

The Social Trends of Indonesian Micro, Small and Medium Enterprises (MSME): Public Trust, Halal Fatwas, and Practical Implication

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ABSTRACT

The Indonesian economy is significantly driven by Micro, Small, and Medium Enterprises (MSMEs), which face challenges related to halal certification. The Indonesian Ulema Council (MUI) plays a crucial role in providing halal fatwas through a self-declaration mechanism for MSMEs. This study explores the challenges MSMEs encounter in obtaining halal fatwas and their impact on consumer purchase decisions. From a self-declaration perspective, the MUI validates and issues halal fatwas for MSME products. Although self-declaration aims to ease the certification process, challenges such as high costs and difficulty meeting standards persist. However, the MUI's role in providing credible halal fatwas and maintaining public trust is vital. This research uses a library study method, analyzing data from primary legal materials, relevant literature, survey results, and other information. The findings indicate that self-declared halal fatwas can enhance consumer trust in MSME products, though concerns about the validity of such certifications remain due to the lack of audits and formal fatwa determinations.

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1. INTRODUCTION

The Indonesian economy is largely driven by Micro, Small, and Medium Enterprises (MSMEs). According to data from the Central Bureau of Statistics, the number of MSMEs has been continuously increasing since 2010. In 2018, there were approximately 64.2 million MSME units, contributing 99.9% of the total businesses in Indonesia. In 2019, the number of MSMEs increased by 1.98% compared to the previous year, reaching approximately 65.5 million units. MSMEs contribute significantly to the Indonesian economy, contributing 60.3% to the national GDP, absorbing around 97% of the workforce, and providing 99% of job opportunities. This increase occurred alongside a decrease in employment opportunities in the formal sector, which declined by 6.03 million people or 10.7%, from 56.80 million people in 2019 to 50.77 million people in 2020. On the other hand, the number of formal micro and small business actors (those employing permanent workers) decreased by 412,390 people or 9.24%, from 4.46 million people in 2019 to 4.05 million people in 2020 (Dewi, 2022).

According to Law Number 20 of 2008 on Micro, Small, and Medium Enterprises (MSMEs), MSMEs are defined as small businesses owned and managed by individuals or groups of people with certain assets and income. Every business actor is required to have a halal certificate and business legality, as well as appropriate packaging labels. Based on the Regulation of the Food and Drug Supervisory Agency (BPOM) Number 31 of 2018 Article 2 Paragraph (1) on Processed Food Labels, it is stated that food labels must include at least the product name, list of ingredients used, net weight or content, name and address of the producer or importer, halal status, production date and code, expiration information, circulation permit number, and the origin of certain food ingredients. The presence of labels on packaging plays an important role in attracting consumer attention and can increase product sales (Abduh, n.d.).

Addressing the above issues, the halal labeling of MSME products to enhance business sales competitiveness has been carried out by the Halal Product Assurance Organizing Agency (BPJPH) through the Free Halal Certification (Sehati) program. Through a program more commonly known as the halal self-declaration program, it provides easy access for micro and small enterprises (MSEs) to declare the halal status of their products without undergoing an expensive formal certification process. This increases the competitiveness of MSME products in the market, as the halal label is a significant added value in increasing consumer awareness and has an added value that expands distribution networks and contributes to business growth and sustainability. However, many MSMEs have not yet been reached by this program due to various issues such as limited information, insufficient funds, difficulty in obtaining good mentoring, and the halal certification process being considered not too necessary. Education is still not optimal, and there is a lack of socialization about the importance of halal certification and the need to change the mindset that is still wrong among business actors. Based on this, the author focuses on studying the role of the Indonesian Ulema Council (MUI) in providing halal fatwas for food products using the self-declaration halal mechanism for MSMEs and the challenges faced by MSMEs in obtaining self-declaration halal fatwas from the MUI, and how this affects consumer purchasing decisions. In addition to these aspects, the sociological aspects of the law related to this phenomenon will also be discussed so that there is an awareness from the community about the importance of halal products as a basic need for Muslims.

