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## Strengthening The Halal Value Chain Ecosystem In Era Society 5.0

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### ABSTRACT

*This research aims to determine the efforts that need to be made in order to strengthen the halal industry in Indonesia towards the era of society 5.0. and determine the criteria that must be met by business actors in implementing halal product guarantee regulations in the context of strengthening the halal value chain. The type of research in this research is qualitative with a literature study approach with data sources, namely primary data obtained from various important elements, namely policy holders, religious figures, producers and consumers, as well as secondary data obtained from previous research, and other reference sources. The data collection method used in this research uses theoretical triangulation techniques. The data analysis method is a qualitative descriptive data analysis technique, namely where data obtained from literature reviews and related websites are arranged into actual facts for later discussion. The results obtained from this research show that in order to strengthen the halal industry in Indonesia towards the era of society 5.0. So, the efforts that need to be made are to increase socialization and education regarding the production of halal goods and accelerate free halal certification (Sehati), as well as increasing exports of halal products which will then make Indonesia the center of the world's sharia economy and finance. The criteria that must be met by business actors in implementing halal product guarantee regulations in order to strengthen the halal value chain are halal policy, halal management team, training, materials, production facilities, products, written procedures for critical activities, and traceability.*

**Kata Kunci:** Rantai Nilai Halal, Regulasi Jaminan Produk Halal, Program Sehat

### ABSTRAK

Penelitian ini bertujuan untuk menentukan upaya-upaya yang perlu dilakukan untuk memperkuat industri halal di Indonesia menuju era masyarakat 5.0. dan menentukan kriteria yang harus dipenuhi oleh pelaku usaha dalam menerapkan peraturan jaminan produk halal dalam rangka memperkuat rantai nilai halal. Jenis penelitian dalam penelitian ini adalah kualitatif dengan pendekatan studi literatur dengan sumber data, yaitu data primer yang diperoleh dari berbagai unsur penting, yaitu pembuat kebijakan, tokoh agama, produsen dan konsumen, serta data sekunder yang diperoleh dari penelitian

terdahulu, dan sumber referensi lainnya. Metode pengumpulan data yang digunakan dalam penelitian ini menggunakan teknik triangulasi teoritis. Metode analisis data adalah teknik analisis data deskriptif kualitatif, yaitu di mana data yang diperoleh dari tinjauan pustaka dan situs web terkait disusun menjadi fakta aktual untuk kemudian dibahas. Hasil yang diperoleh dari penelitian ini menunjukkan bahwa untuk memperkuat industri halal di Indonesia menuju era masyarakat 5.0. Maka, upaya yang perlu dilakukan adalah meningkatkan sosialisasi dan edukasi mengenai produksi barang halal dan mempercepat sertifikasi halal gratis (Sehati), serta meningkatkan ekspor produk halal yang kemudian akan menjadikan Indonesia sebagai pusat ekonomi dan keuangan syariah dunia. Kriteria yang harus dipenuhi oleh pelaku usaha dalam menerapkan peraturan jaminan produk halal untuk memperkuat rantai nilai halal adalah kebijakan halal, tim manajemen halal, pelatihan, bahan baku, fasilitas produksi, produk, prosedur tertulis untuk kegiatan kritis, dan keterlacakan.

