

OPTIMISATION OF THE ROLE OF BPJPH IN BUILDING INDONESIAN COMMUNITY HALAL CULTURE

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Abstract

Halal is a trending topic in Indonesia and the world. Halal is a golden bridge in supporting the improvement of the economy, trade and industry for Indonesia on the world stage, therefore all products are encouraged to get halal certification at the national, regional and international levels. As a country with the largest Muslim population in the world, Indonesian halal has become a global reference and has a large market potential for the halal industry both in terms of health, safety, ethics and eco-friendly. The halal lifestyle is now beginning to entrench in Indonesia and various countries, even to countries with minority Muslim populations. Based on these conditions and to protect consumers, the Government of Indonesia through BPJPH passed Law No. 33 of 2014 concerning Halal Product Guarantee. The purpose of this Law is to protect and provide comfort, security, safety and certainty of the availability of halal products for the public in consuming, processing, storing, packing, selling and using halal products. The focus of this research is to provide education and build a culture of halal awareness of the community, especially from the food, beverage, cosmetics and medicine sectors through the process of halal control and verification. Halal products are also proven to increase added value and national competitiveness in the international arena.

Keywords: halal, moslem population, lifestyle, education, verification

INTRODUCTION

Halal is a trending topic in Indonesia and the world. Indonesian Halal is a world reference. Halal becomes a golden bridge in supporting the improvement of the economy, trade and industry for Indonesia on the world stage, therefore all products are encouraged not only at the national but also regional and international levels. Speaking of halal, there are actually two man-players, namely the government, in this case the Ministry of Religion through the Halal Product Guarantee Agency (BPJPH). BPJPH is a new echelon 1 (one) unit in the Indonesian Ministry of Religion. BPJPH was born because of mandatory Law No. 33 of 2014 concerning Halal Product Guarantee.

The halal industry has experienced rapid development in recent years. The halal lifestyle that is synonymous with Muslims spread to various countries, even to countries with a minority Muslim population. Halal is a universal indicator for guaranteeing product quality and living standards (Gillani, Ijaz and Khan, 2016).

Halal can be defined as a quality standard that complies with Shariah Islamiah law and is used in every activity carried out by Muslims (Bohari, Cheng and Fuad, 2013). Halal products and services are chosen by Muslims as a form of adherence to Islamic Shariah law. Although halal is closely related to Muslims, it does not mean that consumers of halal products only come from Muslims.

Consumers of halal products from countries with minority Muslim populations have experienced a significant increase in recent years. The State of The Global Islamic Economy report (2017/2018) estimates that Global Muslim spending in all lifestyle sectors is \$ 2 trillion in 2016, the Islamic Finance sector has \$ 2.2 trillion in total assets. Food and beverages lead Muslim spending by category, \$ 1.24 trillion, followed by clothing and clothing to \$ 254 billion, media and entertainment \$ 198 billion, travel \$ 169 billion, and spending on \$ 83 billion medicines and cosmetics for \$ 57.4 billion.

The quality of halal products, or commonly known as Halalan Thoyyiban, is the reason for non-Muslims to use halal products (Samori, Salleh and Khalid, 2016) because there is a guarantee of cleanliness, safety and product quality for the entire production chain (from farm to plate).

Surveys conducted in 76 countries consisting of 57 member countries of the Organization of the Islamic Conference (OIC) and 16 non-OIC countries show that the financial sector and halal food have a greater contribution than other sectors. With potential revenue reaching \$ 1.9 Trillion in 2021 (N Irkhani, 2010).

Indonesia is the country with the largest Muslim population in the world. Based on 2015 inter-census (Supas) population survey, Indonesia's population in 2019 is projected to reach 266.91 million people. With the largest Muslim population in the world, Indonesia has a huge market potential for the world's halal industry. The 2015/2017 State of The Global Islamic Economy report published by Thomson Reuters ranked Indonesia first for consumers of halal food products, which amounted to \$ 154.9 billion. However, the Indonesian government has not been able to maximize the market potential because Indonesia is still ranked 10th in the category of halal food producers. The large demand for halal products from both the domestic and foreign markets has not been accompanied by support from the Indonesian government. One example is halal product certification. Like most countries with the majority Muslim population, the role of the halal certification body (BPJPH) is still not optimal because of the assumption that every food product produced in the country is halal so halal certification is not required for these products (Hamzah, M. and Yudiana, 2015).