2. METHODS

In explaining this paper, the author chose to use the empirical legal method, also known as the non-doctrinal method. This method is a very useful research approach in the context of law, as it obtains data directly from primary sources (Peter Mahmud Marzuki, 2023). This primary data is taken directly from the public, thus providing a more accurate and in-depth picture of the legal phenomenon being studied. To achieve this goal, the author utilizes two relevant disciplines, namely sociology of law and legal anthropology. These two disciplines are very important in analyzing and understanding the social and cultural context in which these legal issues arise. Thus, this approach not only helps in identifying existing legal problems but also provides broader and more comprehensive insights into how law functions in society and how society interacts with the prevailing legal norms.

3. RESULTS AND DISCUSSION

3.1. The Role of MUI in Halal Self-Declaration Fatwas for MSMEs

The Indonesian Ulema Council (MUI) plays a crucial role in certifying products that are categorized as halal or not. This has been implemented in Law No. 33 of 2014 on Halal Product Assurance, abbreviated as JPH. In this regulation, the parties involved in the certification process are divided into three: the Indonesian Ulema Council (MUI), the Halal Product Assurance Organizing Agency (BPJPH), and the Halal Inspection Agency (LPH). Each party has its own roles and responsibilities in the certification stages, from notifying the product owners to eventually issuing the halal certificate. Specifically, BPJPH is tasked with formulating regulations, receiving and examining halal-certified products from contractors, and issuing halal certificates along with halal labels. The LPH is responsible for inspecting and/or testing halal products submitted for certification. This inspection is carried out by halal inspectors from the LPH. Subsequently, the MUI has the authority to determine the halal status of products through halal fatwa meetings. In this process, it can be seen that the MUI has a significant role in providing halal provisions because the aspects assessed are from a legal (Islamic sharia) perspective (Keputusan Menteri Agama (KMA) No. 982 Tahun 2019 Tentang Layanan Sertifikasi Halal, n.d.).

Through the Fatwa Commission and the Research Institute for Food, Drug, and Cosmetics (LPPOM), the MUI is responsible for issuing fatwas regarding the halal status of a product after conducting thorough research and audits. This process involves several stages, including document examination, audit scheduling, and audit implementation by LPPOM MUI. The results of these audits are then presented to the MUI Fatwa Commission, which has the authority to determine the halal status of the product based on these results. The halal fatwa issued by the MUI not only serves as a guide for Muslim consumers but also as a guarantee that the products circulating in the market meet the established halal standards (Tugas MUI, BPJPH Dan LPH Dalam Proses Sertifikasi Halal, 2024). This is very important to maintain public trust in halal products and ensure that all parties involved in the certification process comply with the applicable regulations.

The Halal Product Assurance Organizing Agency (BPJPH) is the implementation of religious law into state law, functioning to ensure that products circulating in society meet halal standards according to Islamic sharia. BPJPH was established based on Law No. 33 of 2014 on Halal Product Assurance, which regulates the implementation of halal certification in Indonesia (Undang-Undang (UU) No. 33 Tahun 2014 Tentang Jaminan Produk Halal, n.d.). In this process, BPJPH collaborates with the Indonesian Ulema Council (MUI) and the Halal Inspection Agency (LPH) to conduct verification and audits on products submitted for certification (Herdifa Pratama, n.d.). The MUI remains crucial in providing halal fatwas, which serve as the basis for the issuance of certificates by BPJPH, creating synergy between religious law and state regulations.

At the halal fatwa stage, the MUI through the fatwa commission determines the halal status of products based on audit results and issues the MUI halal integrity. As previously explained, the three parties involved in the halal certification process have their respective roles. Before registering for halal certification, companies must have implemented a system called the Halal Product Assurance (SJPH) in accordance with government regulations. Explanations regarding the criteria for SJPH, the halal certification process, halal certification regulations, requirements, and procedures for halal certification in Indonesia can be followed in the LPPOM MUI Halal Certification Introduction Program (PSH). Halal certification is a process to obtain a halal certificate, whereas the MUI halal certificate itself is a fatwa issued in writing by the Indonesian Ulema Council stating the halal status of a product according to Islamic sharia law. The inclusion of a halal label on product packaging must meet certain requirements, including the MUI halal certificate, which is a requirement to obtain product labeling permission from government institutions (Peraturan Menteri Agama No. 26 Tahun 2019 Tentang Penyelenggaraan Jaminan Produk Halal, n.d.). Based on the latest regulations, halal certification is now managed by BPJPH (Halal Product Assurance Organizing Agency) (Peraturan Pemerintah (PP) No. 39 Tahun 2021 Tentang Peraturan Pelaksanaan UU No. 33 Tahun 2014 (UU JPH), n.d.).