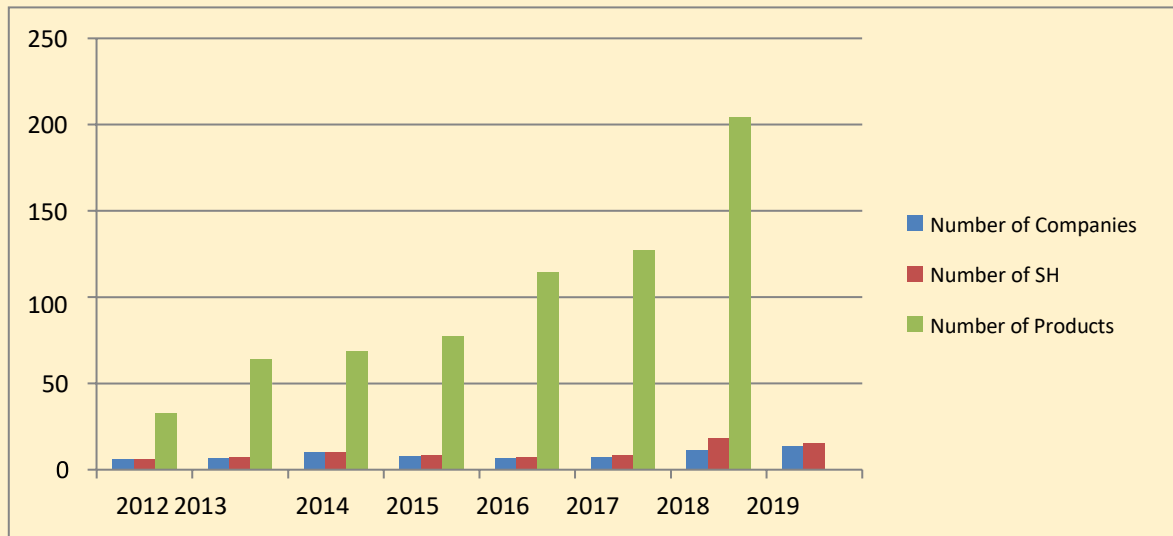
## INTRODUCTION

After the Covid-19 pandemic that hit the whole world, forced economic actors to immediately get up and be more creative to revive the local market while simultaneously activating domestic production to encourage national economic recovery. One of the efforts that must be made is to develop the halal product industry. The halal product industry is part of the sharia economy developed by the government in the last three decades. Islamic economics first touches on the service aspect, namely financial services (Fathoni, 2020). Bank Indonesia as the central bank fully supports the development of the halal industry through a comprehensive approach, namely through the development of a halal value chain ecosystem.

In recent years, the growth of the halal industry has occupied the top position in economic reports. Even though the Covid-19 outbreak hit Indonesia at the end of 2019, a Bank Indonesia report stated that the halal industry curve remained stable at 2.1%. LPPOM MUI also stated the same thing that the number of halal companies increased from 2018 to 2019. (Razalia, Ramadhan, Angga Syahputra, 2021). The number of products produced in 2019 reached 274,496 which can be seen in the **Table 1**.

The development of the halal industry is increasing every year. This is characterized by the halal industry which is not only developing rapidly in Muslim countries. However, the halal industry is also a favorite in Muslim minority countries. Rapid development is constructing a paradigm that the halal industry has the opportunity to support economic growth (Henderson, 2016).

**Table 1 : LPPOM MUI Halal Certification Data**



Source: Razalia, Ramadhan, Angga Syahputra, 2021

The halal value chain is the main strategy in recovering the economy which includes several halal industrial sectors. Based on data from the Global Islamic Economy Indicator Score for 2020, Indonesia ranks fourth in the halal industry sector which includes Islamic finance, fashion, halal food, halal tourism, pharma and halal cosmetics. Indonesia itself still has a lot of potential that has not been developed optimally, both in the fields of natural resources and services. Indonesia as a country with a large Muslim population should be able to guarantee the best halal products in the world in the future. This is one of the opportunities for the halal industry in Indonesia. The challenges are: One of the external obstacles is Indonesia entering the Asean Economic Community (AEC) in 2015 and the joining of Malaysia and Brunei Darussalam as Halal Hubs, which will increase the length of Indonesia's international market expansion path. Apart from external challenges, Indonesia also faces several internal challenges, including weak community awareness of competition, Indonesian people not being aware of halal standardization and poor understanding of the law. As a country with the largest Muslim population in the world, reaching 87%, Indonesia has the largest market share for halal products (Fathoni, 2020). Therefore it becomes a necessity for Indonesia to provide halal-certified domestic products. This is done in order to provide peace and comfort for its inhabitants, especially for Muslims.

Halal value chain is the government's strategy to make Indonesia the center of the sharia economy and the world's halal industry. One way is to make Indonesia a global halal producer, which is done by fulfilling the demand for the domestic halal market, which is currently dominated by global players. Fulfilling market demand will also be more effective due to the development of high domestic demand for halal products. This can also contribute to strengthening the balance of payments.

Food and beverage products that have been certified halal, they can be marked with the inclusion of halal on the place or packaging. One of the urgencies of including halal label certification on food is that it is an effective means for consumers to sort halal food more easily and is a form of producer responsibility in business and protection for consumers (Syafitri et al., 2022). Governor of Bank Indonesia, Perry Warjiyo said that there are 4 important things that must

be considered in developing a halal value chain, the first is halal certification to encourage Indonesian products to be more global, second is the development of the ecosystem of business actors, third is the development of each product starting from raw food to finished processing, fashion, tourism, cosmetics, medicines and other renewable energy products, and the fourth is that the halal value chain must be end-to-end, from production to marketing. This aims to synergize Indonesia in supporting national economic recovery with the hope that it will be more competitive, productive and empower the Indonesian people's economy. This is related to the context of the halal industry where what is really needed by the Muslim community is the readiness of the Muslim community to create, supervise and develop the halal product industry which is a challenge to face the era of society 5.0. Humans will live side by side with advances in science and technology in the era of society 5.0. Nevertheless, humans will still be the main actors in digitalization, even if the technology becomes more sophisticated.

