

The contributions and challenges of higher education on the value chain of halal certification

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Abstract. This study analyzed the distinctive contributions and obstacles encountered by higher education institutions in supporting halal certification in Indonesia. Employing a qualitative approach, the research utilized both primary and secondary data sources. Primary data was acquired through extensive interviews with key personnel such as the head of the halal center, halal process assistants, and halal auditors within higher education establishments. Secondary data, on the other hand, was gathered from various sources including halal centers, auditing bodies, and regulatory frameworks. The study revealed that the regulatory framework in Indonesia has positioned higher education as a pivotal player in the halal certification value chain alongside governmental bodies, ministries, Islamic organizations, and religious institutions. Emphasizing the roles and dilemmas faced by higher education, the research underscored the sector's significance in the halal certification process while highlighting persistent challenges, notably in terms of sustainability. State-affiliated higher education institutions were found to have significantly contributed to the advancement of halal certification, particularly through the self-declare scheme, and by cultivating essential resources for ensuring halal product integrity, such as proficient halal auditors and PPH assistants. Nevertheless, challenges persist in areas such as institutional dynamics, financial administration, and bureaucratic processes. The study's findings not only enrich the understanding of the halal certification value chain but also offer valuable insights for policy assessment and implementation.

1 Introduction

In Indonesia, regulations on halal guarantees began in 2014. The government issued Law Number 33 of 2014 concerning Halal Product Guarantees (UU JPH). This regulation regulates several aspects. First, the halal certification authority is the Halal Product Guarantee Organizing Body (BPJPH); Second, every product circulating and traded in Indonesia must be halal certified; third, BPJPH has the authority to issue and revoke product halal certification. BPJPH exercises its authority to issue halal product certificates in collaboration with the Halal Inspection Institute (LPH) and the Indonesian Council of Ulama (MUI) to determine halal fatwa.

The difference in guaranteeing halal products before the JPH Law included that the halal certificate authority from the Indonesian Council of Ulama (MUI), a non-governmental religious organization, shifted to the Halal Product Assurance Organizing Agency (BPJPH), a government agency under the Ministry of Religion. The authority for halal certification by the government is similar to several countries, including Malaysia (2.3), United Arab Emirates (4) and Saudi Arabia (5). Based on the 2022 State of Global Economic (SGIE) Report, these countries have the highest halal industries in Malaysia, Saudi Arabia, United Arab Emirates, and Indonesia (6).

The issue of halal products and services has attracted researchers in various fields. Changes in halal certification regulations in various places have had a significant impact on the industrial sector (7.8), consumer protection (8.9, (11– 13), product purchase/consumption levels (9.14), so it is interesting to study, among others, Malaysia (2, 3.15), Thailand (16), Uzbekistan (17), United Arab Emirates (4) also Indonesia (18.19), (20.21). Commitment to developing Indonesia's halal ecosystem is strengthened by Indonesia's Sharia economic master plan policy (22) prepared by the Ministry of National Development Planning, and the halal industry development strategy was developed by Bank Indonesia (23).

The next difference is that the halal audit institution was previously only the Food, Drug, and Cosmetic Research Institute of the Indonesian Ulema Council (LPPOM MUI). Now, it is the Halal Inspection Institute (LPH). The Halal Product Guarantee Organizing Body (BPJPH) can accredit the Halal Inspection Institute (LPH). Then, the government issued PP 39/2021 (24), which regulates the halal certification scheme into two, including a regular scheme and a self-declare scheme. The regular scheme is halal certification through audit procedures and the Indonesian Ulema Council (MUI) fatwa. In contrast, the self-declare scheme is halal certification through statements from business actors and assistance with the halal product process (PPH) by

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the Halal Product Assurance Organizing Agency (BPJPH) halal provisions. Halal audit procedures are conducted by the Halal Inspection Institute (LPH), and PPH assistance is provided by the Halal Product Process Assistance Agency (LP3H). Based on Government Regulation (PP) Number 39 of 2021 (PP 39/2021) as an implementation of the JPH Law (24), the Halal Inspection Institute (LPH) can be established by government agencies, community organizations/Islamic religious institutions, and universities by the Halal Product Assurance Organizing Agency (BPJPH) provisions. This regulation provides opportunities for many institutions to become LPH. Many higher education institutions have established the Halal Inspection Institute (LPH) in response to regulations.

