonesia, Undang-Undang Nomor 33 tahun 2014 tentang Jaminan Produk Halal. 2014.
15. Republik Indonesia, Undang-undang No.18 Tahun 2012 tentang Pangan. 2012.
22. Republik Indonesia, Undang-Undang Nomor 8 tahun 1999 tentang Perlindungan Konsumen. 1999.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (http://creativecommons.org/licenses/by-nc/4.0/), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.