In Islamic teachings, a Muslim is ordered to consume halal food as stated in Q.S. Al-Baqarah verse 168:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

Translation: “O people, eat what is lawful and good from what is on earth, and do not follow the steps of the devil; because actually the devil is a real enemy to you”

Whereas this verse is a call to eat food that is lawful and good, it is also forbidden to follow the steps of the devil (especially to make things lawful and forbidden). Food and drink are categorized as haram based on three things, namely the substance, the way it is served, and the way to get the food/drink. Apart from the commands of Allah SWT in the Qur'an and hadith, halal products are also regulated in regulations or regulations, namely Law no. 33 of 2014 concerning halal product guarantees (JPH) where products must be halal certified for a period of five years. This law regulates that every product that enters, circulates and is traded in Indonesian territory must be certified halal. This policy involves the Halal Inspection Institute (LPH) which is tasked with checking and testing the halalness of products, as well as the Indonesian Ulema Council (MUI) which determines product halal fatwas (Irham Lynarbi et al., 2020). In the context of the halal industry which is an absolute necessity for the Muslim community, where the challenge in facing the era of society 5.0 is the readiness of the Muslim community in presenting, managing and developing the halal product industry. In the era of society 5.0, humans will live side by side with advances in science and technology. Even so, it must be admitted that no matter how sophisticated technology is, digitalization is only a means, humans will remain as the main actors.

As conveyed by the Head of the Center for Halal Registration and Certification of the Halal Product Assurance Organizing Agency in September 2017, that the basis for implementing the law is to see the potential for a large number of Muslim consumers in Indonesia or the world, products circulating in the community are not yet guaranteed to be halal so that someone who actually understands about halal thayyiban for something that is consumed will hesitate in buying and consuming, the impact on demand will decrease. Furthermore, there are many cases found in product halal problems. The process of structuring and maintaining something that will be

consumed by someone is very important, with the existence of this law it is very helpful in changing the community's paradigm about the importance of consuming a product that is halal thayyiban.

Halal-haram food is not only a problem for Muslims, but also relates to the wider community in general. This is in line with the provisions of Islamic law which emphasizes that the first and foremost purpose and task of human life on this earth is to worship and serve Allah. Then how can one's worship and prayers be accepted by Allah, if the food and drink are not pure and good (Yusoff & Adzharuddin, 2017). Therefore, in order for worship and prayer to be accepted by Allah, one must try as much as possible so that the food and drink consumed is guaranteed to be halal and thayyib, as part of the conditions for accepting worship and prayer.

The food and beverage industry is an essential actor in the global market because it acts as a converter of agricultural sector commodities into finished goods so that they become the final product of various types of human needs. The industry has diversified into including small and traditional manufacturing industries, labour-intensive family businesses, and mechanical processes (Subianto, 2018) so that it can be seen that the scope of the food and beverage industry is a series of industrial activities that are oriented to the processing or processing process, transformation, preparation, conservation and packaging of food ingredients (Salam & Makhtum, 2022).

Along with the increasing demand for halal commodities, as the Global Islamic Economy Report 2018/2019 data shows, the food and beverage industry is the largest shareholder with a value of USD 1.303 billion and is projected to continue to increase in 2023. The large business potential of the halal food and beverage industry makes this industry one of the priority halal sectors to be developed first. Not only from the perspective of the large need or demand for halal food and beverage products, but also because the development of the food and beverage sector is one of the efforts to support strengthening food security. For the food and processing industry, dependence on imported raw materials will raise the issue of whether or not the raw materials are halal. Meanwhile, the development of the halal food and beverage industry is very dependent on whether the entire production process is halal or not. Therefore, halal certification applies to every product and raw material in the production process and supply chain (Annisa, 2019)

Recently, the halal food industry is assessed as a market that is very promising and has a significant influence on the business world and forms a lifestyle. In Indonesia, food and beverages are still included in the processing industry, however, in the last 5 years it has continued to show a positive trend because it is able to contribute to GDP (Peristiwo, 2019). The halal product industry is currently experiencing development, not just halal products but also a halal lifestyle, in which the government must prioritize. Apart from food and beverages, clothing, halal tourism, entertainment and media, pharmaceuticals and cosmetics are several sectors that are important to guarantee halal certificates and continue to increase every year. This guarantee for the implementation of Halal Products aims to provide comfort, security, safety and certainty of the availability of Halal Products for the public in consuming and using Products, as well as increasing added value for Business Actors in producing and selling Halal Products (Astuti, 2020).