The purpose of establishing the Halal Inspection Institute (LPH) is to conduct inspection and/or testing activities on the halalness of products. However, in its implementation, higher education has not been able to provide optimal contributions. Several challenges are faced in implementing the halal product assurance certification process. Research on the contribution of universities to halal certification is still rarely carried out. This research aims to explain the contribution and challenges of higher education in support of halal certification in Indonesia. The results of this research provide benefits for higher education LPH. The results of this study help develop the concept of the halal certification value chain, as input for the Halal Product Assurance Organizing Agency (BPJPH) in evaluating policies and implementation, a reference for halal centers in higher education to support the halal certification process.

2 Literature review

Halal Certification is an acknowledgment of the halalness of a product issued by the Halal Product Guarantee Organizing Agency based on a written halal fatwa issued by the Indonesian Ulema Council(1). Halal Product Guarantee, now abbreviated to JPH, is legal certainty regarding the halalness of a product that obtains proof in the form of a Halal Certificate. *Products* are goods and services related to food, drinks, medicines, cosmetics, chemical products, biological products, genetically engineered products, and consumer goods used, applied, or utilized by the public. Halal Products are Products that have received a halal statement by Islamic law. The Halal Product Process, abbreviated as PPH, is a series of activities to guarantee the halalness of the Product, including the provision of materials, processing, storage, packaging, distribution, sales, and presentation of the Product.

The JPH Law regulations require all products to enter, circulate, and trade in Indonesian territory. The implementation of the JPH Law is based on PP Number 31 of 2019, which was changed to Government Regulation Number 39 of 2021. These changes are described in Figure 1 below.

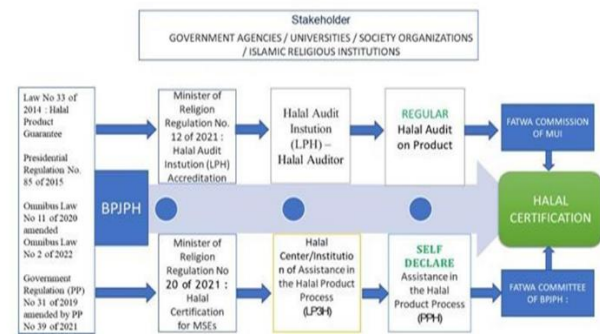


Fig. 1. Regulation and institution of halal certification scheme.

Fig. 1 explains that the JPH regulation has a halal certification scheme through a halal audit process by LPH and a fatwa from the Fatwa Commission of MUI called regular and a halal certification scheme through a business actor statement process by LP3H and a fatwa from the Fatwa Committee of BPJPH. The changes to the PP are based on the issuance of the Omnibus Law Law Number 11 of 2020, amended Omnibus Law Number 2 of 2022 (25) concerning Job Creation. PMA 20/2021 states that halal certification based on statements by MSEs must go through a halal product process assistance agency (PPH) based on BPJPH halal standards. Based on this regulation, applications for halal certification go through two schemes, namely (1) a regular scheme through a halal audit by LPH for all micro, small, medium, and extensive business actors, (2) a self-declare scheme through LP3H assistance without a special halal audit for businesses. Micro and small that meet the requirements of halal provisions and are free of charge. Relevant institutions include, among others, BPJPH, LPH, and the MUI (Fatwa Commission), which then, based on the omnibus law, changed to BPJPH, LPH, LP3H (Fatwa Commission) MUI, and the BPJPH Halal Product Fatwa Committee.

3 Research method

The research is descriptive qualitative research. This research uses a multi-case study approach with five higher education research sites. There are two universities (UA, UTM) and three state Islamic religious higher education (UIS ST, UIN KH, IAIN KD). The research selected informants, heads of halal centers (LP3H), and heads of halal centers (LPH). The informants are:

1. ABD, Head of the UA Halal Center, is called informant A.
2. SCP, Head of the UB Halal Center, is called informant B.
3. HMM, Head of the UTM Halal Center, is called informant C.
4. NMT, Head of the UIN ST Halal Center, is called informant D.
5. AND, Head of the UIN KH Halal Center, is called informant E.
6. RPG, Head of the IAIN Halal Center, is called informant F.

Data was obtained through in-depth interviews with informants, and secondary data was tabulated from the BPJPH website. The interview data obtained was analyzed in the following stages: data transcription, data reduction, data presentation, description, and data analysis.

4 Result and discussion

4.1 The Contribution of higher education on halal certification

The number of Halal Centre (LPH and LP3H) based on data from BPJPH until October 2023 is presented in Table 1 below.