In addressing halal certificate issues, the Indonesian Ulema Council emphasizes the importance of caution and thoroughness for all parties involved in the halal certification process, especially concerning self-declaration. The MUI stresses that the relevant parties must comply with applicable halal standards, ensure that certified products truly meet halal requirements, and pay attention to critical points in the production process. This statement from the MUI arises in response to a viral video on social media revealing findings of food products with names referring to non-halal elements, such as "*tuyul*," "*tuak*," "*bir*," and "*anggur*," which have received halal certification from the Halal Product Assurance Agency (BPJPH) (Komisi Fatwa MUI: Sertifikasi Halal Metode Self Declare Rentan, Harus Ekstra Teliti, 2024). The MUI also reminds that the determination of product halal status must be done by considering critical points in the production process to avoid damaging public trust in the halal product assurance system. If not careful, incorrect halal claims can negatively impact halal product assurance efforts and damage the reputation of the certification institution. All parties must commit to maintaining integrity and transparency in the halal certification process for the sake of consumers and the industry.

The halal label obtained through self-declaration significantly influences consumer purchasing decisions. This is evidenced through surveys and direct interviews conducted with business actors and consumers in the Sumur Batu Kemayoran snack market, Central Jakarta. Business actors stated that the halal label obtained through this process automatically increases their confidence in the cleanliness, quality, and safety assurance of the products they offer. This study shows that the presence of a halal label can enhance consumer trust regarding the safety of the food they consume, ultimately affecting their purchasing decisions. As for the taste of snack food, this returns to individual consumer preferences. Although taste is subjective, it is important to note that belief in product safety can encourage consumers to try and buy more products (Kusumaningtyas et al., 2024). In this context, research shows that consumers tend to prefer products with halal labels because they believe these products have met certain standards of cleanliness and safety (Harmen et al., 2024).

Consumer trust in halal-certified MSME products is crucial and evident from several aspects. Firstly, halal certification issued by the MUI provides a sense of security to consumers, especially the majority Muslim population residing in the Sumur Batu Kemayoran market, Central Jakarta. With the assurance that products do not contain haram ingredients and are processed according to sharia principles, consumers feel more confident in purchasing and consuming these products. The halal certification issued by the Indonesian Ulema Council (MUI) not only provides a sense of security but also fosters deep positive feelings among the Muslim community, especially in areas like Sumur Batu Market, Kemayoran, Central Jakarta. For many consumers, choosing halal-certified products creates a sense of confidence when consuming food because they are certain that the products meet strict halal standards. This feeling is very important in the context of culture and religion, where halal is not just a health aspect but also related to compliance with Islamic teachings. Halal certification contributes to a sense of pride for consumers who support local products. When they choose halal-certified MSME products, they feel they are contributing to local economic development and supporting businesses committed to sharia principles. This creates an emotional bond between consumers and products, which can increase loyalty and purchase frequency. Halal certification also provides comfort in shopping, where consumers do not need to worry about the halal status of the products they buy, making the shopping experience more enjoyable. Research shows that consumers who are satisfied with the halal status of products tend to recommend them to others, strengthening social networks and increasing trust within the Muslim community (Khoiriyah et al., 2024). Thus, halal certification not only functions as a label or guarantee of halal status but also as a tool to build strong emotional relationships between consumers and products, creating a more positive consumption environment and supporting MSME growth in the local market.

Secondly, direct survey results from the location and more than 80% of respondents indicate that halal certification positively affects consumer purchase intent. Consumers who are confident that the products they buy are safe and meet halal standards tend to make repeat purchases, ultimately increasing customer loyalty. Survey results show that the clearer the halal status of a product, the higher the consumer purchase intent. This means that consumers pay close attention to halal status when making purchase decisions. Additionally, awareness of the importance of halal certification is increasing among Muslim consumers, which encourages them to choose certified products over non-certified ones. Halal certification functions not only as a guarantee of halal status but also as an important element in building customer trust and

loyalty. In an increasingly competitive business environment, consumers tend to seek products that not only meet their needs but also align with the values they uphold. With halal certification, consumers feel more confident that the products they buy have met established halal standards, thereby increasing trust in the brand. This trust is crucial because customers who feel safe and satisfied with halal products are more likely to make repeat purchases and recommend them to others. Customer loyalty built through halal certification can significantly contribute to increased sales, especially in the Sumur Batu Kemayoran market, Central Jakarta, where the majority of the population is Muslim and has a strong preference for halal products.

