

Analysis of the Level of Knowledge of Micro, Small and Medium Enterprises (MSMEs) about Halal Product Guarantee Policies

Nur Cahyadi^{a,*}, Aries Kurniawan^b, Putra Panji Respati^c

^{a,b,c} Faculty of Economics and Business, Universitas Muhammadiyah Gresik, Gresik, Indonesia

*Corresponding author. E-mail address: nurcahyadi@umg.ac.id

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ABSTRACT

Knowledge is essentially everything that is understood about a particular object, including the level of understanding in the form of science. Meanwhile, another meaning of knowledge is the result of a process after sensing a particular object. Knowledge is an important factor in behavior. This study aims to analyze the level of knowledge of Micro, Small, and Medium Enterprises (MSMEs) in Gresik Regency regarding halal product certification through the free halal certification program. Although the government has encouraged the processing of halal product certifications, there is still a gap in their utilization by MSMEs in Gresik Regency. The approach used in this study is a qualitative method with survey and in-depth interview techniques. A total of 50 MSMEs in Gresik Regency were surveyed, while 10 of them were selected for in-depth interviews. Qualitative data was used for thematic analysis to explore the understanding and experiences of MSME actors related to halal product certification. Data analysis was conducted through reduction, data presentation, and conclusion. The results of the study showed that the level of knowledge of MSME actors about halal product certification varied. The researcher used Notoatmodjo's theory of knowledge level indicators, which includes knowing, understanding, application, analysis, and synthesis. The conclusion of this study emphasizes the importance of education and training for SME actors regarding halal product certification through free halal certification programs. Therefore, policy intervention from the local government is needed to provide structured training and guidance.

1. Introduction

Indonesia is one of the countries with the largest Muslim population in the world, with a Muslim population of 237.55 million in 2023. Data from The Royal Islamic Strategic Studies Centre (RISSC) shows that this number is equivalent to 12.30% of the total Muslim population worldwide, which stands at 1.93 billion people (Rizaty, 2022). With a huge Muslim population, Indonesia has significant potential to develop various sectors of the Islamic economy, one of which is the halal industry. Halal food and beverage production in Indonesia during the 2015–2021 period experienced an upward trend, despite a decline in 2019–2020 due to the impact of the COVID-19 pandemic which disrupted economic stability. However, with the economic recovery in 2021, production increased again, thereby boosting exports of halal products to various countries. This shows that the halal industry plays a strategic role in supporting national economic growth (Sechan, 2022). Globally, halal product consumption reached USD 2.3 trillion in 2022 and is projected to increase to USD 3.1 trillion by 2027, positioning of Indonesia as the third-largest consumer in the world. The rapid economic development in Indonesia is

driven by Micro, Small, and Medium Enterprises (MSME's). At the national level, MSMEs play a vital role in Indonesia's economy, contributing 60.5% to the Gross Domestic Product (GDP) and accounting for 64.2 million business units. However, the adoption of digital technology among MSMEs remains low, with only around 8 million MSMEs having undergone digital transformation, and of those, mostly have not yet obtained halal certification. Halal certification is a process of obtaining a halal certificate through several stages of inspection to ensure that a company's raw materials, production processes, and halal assurance systems comply with the established requirements. The purpose of halal certification is to fulfill consumer rights by providing certainty about the halal status of products. Consumer confidence in the halal status of products will affect the number of products they purchase.

1.1 Background

Indonesia is the country with the largest Muslim population in the world. To provide protection and legal certainty to Muslim consumers in Indonesia, the government issued Law No. 33 of 2014 on Halal Product Guarantee (JPH), which stipulates the obligation of halal certification for products entering, circulating, and traded in Indonesia, with the requirement of labeling “non-halal” for products containing haram ingredients. Halal products must have religious, health, and economic competitiveness dimensions. The Indonesian government has reissued Government Regulation (GR) No. 42 of 2024, which refines the previous GR No. 39 of 2021 and regulates the stages of halal certification obligations across product groups. With this GR, the Indonesian government has tasked the Halal Product Guarantee Agency (BPJPH) as the implementing body for certification services, in collaboration with the Indonesian Ulama Council (MUI) and the Halal Inspection Agency (LPH) (peraturan.bpk.go.id).