Table 1. The number of Halal Center (LPH and LP3H).

	Government agency	University	Society organization/Islamic religious institution	Amount
LPH	132	47	10	189
LP3H	4	146	65	215
Halal Auditor				776
PPH companion				71.133
Halal certificate				2,9 million

Source: Data summarized from <https://bpjph.halal.go.id/>

Table 1 shows that the number of LPH is 189 and LP3H is 215. The composition of Halal Inspection Institutions (LPH) consists of Government Agencies = 132, Mass Organizations = 47, Universities = 24. Composition of Halal Product Process Support Institutions (LP3H): Universities = 146, Community organizations = 65, Government Agencies = 4. Of this number, the composition of LP3H from universities consists of PTKIN = 52, PTS = 37, PTKIS = 32, PTN = 25. The composition of Higher Education LPH and Services consists of Food and Beverage = 24 LPH, Cosmetics = 4 LPH, and Medicine = 3 LPH. This data shows that the number of LPH in government agencies is greater than that of universities and community organizations and the number of LP3H in higher education institutions is greater than that of government agencies.

The table 2 following is data on the number of halal certificates obtained from informants from five research sites, namely UTM, UA, UIN ST, UIN KH, and UIN KD.

The following is data on the number of halal certificates obtained from informants from five research sites, namely UTM, UA, UIN ST, UIN KH, and UIN KD.

- Proportion is the ratio of the top 10 companions/total companions obtaining % of the total halal certificates.

- Proportion of 1.8% = 60% means that 1.8% of PPH companions received 60% self-declared halal certificates

Table 2. Data on the number of halal certificates.

	UTM	i	UA	UIN ST	UIN KH
Halal certificate	3654		1388	7464	4094
PPH companion	327		607	1540	627
Big 10	2189	929	2771	2581	1402
Highes	1562	212	620	2011	344
Proportion	1,8% =	1,7% =	0,7% =	1,6% =	1,8% =
	60%	67%	37%	63%	67%
Profession of PPH companion	entrepreneurs	Consultant & religion	Consultant & lectures	Religion advisors	Housewives lecturers

Table 2 shows that state universities contribute to the growth of halal certification, especially the self-declare scheme. Apart from the real contribution to the number of halal certifications, the role of universities is also to develop halal product guarantee resources, both halal auditors and PPH assistants. The PPH mentoring program provides opportunities for lecturers and students, especially to become mentors, thereby honing their entrepreneurial spirit because the mentor's job is to invite and help micro and small food and beverage entrepreneurs to obtain halal certification. The accompanying profession for students also trains their independence because the results of halal certification through PPH assistance receive adequate incentives, namely IDR 150,000/halal certificate. For those who have graduated and become alumni, being a companion gives them the opportunity to become a professional consultant for micro and small businesses based on their experiences

The amount of active PPH companions is less than 2 percent. The data also shows that the ten largest PPH companions can obtain over 50 percent of the total self-declared halal certificates. The number of 10 mentors who obtained many halal certificates indicates the quality of the halal mentoring process. The data above indicates a motive for PPH assistance in achieving targets and obtaining mentoring incentives. BPJPH policy provides incentives to companions of IDR 175,000/self-declared halal certificate. On the other hand, a PPH assistant becomes a profession, such as a consultant (halal certification process) for MSEs.

4.2 The challenges of higher education on halal certification

The university's strategic position in the halal certification program includes having competent resources as halal auditors and PPH assistants, laboratory facilities and infrastructure and expert staff in

testing the halalness of products and product ingredients, educational facilities for students and the community, synergy with the university's tridharma program in supervision through research and community empowerment of micro and small business actors through community service programs. Based on the results of research on halal centers/LP3H and LPH, it shows that universities also have challenges. The first challenge is institutional, according to the heads of HC/LP3H and LPH, the institutional position of HC/LP3H and LPH is still an obstacle.

"The existence of our LPH is still under revision from BPJPH because the regulations are different, if BPJPH asks for it as an institution, but the regulations at UA LPH are under the Halal Center as a division so they haven't received permission. The halal center has three divisions and one of them is the halal audit division and the same people are the ones who audit, resource persons, trainers with smiles @ explained Informant A

"We still follow BPJPH regulations. Separate the LPH Institute, the Halal Thoyyibah Study Center (PSHT). The study center focuses on training, outreach, education, seminars. but we are hampered by coordination, each is equal under the rector, sometimes LPPM invites coordination. Well....now the new rector asked me to arrange an integrated structure not only for LPH and PSHT but also for laboratories @informant B

The two informants from PTNBH stated that there were problems with HC and/or LPH positions in universities if they followed BPJPH provisions. These obstacles make it difficult to coordinate and synergize between the Institute and the center as well as with other institutions at the university. This obstacle has implications for program acceleration.