On the other hand, halal certification provides a competitive advantage in the broader market. Currently, many countries have strict regulations regarding product halal status, and certification from a trusted institution like the Indonesian Ulema Council (MUI) can open access to international markets. Products that have obtained halal certification have a greater chance of being accepted in foreign markets, especially in countries with significant Muslim populations. Halal certification is not just a formality; it is an important investment for businesses to ensure long-term business sustainability. By building customer trust and loyalty through halal certification, businesses can not only increase sales but also create a positive reputation in the market. All of this ultimately contributes to business sustainability in an increasingly competitive and dynamic market (Taufan & Saffanah, n.d.).

Thirdly, halal certification through fatwas issued by the MUI also enhances brand image and MSME competitiveness in the market, as evidenced by direct responses from respondents who are loyal customers of these MSMEs. Products with halal labels are often perceived as professional and trustworthy, thus attracting more consumers and expanding market share. Compliance with regulations requiring halal certification also demonstrates MSME commitment to the quality and halal status of the products they offer to consumers. Building a strong brand image can help MSMEs attract consumer attention and differentiate themselves from competitors. One important initial step is understanding the target market; MSMEs need to identify their potential customers and their needs and desires. An attractive brand identity design is very important; visual elements such as logos, colors, and typography should reflect the brand's values and personality to be easily remembered by consumers. Consistency in brand communication is also key; all aspects of communication, from product descriptions to social media interactions, should align with the values to be conveyed. If marketing has moved online, providing a positive customer experience is another way to strengthen brand image. Friendly and responsive service will increase customer satisfaction and drive brand loyalty.

3.2. Challenges Faced by MSMEs in Obtaining Halal Self-Declaration Fatwas

In the administrative challenges of applying for halal certification, business owners themselves focus on the significant cost of the application. Additionally, micro-businesses often do not meet the five standard requirements in the halal certification proposal form (Ini Syarat Daftar Sertifikasi Halal Gratis Kategori “Self Declare,” n.d.). The principles of production management, human resources, and the use of simple tools in micro-industries are far from perfect when compared to the five halal certification standards. Besides the expensive cost of obtaining certification, the obligation for micro-businesses to align their programs can be a challenge in itself, given that certification costs are not cheap and business management is often not as complex as the halal certification guidelines require. A lack of understanding and

awareness among business owners about the importance of halal certification is also a problem, as many MSMEs do not know the registration procedures and necessary requirements. Although there is great potential for MSMEs to enhance their competitiveness through halal certification, these challenges need to be addressed so they can optimally utilize these opportunities. The main focus lies in the need to increase business owners' awareness and understanding of the importance of halal certification and to provide more concrete support in the application process.

The implementation of halal certification on products can run effectively and efficiently if business owners can provide complete and clear information in the certification application files. This includes providing data and background information about the business owner, including the name and type of product submitted, as well as details of raw materials and tools used in the production process. All this information is an important component that must be well-prepared, as complete and accurate data will facilitate the verification and evaluation process by the relevant authorities. The preparation of detailed files is the main basis for maintaining halal product assurance. With clear data, the authorities can consider the halal fatwa more quickly and accurately. The halal fatwa issued will provide clear guidelines, ensuring that the proposed products meet all the criteria and standards set according to sharia principles. The accuracy in preparing the certification application files not only affects the smoothness of the process but also the speed of issuing the halal certificate, ultimately increasing consumer trust in the product. Additionally, the involvement of business owners in providing complete and accurate information not only facilitates the certification process but also ensures that the products produced truly meet the desired halal standards and provide benefits for business development in the increasingly competitive market. Although halal certification can increase consumer purchase intent, challenges arise when micro, small, and medium enterprises (MSMEs) have to balance the costs and processes of certification with their daily operational needs. A deep understanding of the market and customers is very important; MSMEs need to conduct market research to understand trends and consumer preferences and identify the right market segments for their products. Innovation is also key, where MSMEs must continuously innovate not only in products but also in how they operate and interact with customers. Additionally, it is important for business owners to differentiate their products by emphasizing the unique advantages of halal-certified products, such as the quality of raw materials or transparent production processes, to attract increasingly halal-conscious consumers.