Government Regulation (PP) No. 42 of 2024 stipulates that all products that are imported, distributed, and traded must be halal certified, except for those explicitly derived from haram ingredients, which must be labeled as non-halal (cmsbl.halal.go.id). The BPJPH has announced that the first phase (October 17, 2019, to October 17, 2024) has ended, and the halal certification requirement will resume on October 18, 2024, for three categories of products from medium and large businesses (food or beverages, raw materials or auxiliaries, and slaughtered products and slaughtering services). Businesses producing these product groups are given an additional period until October 17, 2026, to complete their halal certification.

For micro and small businesses (MSBs), the government has prepared a special scheme regulated by Minister of Religious Affairs Regulation (PMA) No. 20 of 2021: all MSME products must be halal certified, and this requirement can be fulfilled independently through a business operator declaration (Self Declare) as long as the products meet low-risk criteria, such as: using ingredients that are already confirmed to be halal, produced in a simple manner, and can be confirmed as halal throughout the production process. Next, Micro and Small Enterprises (MSEs) must have a Business Identification Number (NIB) as one of the requirements to apply for halal product certification through the Self-Declaration scheme (cmsbl.halal.go.id). The government is accelerating the participation of Micro and Small Enterprises (MSEs) through free halal certification facilities, commonly known as the SEHATI program, with a quota of 1 million certificates available by 2025, along with extensive support from the Halal Product Process Companion Network (P3H), which numbers in the hundreds of thousands nationwide (bpjph.halal.go.id).

Given the economic role of MSMEs, which contribute more than 60% to Indonesia's Gross Domestic Product and number 64.2 million businesses by the end of 2024, the readiness and level of knowledge of MSME players regarding halal policies are key factors in the success

of national implementation. In addition, with the development of technology, digitization greatly helps MSME players, especially in the halal certification process. According to the Ministry of Cooperatives and SMEs, as of July 2024, 25.5 million SMEs have joined the digital ecosystem of online certification services (SIHALAL) (antaranews.com). Although the Indonesian government has simplified the halal certification process, previous studies have revealed significant gaps between awareness or concern about halal and actual certification registration efforts, including: perceptions of complex procedures, high costs, insufficient outreach, and limited support, which are cited as major barriers for micro and small businesses in various regions (pmc.ncbi.nlm.nih.gov). Based on the regulatory context, government affirmative programs, and literature findings on certification adoption barriers, this research focuses on analyzing the level of knowledge among MSMEs in Gresik Regency regarding the Halal Product Guarantee (JPH) policy as a strategic prerequisite for compliance and the utilization of product value-added benefits, particularly halal certification.

1.2 Problem Statement

Based on the above background, the research questions discussed in this study are as follows:

1. What is the level of knowledge among MSME actors regarding the regulations on Halal Product Guarantee?
2. To what extent do MSME actors understand the halal certification procedure, especially the Self Declare scheme as regulated by the Minister of Religious Affairs Regulation (PMA) No. 20 of 2021? including document requirements, the role of the Halal Product Process Companion (P3H), and the use of the SIHALAL website?

1.3 Objectives and Scope

The objectives of this study are as follows:

1. To map and categorize the level of MSME knowledge related to Halal Product Guarantee (JPH) policies comparatively between regions
2. To identify the weakest areas of knowledge (regulatory, procedural, technical, benefits).