Strengthening the halal industry is very necessary for improving the economy. On that basis, it is necessary to increase the competitiveness of business actors in facing the era of society 5.0, Indonesia is required to use digital strategies from various lines such as creating a digital economic platform that is able to access halal value chain through the Sehati program. The Sehati program is aimed at MSMEs, because most of them do not have halal certification. Through this free halal

certification, it is hoped that more MSEs will be able to penetrate the global halal market and achieve halal production capabilities so that they reach a global scale. This strategy can maximize the market potential of the halal industry (Imfazu & Pradesyah, 2021)

## **LITERATURE REVIEW**

### **1. Halal Value Chain**

Value chain is a series of activities carried out by a company to produce products or services (Porter, 1985). One of the strategies in achieving Indonesia's vision as the center of the world sharia economy is strengthening the halal value chain. Halal value chain or halal value chain is an activity covering several halal industrial sectors such as food, cosmetics, fashion, and pharmaceuticals. The value chain strategy requires the integration of input, manufacture, distribution, marketing and consumption as the final product. All of this must show sharia values (Subianto, 2018).

In order for Indonesia's halal economic chain (Halal Value Chain) to be competitive and support national economic growth and empower the people's economy, 4 important things are needed. First, accelerating and accelerating halal certification. In the Khadijah ISEF 2021 Hybrid Event forum with the theme "Towards a Million Free Halal Certification for MSMEs" on Thursday (28 October 2021) Indonesia has a vision to make Indonesia the center of the world's sharia economy and finance in 2024. Second, building a Halal Value Chain ecosystem through integration between business units, both small, medium and large businesses. The government has planned a program to increase MSMEs in Indonesia. One of the government programs is PPUMI where this organization focuses on empowering women by conducting education and outreach aimed at increasing women's understanding and creativity about MSMEs and also halal certification. Third, developing a competitive product focus, namely halal food (processed food), Muslim fashion, tourism, cosmetics and pharmaceuticals as well as renewable energy. Fourth, complete end-to-end production and marketing. With a government program related to MSMEs, the public can use it to improve production quality and expand the marketing reach of these halal products (Jakiyudin & Fedro, 2022). The Minister of Trade said that the Ministry of Trade has several strategies to increase exports of halal products. This strategy combines various available instruments, namely utilizing policy instruments, such as the export-import relaxation policy for halal products for export purposes, strengthening market access for Indonesian halal products in foreign markets, and preparing various programs to strengthen business actors exporting halal products (Kasanah & Sajjad, 2022).

Halal value chain is the government's strategy to make Indonesia the center of the world's sharia economy and finance, in several ways including increasing socialization and education regarding the production of halal goods and accelerating halal certification, as well as increasing exports of halal products. With the potential that we have and the efforts and collaboration between all related parties, we hope that Islamic economics and finance will be able to revive the people's economy and make a greater contribution to the national economy, and Indonesia's vision as the center of world Islamic economics and finance can be realized (Amir & TjibtoSubroto, 2019).

### **2. Halal Product Guarantee Regulations**

The basic regulation for guaranteeing halal products is Law No. 33 of 2014 concerning Guarantees for Halal Products. Law Number 33 of 2014 concerning Guarantee of Halal Products in it regulates: (Irham Lynarbi et al., 2020)

