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THE REGULATION OF *HALAL* LABEL IN NON-PACKAGED FAST-FOOD PRODUCTS IN INDONESIA ONLINE BUSINESS

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ABSTRACT

This research aims to understand the implementation of *halal* certification regulation and the responsibility of the producer along with the authority of *halal* certification institution toward the non-packaged, ready-to-eat products in Indonesia. This research used a normative juridical method with a qualitative approach to observe the regulations related to product *halal*. This result showed that *halal* label strives to guarantee the ingredients and the production process from the beginning until the end. The production tools should be divided between tools used for *halal* and non-*halal* products and storage. The implementation of *halal* labelling on non-packaged ready-to-eat products can be pushed by some factors, including having a national campaign program, consistent in *halal* certification procedure, providing access to SMEs actors for the easy and affordable *halal* certification process, and cooperation between the product owner and online application to give *halal* certification with the operational business requirements. Therefore, the synergy of all parties in the implementation and supervision of *halal* certification is needed to create a significant change in online business in Indonesia.

Keywords: *halal label regulation, non-packaging fast-food product, online business, halal certification*

Introduction

The online business of non-packaged fast-food products is becoming one of the growing industries pushed by information technology and communication development. It is also becoming a solution against interaction restrictions due to the Covid-19 pandemic. The non-packaged fast-food products, either food or beverage, is offered and sold online. However, most non-packaged fast-food products do not yet include the *halal* label or the ingredients used. At the same time, the *halal* label is needed to comply with the right of the consumer to get the correct, clear, and complete information on the product. A *halal* label is voluntary. It is not compulsory to put a *halal* label in all food and beverage products. Those who want to apply for *halal* certification has to fulfil the *halal* certification requirement set by the government. Under the 1945 Constitutions of Republic Indonesia, Article 29 Paragraph (2) mandates that the country guarantees the freedom of its citizens to embrace their respective religions and worship according to their religion and belief (Indonesia, 1945).

The rapid growth of online business of non-packaged, ready-to-eat products cannot guarantee the necessity of Muslim consumers, which continue to increase. The Indonesian Ministry of Home Affairs (KEMENDAGRI) stated that the total of citizens in Indonesia in 2020 is 274,349 889 (Idris, 2021). While The Ministry of Religious Affairs (KEMENAG) stated that the proportion of the Muslim population in Indonesia is 87.2% of the total population in Indonesia (Nugraheny, Erika, & Krisiandi, 2021). The government issued the Constitution No. 33 of 2014 concerning the guarantee of *halal* product as a tool of protecting the Muslim consumer's necessity to be in accordance with the Islamic syariah (law) (Constitutions, 2014), whether from the composition of product staple, the product processing, and the packaging used (Agus, 2017).

Nowadays, the *halal* label is becoming the only indicator used to confirm the Muslim community's safety, comfort, and trust in the product that they will be consuming. Thus, the Constitution No. 33 of 2014 concerning the *halal certification*, which adopted the Islamic legal dogma, is attempted to give legal protection of the *halal* product for Muslim community because it is obliged for every believer to consume *halal* food – including *halal*, in its process, in its storage, and its serving (DEPAG, 2003). Before the issuance of Law No.33/2014, there were other law products have been assigned on the *halal* issue, such as Law on Food (No.18/2012) (Law, 2012), Law on Consumer Protection (No.8/1999) (Law, 1999), and Law on Health (No.36/2009) (Law, 2009).