2. Literature Review

2.1 Knowledge of Halal

Knowledge is essentially everything that is understood about a particular object, including the level of understanding in the form of science. Another definition of knowledge is the result of the process of perceiving a particular object (Jujun S, 2009). Other researchers explain that knowledge is information and understanding about a subject that is possessed by an individual or by everyone (Collins, 2020). Knowledge is a mental treasure that directly or indirectly enriches life. Knowledge is a very important part of shaping a person's actions, for example, business actors. Sufficient knowledge about halal products among business actors is very decisive in the application of halal certification to their products (Ramadhani, 2021). Many MSME actors do not fully understand the importance of halal certification or the procedures that must be followed to obtain the certificate. This is due to a lack of socialization and training related to applicable halal standards. This lack of understanding has the potential to hinder the development of SMEs, especially in their efforts to enter global markets that increasingly prioritize halal-certified products (Muhammad Kholid A Abdul Fattah, 2023). Therefore, it is crucial for SME entrepreneurs to obtain clear and detailed information about halal products, as well as the steps involved in obtaining certification.

Halal products refer to goods or services that comply with Islamic law. Products that meet halal criteria based on Islamic law cover aspects such as raw materials, production processes, and distribution. In the context of food and beverages, halal products must meet requirements from the source of raw materials to the production process, including cleanliness, the halal status of ingredients, and the absence of contamination by prohibited substances (Yanuardin, 2024). Consumer trust in the halal status of products is a key factor in purchasing decisions. This includes the presence of halal certification, which serves as an important tool to ensure products meet halal standards, issued by official institutions such as LPPOM MUI in Indonesia (Faridah, 2019).

Previous studies related to the theme to be researched include:

1. Ginantaka, Aditia et al. (2024) with the research title “Analysis of Public Understanding of Halal Certification Requirements for Food and Beverage Products at the UMK Level in Sukabumi Regency.” This study aims to analyze the level of awareness among UMK operators and the lower-middle class, who are predominantly consumers of UMK products. The research findings indicate that while 72% of respondents are aware of halal certification, their understanding remains limited. Most SME operators in the food sector (74%) and 26% in the beverage sector recognize the importance of halal certification, but only 42% actually have it. SME operators are still hindered by the high cost of certification and the complex certification process.
2. Pahutar, Irwana et al. (2023) with the research title “Analysis of Consumer Knowledge and Halal Labels on Consumer Satisfaction through Purchasing Decisions.” This study aims to determine the effect of consumer knowledge and halal labels on consumer satisfaction through purchasing decisions. The results of the study indicate that consumer knowledge levels and halal labels have a positive and significant effect on customer satisfaction, while customer decisions have a positive and significant effect on satisfaction. The results of the Sobel test show that customer decisions are a valid mediating variable for use.
3. Fadilah, Tri Nur et al. (2020) with the research title “Level of Knowledge and Halal Products in Halal Food Purchasing Decisions.” This study aims to identify the influence of knowledge level and halal products on purchasing decisions in the Windusari subdistrict. The results of this study prove that knowledge level has a positive and significant influence on halal food purchasing decisions. Meanwhile, halal products have a positive and significant influence on halal food purchasing decisions.

2.2 Research Gap

Previous studies and current studies have similarities and differences. The overall similarity between previous studies and current studies is that they both conduct research on Halal Product Guarantee. However, each study has differences from the study that the researcher will examine. The following are the originalities of the current study:

Table 1. Research Gap

No.	Authors	Title	Similarity	Differences	Originality of Research
1	Ginantaka, Aditia et al. (2024)	Analysis of Public Understanding of Halal	Halal product assurance in the form of halal certification.	Variables of understanding and research location in	The variable focuses on the level of understanding of

No.	Authors	Title	Similiarity	Differences	Originality of Research
		Certification Requirements for Food and Beverage Products in Small and Medium Enterprises in Sukabumi Regency.		Sukabumi, West Java.	halal product guarantees.
2	Pahutar, Irwana et al. (2023)	Analysis of Consumer Knowledge and Halal Labeling on Consumer Satisfaction through Purchasing Decisions.	Focus on the level of knowledge about halal products.	The research subjects are consumers and the research location is Medan, Sumatra.	Focus only on the level of knowledge.
3	Fadilah, Tri Nur et al. (2020)	Level of Knowledge and Halal Products in Halal Food Purchasing Decisions.	Level of consumer knowledge about halal products.	Limited to the purchase of halal food products only and the research location in Magelang, Central Java.	Focus on knowledge level through purchasing decisions.
4	Cahyadi, Nur et al. (2025)	Analysis of the Level of Knowledge of Micro, Small and Medium Enterprises (MSMEs) about Halal Product Guarantee Policies	The level of understanding of MSME actors regarding halal certification.	The research subjects were MSME actors and the research location was in Gresik, East Java.	Discussing the level of knowledge of MSME actors in Gresik regarding halal product assurance (Halal Certification).