- a. Guarantee of availability of Halal Products, stipulates product materials that are declared halal, both materials originating from animal, plant, microbial raw materials, as well as materials produced through chemical processes, biological processes, or genetic engineering processes. In addition, PPH is also determined which is a series of activities to ensure product halalness which includes the provision of materials, processing, storage, packaging, distribution, sales and presentation of products.
- b. This Law regulates the rights and obligations of Business Actors by providing exceptions to Business Actors who produce Products from Materials originating from prohibited Materials with the obligation to expressly state non-halal information on Product packaging or on certain parts of the Product that are easy to see, legible, not easily erased, and is an integral part of the product.
- c. In the context of providing public services, the Government is responsible for organizing JPH, the implementation of which is carried out by BPJPH. In carrying out its authority, BPJPH cooperates with related ministries and/or institutions, MUI, and LPH.
- d. The procedure for obtaining a Halal Certificate begins with submitting an application for a Halal Certificate by Business Actors to BPJPH. Next, BPJPH checks the completeness of the documents. Examination and/or testing of Product halalness is carried out by LPH. The LPH must obtain accreditation from the BPJPH in collaboration with the MUI. The determination of product halalness is carried out by MUI through an MUI halal fatwa meeting in the form of a decision to determine halal products signed by MUI. BPJPH issues Halal Certificates based on the MUI's decision to determine Halal Products.
- e. Halal certification fees are borne by Business Actors who apply for Halal Certificates. In order to expedite the implementation of JPH implementation, this Law provides roles for other parties such as the Government through the state revenue and expenditure budget, regional governments through the regional revenue and expenditure budget, companies, social institutions, religious institutions, associations and communities to facilitate certification costs. Halal for micro and small businesses. In order to guarantee the implementation of JPH, BPJPH supervises LPH; validity period of Halal Certificate; Product halalness; the inclusion of the Halal Label; inclusion of non-halal information; separation of location, place and equipment for processing, storage, packaging, distribution, sales, and presentation between Halal and non-halal Products; existence of Halal Supervisor; and/or other activities related to JPH.
- f. To ensure law enforcement against violations of this Law, administrative sanctions and criminal sanctions are stipulated.

### **3. The Urgency of Halal Products in the Age of Society 5.0**

The urgency of the Halal Product Guarantee and Consumer Protection Legal Policy is to provide security, comfort, safety and availability of halal products for all citizens, especially Muslims. Having halal certification and labels can also increase added value and competitiveness for companies in selling and producing their products.

This research examines Strengthening the Halal Value Chain Ecosystem in the Era of Society 5.0 where implementing the Halal value chain is the main topic. There is still very little research on Halal Value Chain in the world of economics. The fact is that the halal value chain itself is the

government's strategy to make Indonesia the center of the sharia economy and the world's halal industry, which is very important to study in facing the Era of Society 5.0.

In the era of Society 5.0, character values must be developed, empathy and tolerance must be fostered along with the development of competencies that think critically, innovatively and creatively. Society 5.0 aims to integrate virtual space and physical space into one so that everything becomes easy with artificial intelligence." Society 5.0 offers a human-centered society that balances economic progress with solving social problems through a highly connected system through the virtual world and the real world. According to the Japanese prime minister, Shinzo Abe explained at the World Economic Forum (WEF), that in the era of society 5.0 it is no longer capital, but data that connects and drives everything, helping to fill the gap between the rich and the poor.

Islam is a religion that regulates all things in life, in the Koran and Hadith as the main sources of Islamic teachings, instructions are explained so that humans prepare themselves and their families for a better and eternal life hereafter to avoid the torments of hellfire, and enter heaven, where the peak of pleasure is. incomparable in the hereafter. Word of Allah SWT in the letter at-Tahrim/66: 6:

يَا أَيُّهَا الَّذِينَ آمَنُوا قُوا أَنفُسَكُمْ وَأَهْلِيكُمْ نَارًا وَقُودُهَا النَّاسُ وَالْحِجَارَةُ عَلَيْهَا مَلَائِكَةٌ غِلَاظٌ شِدَادٌ لَا يَعْصُونَ اللَّهَ مَا أَمَرَهُمْ وَيَفْعَلُونَ مَا يُؤْمَرُونَ

Translation: "O you who believe, protect yourself and your family from the fires of hell whose fuel is humans and stones; guardians of angels who are rough, harsh, and do not disobey Allah in what He commands them and always do what they are commanded" (Q. S. Al-Tahrim/66: 6)"

It can be clearly understood from the verse that it is an order to obey the commands and prohibitions of Allah SWT, to protect oneself from the torment of hell fire. Then the order to eat what is lawful and good. Of course, to get a means of satisfying needs in the form of products and services is through industrial production. It's just that industrial and producing activities that are demanded by sharia are those that are lawful and good.

## RESEARCH METHODS

The type of this research is qualitative with a literature study approach with data sources, namely primary data obtained from various important elements, namely policy holders, religious leaders, producers and consumers, as well as secondary data obtained from previous studies, and other reference sources. Literature study is a method used to collect data or sources related to the topic raised in a study obtained from various sources, journals, documentation books, the internet, and libraries. This research tries to describe the expectations and realities that occur in Indonesia regarding the application/implementation of the regulation of halal product guarantees.

The type of data in this study uses secondary data. Secondary data is a data source that does not directly provide data to data collectors (Sugiono, 2008: 402). Secondary data used in this research was obtained from previous studies and other reference sources that supports the needs



of primary data such as books, previous studies and various reading sources related to the regulation of halal product guarantees or the halal industry.