Halal label aims to protect the Muslim consumer when getting the product according to the sharia (Islamic law). Moreover, the regulation on consumer protection maintains the right and obligations. *Halal* product certainty gives the Muslim community comfort in praying because the *halal* product influences the daily life and the life of the hereafter of a Muslim. Article 4 of the Constitution No. 33 of 2014 concerning the *halal certification* (JPH) had assigned those products that enter, circulate and trade in the territory of Indonesia should be certified *halal* (Constitutions, 2014). It is not only obliged to include *halal* labels but the business actors who distribute and trade non-*halal* products are also required to include non-*halal* information on their products (Qur'ani, 2019). Most online shops, especially for non-packaged ready-to-eat products, have not included the *halal* label. *Halal* label is a logo verified by the Indonesian Ulema Council (MUI) placed in the package of products. Ernawanti, Endah, Kusnandar, & Wulandari, (2018) stated that there are 289 samples (28%) that have included *halal* label for its products, but only 112 samples (17%) are appropriate. Even some products have *halal* label in their package but without the MUI certification number (Ernawanti et al., 2018). The problem of *the halal* product label is often marked by the attitude of the business actors who tend to be unaware and chase more for profit. Moreover, the lack of attention from the government and the lack of consumers' response to *halal* product also leads to the *halal* product issues (Warto & Arif, 2020). In Malaysia, *halal* label is not a must. Every product that is consumed by the public may have *halal* label, including the ready-to-eat products (Siauw & Rani, 2012).

The spread of online business has become one of the industrial potentials which promoted the most accessible and tempting profit. It is becoming the trend, especially in the millennial group worldwide, including Indonesia. Almost the entire community engaged in various business fields, mainly the non-

packaged ready-to-eat product produced homemade is using the online application. Even the big companies which moving offline is now following the online business application. Therefore, this research aims to know the implementation of the *halal certification* regulation on online business for non-packaged ready-to-eat products and to know the responsibility of the food producer and *halal* certification institutions toward the non-packaged ready-to-eat products.

Methodology

Library-based research is chosen as the research methodology by reviewing the primary, secondary data. The primary data is in the form of regulations related to the food and beverage *halal* products. The secondary data is in books and law experts' opinions concerning consumer rights protection. This research is analysed in a normative juridical qualitative approach, which then systematically arranges the data to answer the research problem. This research seeks to review three aspects of the problem, those are: (1) the rapid growth and development of the online business of non-packaged ready-to-eat products that do not include *halal* labels; (2) the implementation of *halal* label application based on the existing laws and regulations on non-packaged ready-to-eat products; and (3) the efforts to regulate and apply *halal* labels to non-packaged ready-to-eat online business products as a form of producer's responsibility and the authority of *halal* certification institution.

Results and Discussion

Halal Label in Non-Packaged Ready-to-eat Products in Online Business

The development of information technology and communication, which multiplies, has become the medium that facilitates every human interaction. In the business sector, the chance is to emphasize the online business as the primary model with its innovation to shift conventional marketing to online marketing. The physical meeting of traders and buyers is now no longer needed. The online business platform makes the community easy to find, check the price, sell, and buy. A more integrated online marketing communication media influences the business significantly. This research becomes the proof of the selling improvement with implementing the business online, such as: (1) the improvement volume of the SME sector sales improves by 10-50% (Purwiantoro, S.W, & Hadi, 2016) and (2) the SMEs by 67% (Pane, 2014). In 2010, the household food processor is 881,590 units and made the beverages of 29,848 units whereas the small company which produced food as much as 48,320 and the small company which managed the beverage are 574 units. This total increase in 2015 became 1,473,205 (household food processors) and 45,922 (household beverage processors). The small company of household food processors also increase, which is 93,814, and the small company of household beverage processors is 1208 units (BPS, 2016). This fact is strengthened by the results concerning the effect of digital media on the packaging product sales rate, where it can be said that there is the positive relationship and significance between the digital media users on the sales rate which is 60.2% and Instagram is the most used social media by 74.1%. The potential bring in higher sales by utilizing various types of digital media that have characteristics and advantages in their features. So it can be said that the higher the use of digital media, the higher the level of sales (Ayuni, Cangara, & Arianto, 2019). This is proofed that the actor of non-packaged ready-to-eat products keeps growing, and it is in line with the community necessity which more increases especially in the Covid-19 pandemic.