3. Methodology

This study uses a qualitative approach with a case study design. This approach was chosen because it allows for in-depth exploration of specific phenomena in a real context (Nursapia Harahap, 2020). In this case, the focus is on understanding the knowledge of MSME actors regarding halal product certification.

3.1 Data Collection

Data collection was carried out using three main techniques: field observation to understand the situation and conditions of business actors directly, in-depth interviews to explore informants' knowledge and experience of halal product certification, and documentation to supplement and validate the information obtained.

3.2 Analysis Techniques

The data analysis process was carried out in three stages: data reduction, data presentation, and conclusion drawing. Data reduction was carried out by filtering important information according to the research focus (Jogiyanto Hartono, 2018). Next, the data was presented systematically to facilitate interpretation. Finally, the researchers take conclusions based on the patterns and findings that emerged during the analysis process.

3.3 Validation

To maintain data validity, method of triangulation techniques was used. Data validation was carried out by comparing the results of interviews, observations, and documentation to obtain an objective and scientifically accountable picture. Before data collection, informants were provided with an explanation of the research objectives, methods, and their rights, including the right to refuse or withdraw from participation at any time. Written or verbal consent was obtained prior to conducting interviews or observations. The identities of informants were also kept confidential by using codes or alias names in the research report. Data was stored securely and used for research purposes.

4. Results and Discussion

Based on interviews, observations, and documentation conducted on a number of small and medium-sized enterprises (SMEs) producing halal products in Gresik Regency, it was found that the level of understanding of halal product assurance policies still varies significantly. Some business actors demonstrated a basic understanding of halal product certification, such as its general definition and benefits. However, they have not yet fully grasped the registration procedures or the optimal use of halal product certificates.

Data analysis refers to five indicators of knowledge levels according to Notoatmodjo, namely: knowing, understanding, applying, analyzing, and synthesizing. In the first indicator, most business actors have heard the term halal product certification, but there is still confusion about its purpose and benefits. This shows that the aspect of “knowing” has begun to take shape, but is not yet comprehensive. There are two factors that influence the lack of understanding among MSME actors regarding Halal Product Certification in Gresik Regency:

1. Level of Knowledge of MSMEs Actors regarding Halal Product Guarantees

Most MSME actors in Gresik Regency have limited knowledge about Halal Product Guarantee. They assume that the Halal Product Certification program is only applicable to large companies, and many have never even heard of Halal Product Guarantee. As stated by Mrs. S, a micro, small, and medium enterprise operator:

“...I am still unfamiliar with the terms halal product assurance or halal product certification...” (Interview, March 18, 2025).

2. Challenges in utilizing the SiHalal application

There are several obstacles faced by micro, small, and medium enterprises (MSMEs) in relation to the processing of halal product certificates in Gresik Regency, both during the

registration process and after obtaining the halal product certificate. As stated by Ms. E: “...The challenge I’ve faced so far is entering data, as there is a lot of data required and there has been no prior training on how to use the application...” (Interview, March 29, 2025).

Similarly, micro, small, and medium enterprises that produce food and beverages also expressed their concerns:

“...I am actually confused about the halal product certification process, its benefits, the flow, and the application process because no relevant parties have provided direct assistance to business operators. We were only informed that there is a free halal product certification program from the government...” (interview on March 29, 2025).