The data collection method used in this study uses the theory triangulation technique by reviewing the correctness of the data by testing the data on the same source using several different techniques. Data or information from one party is verified by obtaining information from other sources (Abdullah and Saebani, 2014: 73). The goal is to compare information about the same thing obtained from various references and literature so that there is a guarantee of the level of trust.

The data analysis method is a qualitative descriptive data analysis technique related to the halal value chain with Sehati Program and Halal Product Guarantee Regulations that the data obtained from a review of the literature and related websites is compiled into actual facts for later discussion.

## **RESULTS AND DISCUSSION**

### **1. Halal Industry**

The halal industry has enormous potential to be developed in Indonesia and is important in planning a strategy to increase the economy in Indonesia. This is a source of strength against competitors in international constellations. Indonesia has the largest Muslim population in Asia, of course the Muslim population will consume goods that are not only limited to life skills needs, but are required to comply with Islamic principles, namely halal.

Halal has the meaning as something that is permissible, while the opposite of haram is prohibited (Noviarita et al., 2021). People have a high level of awareness in seeking information on halal food (Yusoff & Adzharuddin, 2017). This behavior shows the perspective of public awareness of the importance of halal in a product which is the main driver in maintaining the halal value chain. Halal certification is an important element that influences and contributes to consumer purchasing decisions for a product. The halal industry as an element of the Islamic economy. Based on the state of the global Islamic economic report 2018/2019 there is a global ethical economic framework that can trigger the role of the Islamic economy in the global realm.

The halal industry is not only a complement to economic growth for a country, but has become a necessity and an important element in a country's economic development. A country has great potential in developing the halal industrial sector. One of the factors that supports this is the country's predominantly Muslim society and increased awareness of the importance of consumption in the halal industrial sector. The large potential of a country in the halal industrial sector is what can support national economic growth. Malaysia and the United Arab Emirates have made the halal industry one of the main forces in increasing their country's economic growth. This has made Malaysia a leader in the halal industry, as well as setting global standards for halal certification (Kamila, 2021).

Based on the report of the Pew Research Center Forum on Religion & Public Life (2017), currently Islam is the religion with the second largest population in the world, after Christianity. But in 2030, the Muslim population will increase continuously to reach 2.2 billion. This population increase can affect the demand for halal products and services.

### **2. Halal Value Chain Ecosystem**

Halal value chain is a production activity whose halalness can be ascertained. This is certainly the presence of an agency that has a role to carry out supervision, management, testing to the

authority to make policies, evaluation, production, distribution and consumption (Antonio et al., 2020)