Regarding the issue of certification costs, which was previously a major obstacle for micro-business owners, this has actually been addressed with the implementation of the Job Creation Law, which provides ease in the form of reduced administrative costs for halal certification applications. According to these regulations, halal certification will not be charged if the business owner feels burdened. Thus, the problem of high halal certification costs has now been resolved. Of course, this requires strict supervision and control from the Halal Product Assurance Agency to ensure that business owners' concerns about costs no longer become an obstacle in the implementation of halal product assurance. However, field problems occur. Some business owners complain that the certification costs are quite high, ranging from IDR 500,000 to IDR 1,000,000. Although business owners with high turnover do not feel burdened, small and micro-business owners often struggle to prepare large funds for the labeling and halal certification process. This becomes an additional challenge for them as they also need to

maintain cash flow for business sustainability. On the other hand, business owners who want to get a place or stall in the market often face higher costs than the halal certification costs themselves, as they have to pay money to local individuals or certain parties to get permission or access to the location. If they do not pay, they risk losing the opportunity to develop their business, which can hinder growth and business sustainability. These costs become an annual routine that small business owners have to bear, creating significant financial pressure. This situation shows that besides certification costs, business owners also have to deal with additional challenges in terms of expenses to get business premises, which can disrupt cash flow and make it difficult for them to invest in product development or marketing. This financial pressure can reduce business owners' motivation to get halal certification, even though they realize its importance in enhancing competitiveness and attracting customers. This creates a dilemma for many MSMEs. On the one hand, they understand that halal certification can open wider market opportunities and increase consumer trust. On the other hand, the additional costs they have to incur to get business premises make them hesitant to move forward. Additionally, this situation can create unfair competition, where business owners who cannot afford these additional costs will be marginalized, even if their products are of high quality and meet halal standards. Therefore, it is important for the government and related institutions to provide more affordable support for MSMEs so they can overcome these challenges. Solutions such as subsidy programs or financial assistance for certification costs and access to business premises are much needed. With these steps, small business owners will be more able to focus on developing their businesses without being burdened by unnecessary financial pressure, thus contributing maximally to the local economy and creating a good business ecosystem.

The field survey analysis indicates that the Halal Certification Program (Sehati) from BPJPH can be a solution. This program offers free halal certificates for micro and small business owners through a self-declaration scheme, alleviating concerns about the costs of managing halal certification. Although this program is not always available, it can at least ease the burden for business owners who wish to continue growing. However, it is important to provide intensive guidance so that business owners can optimally utilize the halal certification program and ensure that their products meet the required halal standards (Tahapan Proses Sertifikasi Halal, 2024). This guidance can take the form of training on the certification process, understanding of applicable regulations, and assistance in managing operational aspects related to product halal status. With the right support, business owners will be more confident in undergoing the certification process and can avoid mistakes that could hinder their business. Additionally, guidance can help business owners correctly perform self-declaration, ensuring they not only meet administrative requirements but also understand the importance of the quality and safety of the products they offer.

The safety of products from MSMEs that have obtained halal certification through the self-declaration mechanism is an important aspect in ensuring quality and halal status. The self-declaration halal certification regulated by the Government Regulation is intended for products considered to be low-risk and using ingredients that are guaranteed to be halal. This process allows MSME players to independently declare the halal status of their products after conducting their own evaluation with the support of registered Halal Product Process (PPH) assistants. Although this certification provides easy access without significant costs, it is very important for business owners to ensure that all production aspects, from raw material selection

to the manufacturing process, comply with the established halal standards. This step is not only aimed at increasing consumer trust in halal products from MSMEs but also ensuring that the self-declaration mechanism provides greater accessibility for MSMEs to obtain halal certification. However, strict supervision and guidance are still necessary to ensure product safety and consumer confidence in the halal status and quality of the products they consume.