Statistical data shows that there are still no MSMEs that have applied for halal product certification in Gresik Regency, because the number of halal product certification applications is only available at the Halal Product Guarantee Agency (BPJPH). For the year 2025, BPJPH has launched the SEHATI 2025 program, offering free halal product certification for 1,000,000 halal products. Out of the allocated quota, 401,964 have been utilized or are currently in the application process, while 598,036 remain available. This means there are still many opportunities for SMEs to apply for halal product certification. This indicates that more than half of the quota provided by the government has not been utilized, particularly by SMEs engaged in food and beverage production, which can apply through the self-declaration process.

This situation indicates that there is still a gap in information and digital literacy among micro, small, and medium enterprises (MSMEs). Factors such as low levels of education, lack of technical training, and minimal assistance from relevant agencies are the main causes of low participation in halal product certification. According to Rogers' theory of innovation adoption, the adoption rate of new technology is influenced by factors such as complexity, compatibility, and ease of use. Given these conditions, collaboration is needed with various stakeholders, including MSMEs, local governments, universities, community organizations, volunteers, or other organizations related to business operators.

5. Discussion

5.1 Comparison with Prior Research

This study found several points that can be compared with the results of a previous study conducted by Sa'adah (2025) entitled Analysis of the Level of Knowledge of Small and Medium Industry Players of Halal Products Regarding the Use of E-Catalogs in the Development of the Digital Sharia Economy in Magetan Regency. One commonality between the two studies is that both aim to determine the level of knowledge of micro, small, and medium-sized business operators. However, the difference lies in the previous study's focus on determining the level of knowledge related to halal products in relation to the utilization of e-catalogs for the development of the Islamic economy. The previous study used a qualitative research approach, similar to that used by the researcher in this study. The research findings indicate that the level of knowledge among SME operators regarding e-catalogs varies.

This study also has similarities and differences with the study conducted by Pahatur (2023) entitled Analysis of Consumer Knowledge and Halal Labels on Consumer Satisfaction through Purchasing Decisions. The similarity in this study is that both studies are related to the level of knowledge, but the difference is that this study focuses on halal labels rather than

halal product guarantees in relation to consumer satisfaction in making purchases. The method used in this study is a quantitative approach, while the previous study employed a qualitative research method. The results of the previous study indicate that consumer knowledge and halal labels have a positive and significant impact on customer satisfaction, and customer decisions also have a positive and significant influence on satisfaction. Additionally, the results of the Sobel test show that customer decisions are a suitable mediating variable for use.

5.2 Limitations

This study has limitations in terms of research, namely that informants were only selected from a few business actors as representatives of MSMEs, even though the informants were located in different areas within the same district. The research approach used is not representative of business actors, making it possible to change the research approach to better represent the research subjects.

5.3 Future Research

To obtain maximum research results, it is hoped that more informants can be recruited, or the research approach can be changed from qualitative to quantitative research with a proportional number of respondents representing business actors in the Gresik Regency area.

6. Conclusion

Based on the results of a study conducted on micro, small, and medium enterprises (MSMEs) producing halal products in Gresik Regency, it can be concluded that the level of knowledge among MSMEs producing halal products in Gresik Regency regarding halal product certification information remains limited, with various challenges encountered in its implementation. Collaborative efforts between the government, relevant institutions, and MSMEs are needed to improve digital literacy, simplify procedures, and provide guidance in the halal certification process and the utilization of halal certificates. This is important to promote the development of MSMEs in the current digital era. This lack of awareness results in low participation of SME operators in applying for halal product certification through the free halal certification program. The absence of information, technical guidance, and support from relevant agencies is the main obstacle hindering the adoption of this technology.

7. Recommendation

The level of knowledge is significantly important for human resource development, especially for business actors, particularly MSMEs. If human resources are not supported by increased knowledge, it is possible that the business cannot develop in line with current trends. It is hoped that by increasing business owners' knowledge about halal product certification through the free halal certification program, they can expand their market share, reassure consumers that the products they produce are halal, and eliminate any doubts consumers may have about consuming them. Special assistance is needed for business operators from various parties, including local governments, relevant agencies, village governments, or communities seeking to develop, both in terms of expanding their knowledge and growing their businesses.

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