Halal certification is one of the instruments that must be considered by the government so that Indonesia can compete in the halal industry. In addition, there is still no common perception between the government and the Institute for Food, Drug, and Cosmetics Studies of the Indonesian Ulema Council (LPPOM MUI) that the halal certification process is currently not optimal.

Based on BPS data in 2015, there are around 57 million Micro, Small and Medium Enterprises (MSMEs) in Indonesia and those who already have halal certificates are still very few in number. Based on data from the Indonesian Ulema Council (MUI) as the institution authorized to issue halal certification, the national halal certificate was issued for the period 2014-2015 for 6,231 companies and MSMEs. Whereas for companies from overseas, MUI has issued halal certificates for 683 companies, which means there are still millions of MSMEs that have not carried out halal certification. Therefore, the government must be able to maximize the issuance

of halal certificates for MSMEs in order to increase halal guarantees for the people in Indonesia, especially from the food, beverage and medicine sectors.

Halal certificate is recognition of a product issued by the Halal Product Guarantee Agency based on a written Halal Fatwa issued by MUI. In implementing Halal Certification, the Halal Product Guarantee Agency operates in collaboration with relevant Ministries / Institutions, Halal Inspector Institutions, and MUI. In the field of Halal Product Guarantee, it can take the form of developing Halal Product Guarantee, conformity assessment, and recognition of halal certificates, by means of mutual international cooperation partnerships

This study aims to provide education and build a halal culture in the community to build halal awareness for the community, especially from the beverage, food, cosmetic and medicine sectors through the process of halal control and verification. Location, place, halal product processing equipment, slaughtering, processing, storage, packaging, distribution, sale, presentation, and content of the material used.

RESEARCH METHODS

This research is a qualitative research. The research method used in this study is a literature review (literature review) that comes from various studies that have been done before. Data collection methods used are secondary data obtained from journals, documentation books, and the internet.

DISCUSSION

Based on data from the Global Islamic Economy Report in 2016-2017, Indonesia is in the position of the top 10 halal industrial producers globally. Overall, total world expenditure in the halal industry reached US \$ 2.97 trillion. US \$ 1.9 trillion, equivalent to Rp. 25,270 trillion, is contributed by the food sector.

The halal food industry sector is a big potential to be developed. The average industrial sector is projected to grow by around eight percent in the period up to 2021. It is analogous that if Indonesia can control 10 percent of the potential of the world's halal food industry which reaches Rp 25,270 trillion, the source of state revenue will increase.

The new era of halal certification process is the Gold Triangles between BPJPH, LPH and MUI. LPH can be established by central and regional government institutions, State Universities and Islamic Religious Organizations. The duty of LPH is to assist BPJPH in testing the halal product, with laboratory test equipment ISO 17025. MUI helps BPJPH in providing the halal Fatwa of a product.