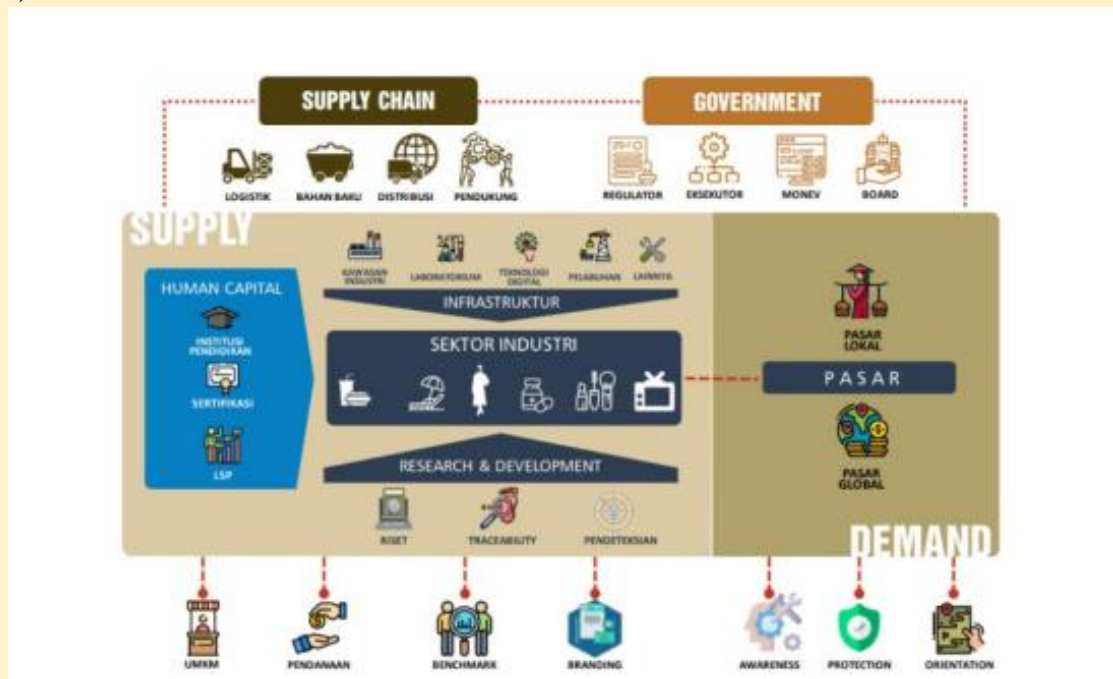


Figure 1 : Halal Industry Ecosystem

The ecosystem needed to improve the halal industry refers to the supply, demand and enabler approaches. From the supply aspect, the existence of the Indonesian halal industry sector (food, tourism, fashion, medicine, media and renewable energy) has prepared various products that can be consumed by the public with a halal label. The entire sector describes industrial activities starting from obtaining raw materials, processing, to producing halal products, which must use resources and methods permitted by Islamic law. Apart from that, the existence of halal certification from these sectors builds the quality of a halal product from the ingredients to the manufacturing process, providing a sense of security, inner peace, and guaranteeing the suitability of a product for the people or society, both in terms of health and worthy in terms of religion, namely halal. Government support provided, both as a regulator, executor and evaluator is needed as an enabler component in the halal industry ecosystem (Rachman et al., 2023)

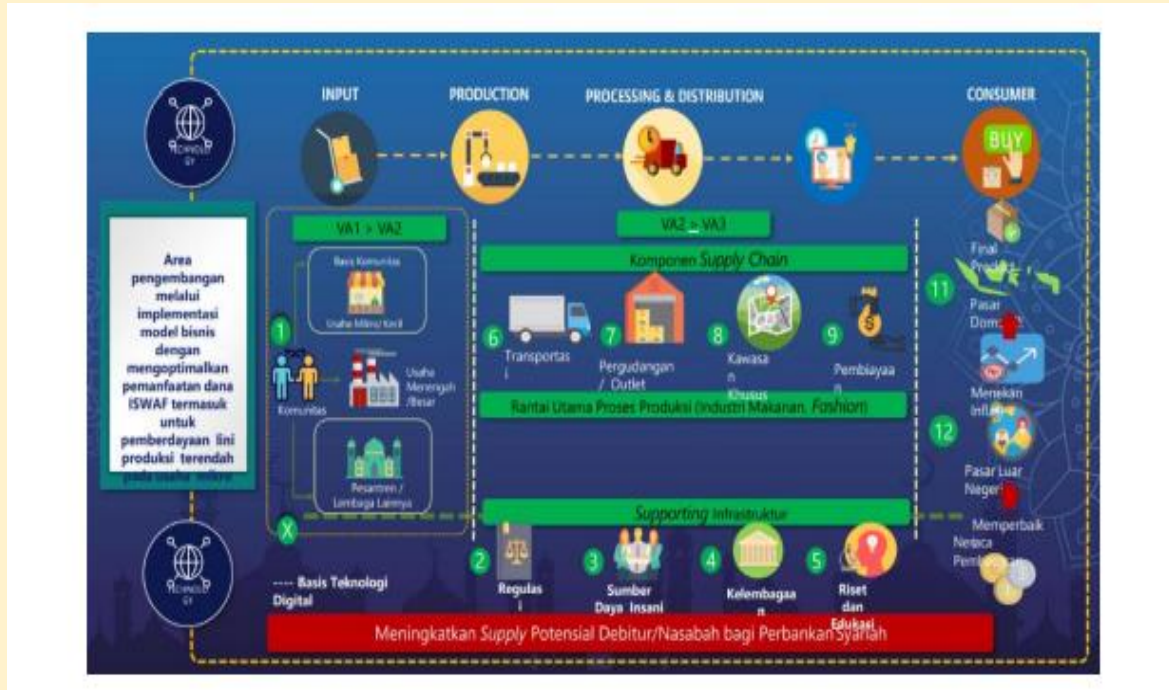


Figure 2 : Halal Value Chain Ecosystem

Halal value chain is part of an effort or strategy in the halal industry sector for producers to be able to compete in the same industry, in Indonesia focusing on halal value chains on 6 sectors including the halal food and beverage sector, halal tourism, Muslim fashion, halal media-recreation, halal pharmaceuticals-cosmetics and halal energy The purpose of this halal value chain is to maintain and maintain halal products in the hands of consumers or buyers, especially food and beverages (Imfazu & Pradesyah, 2021).