Violations of the self-declaration halal fatwa often occur among MSME players who claim the halal status of their products without meeting the established requirements. Many business owners place halal labels on their products even though they have not obtained official certification from the Indonesian Ulema Council (MUI). Several studies show that many MSMEs do not understand the importance of halal certification and assume that the ingredients they use are already guaranteed to be halal, even though they do not have valid evidence or certificates. A study in Pamekasan Regency found that some MSME products do not comply with halal principles because the raw materials used are not labeled halal and their origins are unclear. Law No. 33 of 2014 on Halal Product Assurance requires all products circulating in Indonesia to have halal certificates, but many business owners still ignore this regulation. This situation shows that violations of the self-declaration halal fatwa can harm consumers and create uncertainty in the market. This can also happen to MSMEs operating in the Sumur Batu Kemayoran market, Central Jakarta. If such violations occur, there must be sanctions from the relevant authorities to prevent fraud. This is important because violations will harm both parties: first, the involved business owners can face legal sanctions and lose their reputation in the market. Second, consumers risk obtaining products that do not meet halal standards, which can negatively impact their health and trust. Transparency and compliance with halal certification regulations are essential to create a fair and trustworthy business ecosystem. All parties can contribute to the sustainability of the halal industry and enhance public trust in products circulating in the market.

Another common violation is business owners claiming the halal status of their products without having valid certification. According to Law No. 33 of 2014 on Halal Product Assurance, business owners who do not comply with halal certification obligations can face administrative sanctions such as written warnings or product recalls. In some cases, serious violations can result in criminal sanctions, including imprisonment for up to five years or a maximum fine of two billion rupiah. It is important for MSMEs to understand and comply with halal certification regulations to avoid legal issues and maintain consumer trust, especially for MSMEs operating in the Sumur Batu Kemayoran market, Central Jakarta.

Business owners who continue to violate the regulations can have their product distribution permits revoked. In cases of more serious violations, such as using non-halal ingredients in halal-certified products, business owners can face criminal sanctions. Article 56 of the Halal Product Assurance Law states that business owners can be penalized with up to five years in prison or a fine of up to Rp 2 billion if they are proven to have violated halal product regulations (Hartati, 2019). A real example of such a violation is the revocation of the halal certificate for Okko Bread products by BPJPH in August 2024 after the use of dangerous unreported ingredients was discovered. This incident emphasizes the importance of compliance with halal regulations to protect consumers and maintain market integrity. MSME players need to have a deep understanding and comply with all applicable regulations regarding halal certification. This is important to avoid the risk of legal issues that can arise from regulatory

violations. By complying with existing rules, MSME players not only protect themselves from sanctions but also contribute to the positive reputation of their business. Consumer trust in products greatly depends on compliance with halal standards, so ensuring that the products offered meet halal criteria is a strategic step to maintain customer loyalty. Understanding and compliance with halal regulations are not only legal obligations but also important investments for the sustainability and growth of MSMEs in the market.

3.3. The Influence of Self-Declaration Halal Fatwas on Consumer Purchase Decisions

In the context of self-declaration halal fatwas, the role of the Indonesian Ulema Council (MUI) is crucial, especially when linked to the perspectives of Max Weber and Eugene Ehrlich. The MUI not only functions as an institution that provides halal certification but also as an authority that regulates and guides business owners in meeting halal standards. By considering Weber's theory of legitimacy and social action, as well as Ehrlich's view of law as a product of social norms, we can better understand how the MUI plays a role in creating trust among Muslim consumers and connecting Sharia law with business practices (Fithriatus Shalihah, 2017). Several points illustrate the relationship between the MUI's role and these two perspectives:

1. **Max Weber's Theory:** Weber views halal fatwas as a deviation from formal and coherent laws regulated by the MUI. Laws must originate from legitimate authority and be applied within a clear and organized regulatory framework. If a product claims to be halal without official verification, such a claim can be questioned within the applicable legal framework. Similarly, with self-declaration halal fatwas, the MUI acts as an authority that issues fatwas through programs provided by the government via the Halal Product Assurance Agency (BPJPH). If these two authorities, BPJPH and MUI, do not collaborate, the intended goals will not be achieved. The influence generated by this clear regulatory framework significantly impacts the decision to purchase MSME products. The inclusion of a halal label on product packaging not only indicates that the product meets halal standards but also plays an important role in building trust and providing clear information to consumers. In the context of MSMEs, the ability to provide accurate information through halal labels can influence consumer perception, ultimately leading to increased purchase decisions. Consumers tend to choose products with halal labels because they feel more confident that the products align with religious values, especially for Muslim consumers who prioritize halal in every aspect of their consumption. The label also shows that MSMEs understand consumer needs and are ready to comply with existing regulations. The label not only ensures the halal status of the product but also serves as a marketing strategy that can increase consumer trust, enhance the competitiveness of MSME products in the market, and ultimately drive sales growth.
2. **Eugene Ehrlich's Theory:** Ehrlich's theory focuses on how social practices like self-declaration can function as part of living law. If the public accepts halal claims issued by producers without formal certification, such claims can be considered a legitimate form of law in a social context. This theory, in a general sense, implies that obtaining halal labeling and certification, whether through formal processes or self-declaration, provides consumers with comfort, trust, and satisfaction with the goods or products they purchase from business owners, ultimately fostering consumer loyalty and trust. Consumers who

trust a product or service tend to be more loyal because the product meets their needs and has proven to be safe for use or consumption. On the other hand, consumers who show loyalty usually have high trust in the products offered by business owners because they are confident in the quality and consistency of the products. The impact of halal certification is evident in several aspects: sales, customer trust, and brand image. Sales have increased annually since products were labeled halal, and customer trust is a positive outcome of halal certification. Customers feel more confident and assured about the safety of the products they consume. Brand image after certification also impacts free promotion by satisfied customers who recommend the products to their close contacts. This is also influenced by the increasing dominance of human spiritual behavior; the more straightforward a consumer's lifestyle, the more loyal and sensitive they are to the importance of halal certification of the products they consume.

The two theories complement each other, where Max Weber highlights the importance of an organized legal structure through the concept of bureaucracy and rational-legal authority, while Eugene Ehrlich acknowledges that law itself can change according to social dynamics. In the context of self-declaration halal practices, this is highly relevant because the MUI plays a role in legitimizing halal products through issued fatwas, while BPJPH implements religious law into state law. With a clear bureaucratic structure as proposed by Weber, the halal certification process can be carried out efficiently and transparently. On the other hand, Ehrlich shows that changes in social practices, such as increasing public awareness of the importance of product halal status, can influence how laws are applied and interpreted. The integration of an organized legal structure and responsiveness to social dynamics is essential to ensure that self-declaration halal practices are socially recognized and meet established standards. The legal system must be able to adapt to changes in values and norms within society to promote positive social change and avoid conflict. Public participation in the legislative process is also necessary so that the resulting laws are more representative and reflect societal needs. Harmonization between legal regulations and local cultural values, along with active community involvement, will strengthen compliance with halal standards and enhance trust between business owners and consumers.

CONCLUSION

The role of the MUI in self-declared halal fatwas for MSMEs is crucial. The MUI determines the halal status of products through halal fatwa meetings and thorough audits, subsequently issuing halal regulations. Additionally, the MUI issues fatwas regarding halal standards, which serve as guidelines for MSMEs in producing products according to halal principles.

MSMEs face several challenges in obtaining self-declared halal fatwas. One of the main challenges is the high cost of halal certification, which is difficult for MSME players to afford. Furthermore, many MSMEs do not meet the five standards required in the halal certification proposal form due to limitations in production management, human resources, and the use of simple tools in micro-industries. Another significant challenge is the burden and difficulty MSME players face in adjusting their business operations to comply with the existing halal certification guidelines.

Self-declared halal fatwas can enhance consumer trust in MSME products, as consumers feel more confident that the products meet halal standards even if they have not undergone official certification. However, there are concerns from the MUI regarding the validity of products that obtain halal certificates through self-declaration. The process does not involve audits and fatwa determinations as required, which can raise doubts about the authenticity of the halal status of these products.

These conclusions highlight the significant role of the MUI in ensuring halal compliance, the challenges MSMEs face in obtaining halal certification, and the impact of self-declared halal fatwas on consumer trust and product authenticity.

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