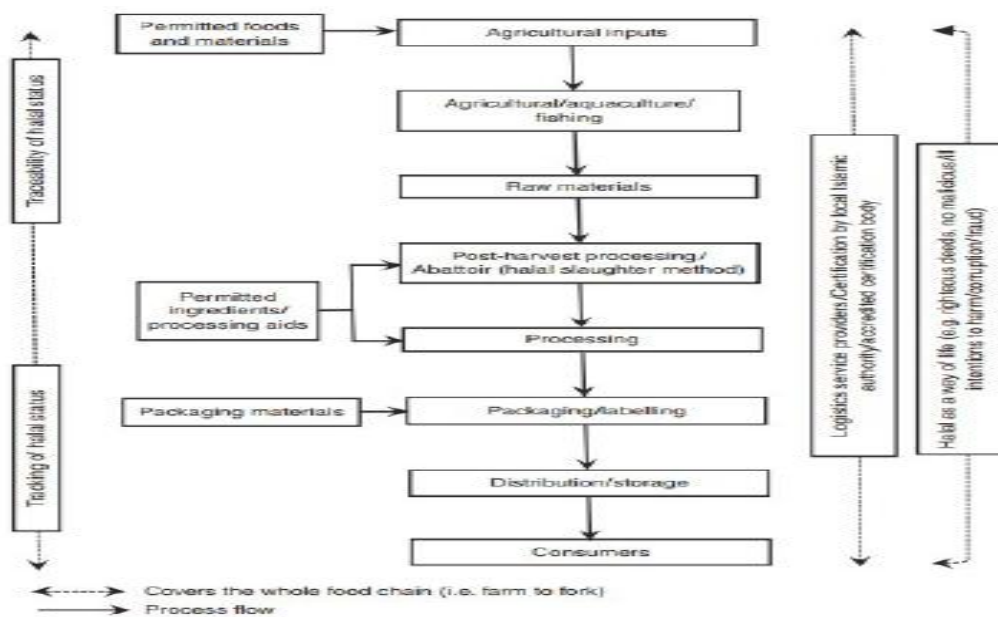
Halal Supply Chain

The development of the halal market requires increased efficiency in the market to be able to offset this growth. One approach that can be used is supply chain management (SCM). SCM can be used to increase the productivity and profitability of the halal (Noordin et al, 2014).

Strategic and systematic coordination of business functions in a company is the key to the successful implementation of SCM in the company. Traditional SCM can be defined as the process of converting raw materials into finished goods for distribution to end consumers.

In the increasingly rapid development of the industry, especially the development of the halal industry, SCM that is traditional in nature is not sufficient to accommodate market needs. Therefore, SCM develops according to industry needs to become halal supply chain. Halal supply chain is used to maintain and maintain product halalness (Manzouri, Ab-Rahman, Zain, and Jamsari, 2014).

Halal integrity will be one of the competitive advantages for producers to be able to compete with other producers in the same industry. The following are examples of halal supply chain images to be able to maintain product halalness (Soon, Chandia and Regenstein, 2017).



Sumber: (Soon, Chandia, and Regenstein, 2017)

Figure 1. Halal Integrity from to Plate

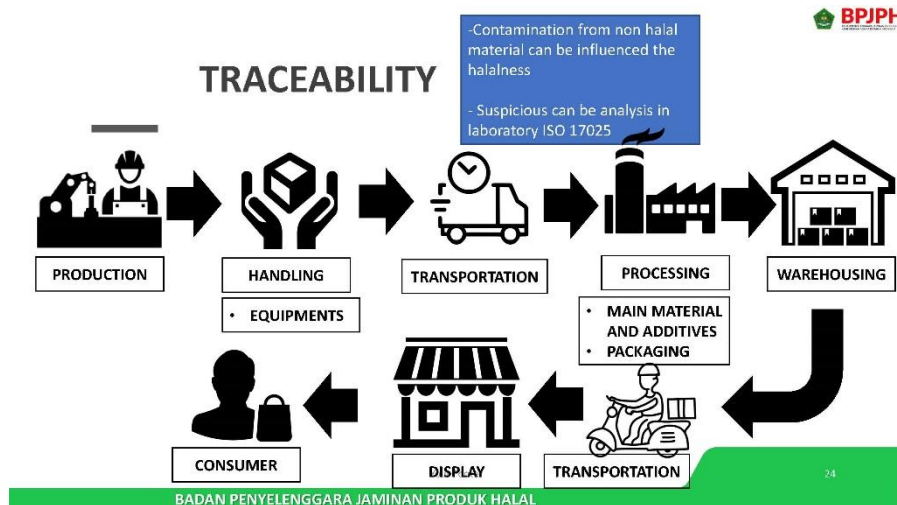


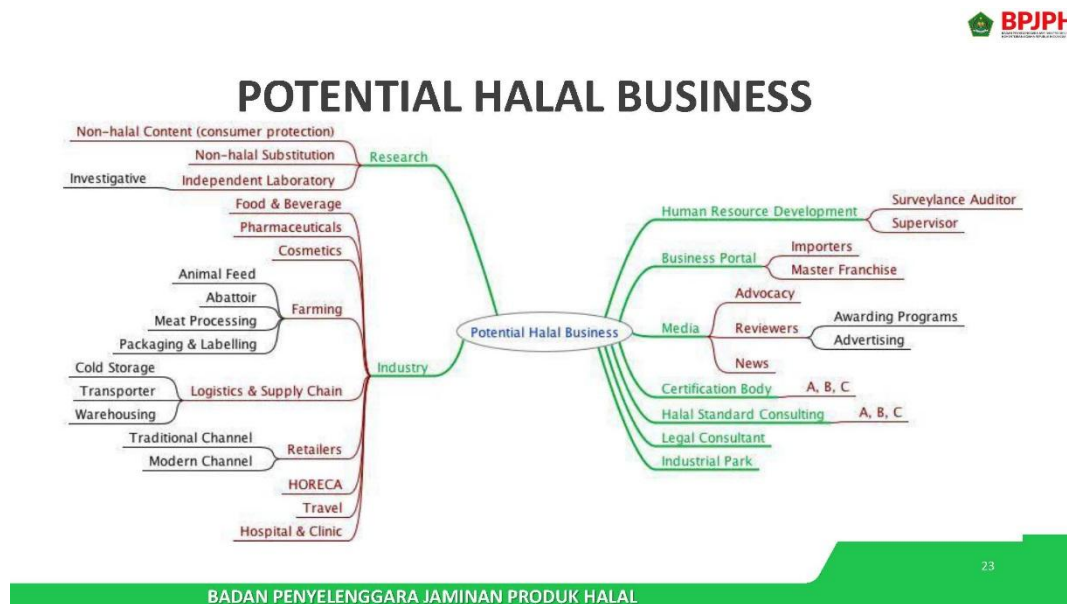
Figure 2. Traceability (Sumber: Understanding of New Halal Certification System per rule No. 33 of Government Indonesia, Sukoso, 2019)