Online business uses the internet signal in a buying and selling interaction that includes promotions, offers, exchanges, buying and selling of a product or service, ending with the delivery of the product from a point to a certain point through means of transportation ordered online. In the online business, the segmentation of non-packaged ready-to-eat products is commonly dominated by homemade products. The absence of a *halal* label in the product is usually caused by limited capital, limited information or limited access to *halal* certification institutions or authorities. When consumers do not get certainty and comfort for the product because there is no *halal* label and consumers can't witness how the product is processed, this issue should be a common concern. Although most online sellers are Muslim, talking about *halal* products is related to all aspects required for the *halal* of all products, especially products made by non-Muslims. In Law No. 33 of 2014, Article 67 paragraph (1) says, food and non-food products, packaged and non-packaged products, must be certified *halal* (Law, 2014). The

following is the full provision of the article, "The obligation to be certified *halal* for Products circulating and traded in the territory of Indonesia as referred to in Article 4 comes into effect 5 (five) years from the promulgation of this Law." This provision shows a legal omission on the guarantee of *halal* products, especially non-packaged ready-to-serve products offered and purchased by consumers and business actors must prove the *halal* of these products.

The Implementation of *Halal* certification (JPH) Regulation on Non-Packaged Ready-to-eat Online Business Products

Community is likely to think that this assumption may not be wrong that the absence of a *halal* label does not mean that the product is *haram*. But, this can be wrong because the *halal* label strives to guarantee the ingredients and include the entire production process. Production cannot mix the production process between the *halal* and non-*halal* products and their storage. Non-Muslim businesses do not yet understand *halal* products. Between the communities' perception of false and correct, the rule enforcement already dismissed perception with the low certainty of the law and regulations about the *halal* product in order the community is comfortable. The implementation of JPH Constitutions nowadays is considered weak. The Constitution No. 8 of 1999 concerning consumer protection, the government regulation No. 69/1999 on Food Labels and Advertisements and the Decision of the Director-General of POM No. HK.00.06.3.00568 (POM, n.d.; G. Regulation, 1999) is ambiguous when discussing how to include *halal* text on packaging labels, only regulating laboratory tests without discussing further supervision and legal implications (Sayekti, 2014).

The implementation of JPH Constitutions, especially on the non-packaged ready-to-serve products, should apply more strictly, realizing the growth of the Muslim majority of this country is automatically bigger, which becomes a significant market share (R. Regulation, 2019). One of the research related to this problem stated that the small stalls using the online application are sales increase by 6% (Razdan, Rohit, Das, & Sohoni, 2014). The growth of small business unit total or household which produced the non-packaged ready-to-eat products is increasing. It means that the application of *halal* label implementation is quite urgent. The government should socialize back, including the *halal* label participation of every promoted product offered and bought by community without discrimination. Implementation is possible through preparation of *halal* certification that is fast, easy and affordable certification access for every smallest area of government.

Several obstacles of *halal* label application must be minimised through BPJH, MUI, and the ministry related to the regulation of *halal certification* must cooperate with the server online business application server managers. Next, there can be an arranged implementation standard of *halal* product label with a series of fast and affordable processes. This *halal* certification process needs to be carried out gradually and continuously. As long as the certification process is not final, it needed to include the logo still in the *halal* certification process such as mandated by Government Regulation No. 31 of 2019 that the goods must certification but it has not passed, it may still be offered and sold to the public, where it must include a MUI (a logo for *halal* certificate product). This makes a conditions where the application of certification which purposed to give the *halal* label on every production absorbed by the community remains and continues to be implemented.

The factors which needed to push to implementation included the *halal* label in the non-packaged ready-to-eat products to the business online is needed the government steps and the authority institutions related to:

1. Enacted as a form of national program and campaign
2. Consistent steps are needed to urge all parties, especially producers, to participate in the *halal* certification process accompanied by strict legal sanctions.
3. It is necessary to establish an operational certification body that can reach small business actors by providing easy, fast and affordable access to management.
4. The need for cooperation with online application server owners to provide requirements for the existence of a *halal* label in their business operations.