Value chain can be used to determine at which points in the value chain can reduce costs or provide added value (value added). On the other hand, in the acquisition of raw materials or the process of advertising and promotion, the first step; in the value chain for a government or non-profit organization is to make a statement about the organization's social mission, including the needs of the specific communities it serves. Second Stage; is to develop resources for the organization, both personnel and facilities. third stage and fourth stage; is to carry out organizational operations and provide services to society. Therefore, these activities are not independent but interdependent. Each party requires value from the other party to maximize the value of the product produced. The company must identify the company's position in the value chain, whether it is in the supplier, manufacturing, marketing or after-sales handling department. It is important to understand the characteristics of the industry and existing competitors (Fuadi et al., 2022).

### 3. Halal Certificate Regulations for Micro, Small and Medium Enterprises (MSMEs)

Free Halal Certification (Sehati) is access provided by the government to MSME actors through a self-declare scheme, in addition to making it easier for MSME actors there are also costs that must be incurred in this halal certification process. There is a fee of IDR 300,000.00 (three hundred thousand rupiahs) which in its implementation is budgeted for from various sources, such

as the APBN, APBD, partnership funds, grants, and other legal and non-binding sources of funds (Pardiansyah et al., 2022)

The regulations governing governance, administrative requirements and sanctions regarding *Sehati* include: “1) Law Number 33 of 2014 concerning Halal Product Guarantees, 2) Government Regulation Number 39 of 2021 concerning Implementation of the Field of Halal Product Guarantees, 3) Ministerial Regulation Religion Number 20 of 2021 concerning Halal Certification for Micro and Small Business Actors, 4) Decree of the Head of the Halal Product Assurance Organizing Agency Number 33 of 2022 concerning Technical Guidance for Companion of Halal Product Process in Determining Halal Certified Obligations for Micro and Small Business Actors Based on Statements Business Actors, 5) Decree of the Head of the Halal Product Assurance Organizing Agency Number 77 of 2021 concerning Stipulation of Technical Guidelines for Facilitation of Free Halal Certification for Micro and Small Business Actors in 2021, and 6) Decision of the Head of the Halal Product Guarantee Organizing Agency Number 122 of 2022 concerning Technical Instructions Facilitation of Free Halal Certification for Micro and Small Enterprises in 2022.”

The *Sehati* program initiated by the Ministry of Religion through BPJPH has been held in two stages. Stage 1 which took place from mid-2021 to 11 July 2022 provides 25,000 quotas and stage 2 quotas which started from 24 August to 19 September 2022 provides 324,834 quotas. Quoting information from the RI Ministry of Religion website, there are five general requirements that must be met by UMK actors to take part in the free halal certification program, namely they have never received Halal Certification Facilitation and are not currently/will receive Halal Certification Facilitation from other parties, have a legal aspect, namely Number Main Business (NIB), has business capital/assets below IDR 2 billion, evidenced by data in NIB, conducts business and produces continuously for at least 3 years, registers 1 type of product, with a maximum of 20 product names, and products in the form of goods (not sellers/reseller).

In addition, UMK actors are also required to meet the following specific requirements:

- a. Have distribution permits or other permits for products from related agencies/agencies;
- b. Having outlets and production facilities at most 1;
- c. Willing to provide the latest photos during the production process;
- d. Willing to finance product halal testing in an independent laboratory if necessary to support the inspection process by the Halal Inspection Agency or LPH.

The Halal Product Assurance Organizing Agency (BPJPH) is an agency formed under the auspices of the Ministry of Religion. Law No. 33 of 2014 concerning Guarantees for Halal Products mandates that products circulating in Indonesia are guaranteed to be Halal, therefore the Halal Product Assurance Organizing Agency has the duty and function to guarantee the halalness of products that enter, circulate and trade in Indonesia. The Halal Product Assurance Organizing Body is also supported by the duties and functions as mandated by Law No. 33 of 2014, namely regarding Halal Registration, Halal Certification, Halal Verification, Conducting guidance and monitoring of product halalness, Collaboration with all relevant stakeholders, and setting halal standards for a product. (Lynarbi, et al: 2020).

## **CONCLUSION**

Based on the research results and discussions discussed previously, it can be concluded that order to strengthen the halal industry in Indonesia towards the era of society 5.0. So the efforts that need to be made are to increase socialization and education regarding the production of halal goods and accelerate free halal certification (Sehati), as well as increasing exports of halal products which will then make Indonesia the center of the world's sharia economy and finance. The criteria that must be met by business actors in implementing halal product guarantee regulations in order to strengthen the halal value chain are halal policy, halal management team, training, materials, production facilities, products, written procedures for critical activities, and traceability.

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