HALAL STANDARDIZATION POLICY IN INDONESIA

Indonesia began to anticipate the development of this halal issue by ratifying Law No. 33 of 2014 (Law No. 33/2014) concerning Guaranteed Halal Products. In addition to aiming to provide comfort, security, safety, and certainty of the availability

of halal products for the community in consuming and using, halal products have been proven to be able to increase added value and competitiveness for businesses in doing business. Although it has been legalized for almost two years, the implementation of Law No. 33/2014 it is felt that there has not been much significant progress.

Table 1. Potential Business of Halal Industry



Sumber: Understanding of new halal Certification System per rule No. 33 of Government Indonesia, Sukoso, 2019.

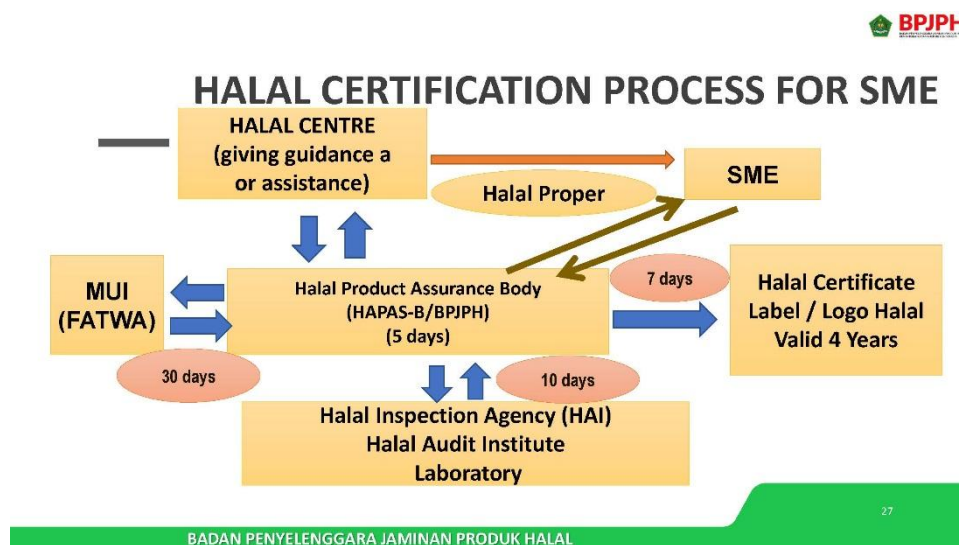


Figure 3. Halal Certification Process

Sumber: Understanding of new halal Certification System per rule No. 33 of Government Indonesia, Sukoso, 2019.

Table 2. Global Potential of Muslim Consumer Spending (Billion US \$)

Tabel 1. Potensi global belanja konsumen muslim (miliar US\$)

Produk	Tahun 2012	Proyeksi tahun 2018	Lima negara teratas	Volume perdagangan
Perawatan pribadi dan kosmetik	26	39	Turki	4,4
			Uni Emirat Arab	4,3
			Perancis	1,7
			Rusia	1,6
			Mesir	1,6
Farmasi	70	97	Turki	10,4
			Saudi Arabia	5,2
			Indonesia	5,0
			Iran	3,7
			Amerika Serikat	3,6
Makanan dan minuman	1.088	1.626	Indonesia	147
			Turki	100
			Pakistan	93
			Mesir	88
			Iran	77