If the *halal* label is implemented good, the bigger possibility is pushing to the significant changes, such as the improvement of absorption of labour, because as we know, home industries as well as micro and small businesses are labour-intensive businesses that can also open up opportunities for immigrant communities in urban areas. The creation marker is with the more significant *halal* products in the world even at the level of growing business actors who can encourage the national economy. The article No. 4 JHP Constitutions stated: "Products that enter, circulate, and are traded in the territory of Indonesia must be certified *halal*." The implications of regulation become clear and firm that all producers who trade in Indonesia must manage the products to get the *halal* certification. The current problem is disobedience to the regulation above is not yet the sanction of clear law.

The Responsibility of *Halal* Certification Institutions Authority and Business Actor

Halalan thoyyib is every Muslim's dream. They want to consume everything that is needed in their life. Thus, adequate information and operation on the offered product are essential. This can only be achieved if the existing legal order is firmly established and not ambiguous in applying the sanctions. The current legal certainty significantly impacts public trust and legal certainty to consume *halal* products. This legal certainty is correlated with the confidence of the institution's authority in applying the rules. Suppose the circulation of a product is difficult to control. In that case, it reflects the lack of a *halal certification* regulation and the problem in the level of public awareness.

The *halal* label is the information about the *halal of the product* in the form of figure and word on the product package. Many non-packaged ready-to-eat products which not yet have *halal* labels are becoming the government's responsibility and comfortable to Muslim consumers. The *halal* certification in Indonesia, which now is handled by the state through the *halal* product Assurance Agency (BPJPH), had its process from the start of its scientific examination until the issuance of a *halal* certificate was previously the authority of the MUI. *Halal* certifications are implemented by adhering to the principles of transparency, responsibility, protection, wisdom, legal certainty, effectiveness and efficiency, and professionalism. It aims to give the comfort, security, safety, and certainty of the availability of *halal* products. BPJPH has the responsibility to sanction business that has not yet included the *halal* label in the product. The BPJPH role has the consequence to implementing:

1. Require *halal* certification following the provisions of Islamic law for all products offered and sold to the public.
2. The existence of non-packaged ready-to-eat products in online businesses that do not include a *halal* label needs to be dealt with a snare with a criminal act article with a persuasive and educative approach in stages.
3. The existence of a *halal* label provides legal certainty and guarantees the sustainability of the responsibility of business actors to maintain the *halal* of their products in the future.

The obligations of BPJPH are implementing the laboratory test on a product, future supervision of the product, giving the *halal* certification with including the *halal* label on the *halal* product, separating the *halal* and non *halal* in terms of location, storage, packaging, distribution, sales with as well as the presentation of *halal* and non-*halal* products. BPJPH was established to enforce the law against violations of *halal* products both through administrative sanctions and criminal sanctions.

Besides the government responsibility, the role and awareness of community is also needed in implementing the *halal* certification. Community participation needs to be encouraged to be involved in supervision in the framework of encouraging government programs related to including *halal* labels in products distributed to the public. Moreover, the socialization of *halal certification* constitutions cannot be stopped especially the effort to find out and inform which products are *halal* and which are not *halal*, followed by revising Law No.33 of 2004 concerning this *halal certification* (Law, 2004). Sanction must be given if the businessmen is not submitting the certification in the framework to include the *halal* label in the product. This is especially referring to the sellers of non-packaged ready-to-eat

products in the online business, which sells the product to the community and being responsible for the *halal* of their products.

Nowadays, the absence of the inclusion of *halal* labels on ready-to-eat products as regulated in Law Number 8 of 1999 concerning Consumer Protection, Law Number 33 of 2014 concerning guaranteed *halal* products, and Government Regulation Number 69 of 1999 concerning food labels and advertisements, the protection on the consumer still weak, although there are administrative sanctions in the form of taking products from circulation as well as criminal sanctions in 5 years' imprisonment and a fine of Rp. 2,000,000,000.00 (Two Billion Rupiah). Thus, the spreading of online business of SME actors can no longer simply be urged to comply with existing laws but must be approached at a more definite stage to lead to sanctions, such as stages of education, persuasion and threats of sanctions, through the alertness of *halal* certification bodies in monitoring and inspecting every processed product in circulation on the market.