Furthermore, according to another informant from PTN BLU

This HC was formed to seize opportunities, said the Chancellor. "We just had BLU and our OTK just got legalized, then established HC. BPJPH provisions must be under the rector and our decree is also under the rector, but our institution is

"placed" at the LPPM, we coordinate or are coordinated by the LPPM, so it is equivalent to the head of a study center. It must be equal, but the Chancellor put it (temporarily) later it will be compiled according to the new OTK. Informant E said"

"The head of LPH has been out for almost a year but has not been replaced and has not been appointed to wait for a new OTK after becoming BLU. This actually does not interfere with operations or performance, but the work situation is less conducive because of the informal nature of our coordination," as stated by Informant C.

"The establishment of LPH and LP3H is expected to be income generating after we become BLU, that's why LPH and LP3H coordinate with business units but organizationally we are under LPPM but almost

never coordinate with LPPM because we work with business units," said the informant explaining the structure and the procedure is different".

The next challenge is related to financial management. BPJPH regulates every business actor who applies for a halal certificate through an unpaid PPH companion. If the business actor succeeds in getting a halal certificate, the PPH companion gets an incentive of IDR. 175,000/certificate transferred to the LP3H/HC account. The informants said that the incentives were distributed to PPH assistants in the amount of Rp. 150,000 tax deduction and Rp. 25,000 as LP3H cash. Distributing companion rights to each LP3H/HC follows the university regulations. As a state university, the mechanism uses applicable procedures. This obstacle creates a negative perception among assistants who are not lecturers. The data table above shows that most successful PPH assistants came from outside universities. The following are similar statements from several informants.

"They get a share of 150 thousand for each certification with tax (Informant A and B), we also deduct 7,500 per certificate for administration costs (said Informant C). C further said that sometimes 7,500 is also a problem if they get a lot of certificates, for example how much is 50? They complained... said Informant C.

"If there is a transfer from BPJPH it goes to the BLU account and we distribute it to the companion. "But the distribution period is uncertain because it has to be disposed of by Vice Rector 2 this is why sometimes they (facilitators) are impatient and think negatively about how the money will be used or something else even though they are waiting for disposition," according to Informant F's confession.

Informant C also said the same thing, "sometimes we are the ones who are confused, from below it means that the companion asks and collects but at the rectorate they still can't disburse it." As a result, they want to change their affiliation to another LP3H if it is difficult to disburse it"

The bureaucratic procedures for disbursing or redistributing incentives mean that some active assistants move to LP3H/HC, which can quickly disburse incentives, and this can be done by LP3H from community organizations or Islamic religious institutions. This sets a bad precedent for the control and quality of assistance and control of halal certification. The informant's confession also shows that these assistants are also oriented towards pursuing certificate turnover because when they apply for halal certification for a business and the university's LP3H is reviewed and declared inadequate or revised, they will switch to an off-campus LP3H so they can pass quickly.

The conditions above will also impact the control and sustainability of the self-declaration program implemented by universities. Universities as academic institutions oriented towards halal product process quality and companion integrity will be "abandoned" by

active assistants oriented towards companion turnover. In the long term, this will also affect the sustainability of the self-declared halal certification scheme. The more the public learns that the halal self-declaration certification process is problematic, the public's trust will also decrease in business actors who own halal certification for their products

5 Conclusion and suggestion

Product guarantee regulations allow universities to generate income from halal audit services. Universities strategically guarantee halal products by contributing to human resources as halal auditors, PPH assistants and laboratory experts. Another contribution is the infrastructure that supports halal testing in halal audits. However, universities face institutional, financial procedures, and sustainability challenges. The research recommends that BPJPH should create rules for controlling halal certification schemes, especially self-declaration. This research has not tried to produce a model of supervision of the halal certification process, especially self-declaration. Further research can reconstruct the model of supervision of the process of fulfilling the requirements to obtain halal certification through the self-declaration scheme. Supervision is not only carried out at the time of submission of halal certification, but also periodic supervision.

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