Sumber: Farook et al. (2013)

Source : Farook et al. (2013)

In Indonesia, halal certification efforts have entered the past quarter century. However, in such a long period of time the development was felt to be still less intense compared to Malaysia and Thailand. According to Purnomo (2011) in Prabowo (2015) Indonesia's competitiveness position in the development of ASEAN halal agroindustry was in fifth place, only higher than the Philippines. On extrinsic or institutional factors, Indonesia is only superior to market potential factors, halal certification systems, certification institutions and availability of raw materials, while for logistics infrastructure, government commitment and policy, as well as international and domestic advocacy capabilities, Indonesia is under other countries. Prabowo (2015) even though government policies related to halal issues already exist, the effectiveness of implementing the policy is still relatively low. The implementation of food halal handling policies has not been well socialized to the community, especially to the food industry as the main actors (producers). In the implementation at the operational level, the movement of the joint team (related institutions that are the implementers) has not been integrated and tends to create accessibility barriers (especially in terms of costs)

for the food industry. Business actors face several internal and external obstacles when trying to implement halal standards. Internal constraints include lack of knowledge and awareness of business people, cost constraints, and management constraints.

HALAL GUARANTEE SYSTEM AND HALAL CERTIFICATION

Indonesia through the Indonesian Ulema Council (MUI) since March 2012 has introduced the Halal Guarantee System called HAS 23000. HAS 23000 is a series of halal standards that contain rules for obtaining halal certificates from the MUI (LPPOM MUI 2012). HAS 23000 has been recognized as an international reference by several countries such as Canada, Australia, Brazil, the Netherlands, New Zealand, and the United States. Compared with existing quality certification systems such as the standard Analysis of Critical Control Points (HACCP) and ISO series (ISO 9001: 2000 or ISO 22000: 2005) known as the Quality Assurance System (QAS), the halal guarantee system is still relatively new. As a quality standard, it is undeniable that there are several similarities and the possibility of mutual adoption in accordance with interests.

According to Apriantono (2011) in Prabowo (2015) senior auditors and halal experts in Indonesia, the developing halal guarantee system is now adopting the principles of management systems that have been developed previously. The principle in the halal guarantee system is based on commitment, customer needs, quality improvement without increasing costs and producing goods from time to time without defects, without being recycled, and even without inspection. The halal guarantee system also adopted another principle in Ishikawa's Total Quality Management model where the increase in knowledge must occur at any time for everyone at all levels of the organization, through learning, practice and participation in halal management and activities to increase productivity. Meanwhile, Riaz and Chaudry (2004) in Prabowo (2015) also emphasized that in producing halal guaranteed products, they must apply the Three Zero's Concept, namely zero limit, zero defect, and zero risk. This means that illegitimate materials must not be contained in the raw material (zero limit), additional materials, and products in all production series, including also there must be no unclean ingredients that contaminate the ingredients needed to produce halal products. Thus, there should not be at all the illegitimate products produced (zero

defects) given the large risks borne by the company if there is a claim that the product is illegitimate and that it is true. If both of these are implemented, there will be no risk (zero risk) that will be borne by the company.

The halal guarantee system is an integrated, compiled, implemented and maintained management system to regulate materials, production processes, products, human resources, and procedures that guarantee the sustainability of halal production processes according to the requirements imposed by certification bodies through standard halal guarantee documents. As a standard, the halal guarantee system also contains several series, each of which regulates coverage (scope), criteria (definition), requirements (requirements), fulfillment (compliance) and so on. These standards are also prepared by consensus, transparency, openness, and adopting possible international standards. The halal guarantee system also contains various rules, guidelines, methods and regulations that apply (LPPOM MUI 2012).

The halal guarantee system contains requirements that can be applied to all business categories, including agricultural-based food processing, pharmaceutical and cosmetics industries, abattoirs, restaurants / catering, and service industries (distributors, warehouses, transportation, retailers). In HAS 23000 there are eleven criteria that must be met by the company to be able to apply for halal certification (LPPOM MUI 2012). The eleven criteria are as follows :

1. Corporate Halal Policy

Halal policy is a written statement of the commitment of the top management of the company to consistently produce halal products and become the basis for the preparation and implementation of the Halal Guarantee System. Halal policies must be socialized to all stakeholders of the company (stakeholders) to ensure that they understand that the company implements halal policies. The socialization of halal policies can be done through training, briefings, internal memos, pocket books, internal bulletins, leaflets, banners, banners, posters, e-mail communication, uploading on the company's web, public lectures or other forms of socialization that are appropriate to the company's needs.