Non-negotiable that the *halal* label must exist and become the consumer protection guarantee to get the information in accordance the Islamic law guidance. Therefore, the *halal* certifications to get the *halal* label become important. Moreover, the proof of *halal* is not fully becoming the government responsibility because the business community is also must prepare the *halal* proof as follows:

1. Business actors need to prepare a product processing system that can be said to be *halal*.
2. The *halal* product processing system is well recorded and documented.
3. This *halal* product processing system also needs to be used as a reference for the sustainability of the production process going forward.
4. The *halal* product processing system and its implementation procedures need to be disseminated to internal business actors so that the *halal* of their products can be guaranteed.
5. Business actors also document and record their internal evaluations.

The *halal* label certification aimed to fulfilling the consumer right to get the correct and honest information on the condition and guarantee the conditions and guarantees of *halal* properly and adequately. Therefore, the business actors of ready-to-eat products which not include the *halal* label and has sale the product in the community is needed to get the reprimand from the relevant authorities, delivered to the further stricter sanctions such as business competition sanctions. Giving a sanction through the active and efficient monitoring intensity on outstanding product is involving all relevant agencies especially the regional government, considering the breadth of Indonesia. Giving sanction becomes one of the guaranteed instruments of Muslim on *halal* product such as mandated by the Constitution No. 33 of 2014. As the instrument requires consumer responsibility, a violation in the absence of including a *halal* label means a violation of Constitutions No. 33 of 2014. UUJPH is not only important for consumer protection through the *halal* label, but also gives the positive value for the businessman himself, at least through legal certainty on the entire goods. Besides, *halal* products will have more market opportunities in both Muslim and non-Muslim markets and *halal* products also cover product quality.

The Constitutions No. 33 of 2014 about the *halal certification* contains the basic principle that every believer of religion worships and carries out his religious teachings safely and comfortably. The Constitutions No. 33 of 2014 is important for Muslim community in order to always carry out religious orders to using and consuming *halal* food. Therefore, the awareness and obedience become the important factor in the implementation of *halal* label application so the same synergy and spirit in the implementation through the supports of the publication of implementation the regulation in order to implementing effectively. The application of Constitution No. 33 of 2014 about the *halal certification* with Regional Regulation No. 31 of 2019 concerning JPH shift certification and *halal* label is what was previously optional has become mandatory. Indeed, there exists the pro and contra but it must be understood that the obligations in the *halal* label is the common interest that must be kept for the safety, security and comfort in implementing religion and the beliefs held by our constitution guarantee under the Constitution.

Conclusion

The purpose of this research is to analyse the implementation of *halal certification* regulation and the responsibility of the producer and the authority of *halal* certification institution on the online business of non-packaged ready-to-eat products. The result showed that there are some factors which can be used to encourage the implementation of *halal* certification label, such as holding the national campaign programs, consistent in the steps to obtain *halal* certification, provide the certification operational agency which can be reached to all levels of business, and cooperate with the online application server owner in giving the condition of the *halal* label on the business operational. Thus, the application of *halal* label can be implemented well and push on the significant changes in the business world, such as increasing job opportunities, because the small household industry or micro, small and medium enterprises (MSME) will need more employment when the business demand is increasing. Moreover, *halal* label can create the biggest *halal* product market in the world and therefore boosts the national economy. For the responsibility of the *halal* certification institutions authority and sellers, they are bound by the Law on Consumer Protection (No.8/1999), which indicate them to be responsible to compensate for product error that had been consumed by the consumers. The compensation refers to the refund of the money or replacement of goods within 7 days after buying. The replacement is not close to the possibility of criminal charges. Therefore, the consumer should be aware and smart in purchasing the product based on the sharia or Islamic law guidance.

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