2. Halal management Team

The Halal Management Team is a group of people appointed by top management as the person in charge of planning, implementing, evaluating and continually improving the halal guarantee system in the company. The Halal Management Team must include all parts involved in critical activities. Requirements for the Halal Management Team include (1) must be a permanent employee of the company; (2) must understand and understand the requirements of halal certification (criteria, policies and procedures for HAS 23000); (3) The head of the Halal Management Team is prioritized by a Muslim; (4) appointed through a letter of appointment from top management or other form of appointment applicable in the company. The duties, responsibilities and authority of the Halal Management Team must be clearly formulated, stipulated, and socialized to all parties involved.

3. Training and Education

Training is an activity that aims to improve the knowledge, skills (skills) and / or behavior of all personnel involved in critical activities. Critical activities include supplier selection and approval of raw material use, product formulation, purchasing, inspection of merchandise, production, and storage of materials and products. Training (internal or external) must be carried out on a scheduled basis at least once a year or more often if needed.

4. Material Knowledge

Knowledge of materials includes raw materials, additives and auxiliary materials. including name of material, code of material (if any), name of producer, country of manufacture, and type of supporting documents. The company must develop procedures that can guarantee that every material that will be used for certified products has been approved by LPPOM MUI.

5. Product

Certified products may not use names that refer to something that is prohibited or worship that is not in accordance with Islamic sharia. The characteristics / profiles

of sensory products must not have a tendency to smell or taste that leads to unclean products or that have been declared unclean based on the MUI fatwa.

6. Production Facilities

Production facilities that have been used to produce products containing pigs or their derivatives, if they are to be used to produce halal products, they must be washed seven times with water and one of them with soil or other materials that have the ability to remove taste, smell, and color. Washed production facilities may not be reused to produce products containing pigs or their derivatives.

7. Critical Activity Written Procedure

The procedure for purchasing materials must guarantee that all materials purchased for products certified are included in the list of materials approved by LPPOM MUI. The trade material inspection procedure must ensure the suitability of the information contained in the supporting documents of the material as stated on the label of the material. The information in question includes the name of the material, the name of the producer, the country of origin of the producer, and the halal logo if the supporting documents require the material, and for halal certificates, usually including lot numbers and production dates. The procedure must guarantee the absence of contamination of material / products by unclean / unclean materials during storage and handling of materials / products.

8. Search Ability

What is meant by traceability is the traceability of certified products derived from materials that meet the material criteria (LPPOM has been approved / listed in the ingredient list) and produced in production facilities that meet the criteria for production facilities (unclean free).

9. Product Handling that Does Not Meet Criteria

Products that do not meet the criteria are products that are already made from materials that are not approved by LPPOM MUI (do not meet the criteria for halal facilities).

10. Internal Audit

Internal audit is an audit conducted by the Halal Management Team to assess the implementation of the halal guarantee system in the company with certification requirements halal. The scope of internal audit is the implementation of all aspects of the guarantee system halal (11 criteria) and proof of implementation. Internal audits are carried out on a scheduled basis at least six months or more often if needed. Internal audits are carried out by competent and independent internal halal auditors. The internal audit results are submitted to the parties responsible for each activity audited. Actions on findings, corrections needed, and deadlines must be determined. The results of corrective actions must be ensured to resolve weaknesses found in internal audits and avoid future recurrence. The results of internal audits are submitted to LPPOM MUI in the form of periodic reports every six months, and proof of implementation of internal audits must be kept.

11. Management Review

The review is an evaluation of the effectiveness of the implementation of the halal guarantee system carried out by management. Management reviews must be carried out at least once a year or more often if needed. The results of the evaluation must be submitted to the party responsible for each activity. Follow-up completion of the evaluation results must set a time limit. Evidence from the reviewmanagement must be maintained. Companies that have implemented a halal guarantee system and after conducting an internal audit have managed to get good grades, can submit a certification process to obtain halal certificates.

CONCLUSIONN

The Government of Indonesia through BPJPH provides education and builds a halal culture of the community, especially from the food, beverage and medicine sectors through a halal control and verification process. BPJPH provides great benefits for the community in building a halal culture specifically ensuring the safety of products consumed, reassuring the public of sensitive issues and protecting domestic products from global competitionBPJPH.

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