

LEGAL PERSPECTIVE: MSMEs AS A SUPPORT SYSTEM FOR HALAL INDUSTRY IN FULFILLING SUSTAINABLE DEVELOPMENT GOALS IN INDONESIA

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ABSTRACT

According to the perspective of Islamic economic law, the realization of SDGs in Indonesia can be achieved through the halal industry in the form of halal MSMEs which may affect the achievement of SDGs, especially the first, second and third goals, namely, eliminating poverty which can be realized through halal SMEs, reducing hunger with halal products, and good health and welfare based on halal and tayyib principles that is also profit oriented and community oriented which can reach more people. This article discusses the legal perspective of micro and small enterprises (MSMEs) as a supporting system for the halal industry in fulfilling sustainable development goals in Indonesia.

This study is a normative legal study, that is legal research conducted by examining secondary legal materials or library materials.

Micro, small and medium enterprises (MSMEs) as a support system for the halal industry in fulfilling sustainable development goals in Indonesia are clearly very important. One of the achievements in the SDGs in the economic sector is welfare and equity. The success of the equitable distribution of certified MSE products in Indonesia will help improve the visibility of halal products, making it easier for consumers to find. This will have an impact on the Indonesian economy, especially in influencing GDP growth from the halal product consumption sector. MSMEs can help realize the SDGs goals. Collaboration between MSMEs and various institutions in the halal industry is very important for the development of MSMEs in Indonesia.

Keywords: MSMEs; SDGs; Halal Industry

PERSPEKTIF HUKUM: UMKM SEBAGAI SISTEM PENDUKUNG INDUSTRI HALAL DALAM PEMENUHAN SUSTAINABLE DEVELOPMENT GOALS DI INDONESIA

ABSTRAK

Perspektif hukum ekonomi Islam berpendapat bahwa industri halal, yang terdiri dari UMKM halal, dapat membantu mencapai SDGs di Indonesia, terutama tujuan kesatu, kedua, dan ketiga, yaitu menghapus kemiskinan yang dapat dicapai melalui UMKM halal, mengurangi kelaparan dengan produk halal, dan memberikan kesehatan dan kesejahteraan yang baik dan thoyyib yang berbasis halal dan thoyyib. Selain itu, industri halal harus berorientasi pada keuntungan dan berorientasi sosial sehingga dapat menghasilkan industri yang menguntungkan. Artikel ini akan membahas bagaimana hukum usaha mikro dan kecil (UMK) berfungsi sebagai sistem yang mendukung industri halal dalam mencapai tujuan pembangunan berkelanjutan di Indonesia.

Penelitian hukum normatif, yang meneliti bahan hukum sekunder atau pustaka, adalah jenis penelitian yang digunakan. Usaha mikro, kecil dan menengah (UMKM) adalah sistem pendukung industri halal dalam pemenuhan sustainable development goals di Indonesia yang sangat krusial. Kesejahteraan dan pemerataan kesejahteraan adalah salah satu tujuan dari SDGs. Berhasilnya sertifikasi produk UMK secara merata di Indonesia akan membantu pemerataan produk halal, membuatnya lebih mudah diakses oleh pelanggan. Hal ini akan berdampak pada ekonomi Indonesia terutama dalam hal jumlah uang yang dihasilkan oleh industri yang memasarkan produk halal. Tujuan SDG dapat diwujudkan oleh UMKM. Untuk mengembangkan UMKM di Indonesia, kolaborasi antar kelembagaan dalam industri halal sangat penting.

Kata kunci: UMKM, SDGs, Industri Halal

INTRODUCTION

Aside from SDGs, the halal industry has become a global source of attention. The halal industry is an activity in processing products facilities permitted by the sharia law. With the

increasing public awareness of halal products (Yuanitasari et al., 2022) in both Islamic majority and minority countries as part of their lifestyle in this society 5.0 era, the halal industry answers the needs of the world's Muslims. The growth of the world economy leads to the creation of the global

halal market that has caught the world's attention. The halal industry with distinctive characteristics that distinguish it from the conventional system, that is the origin of halal and haram which comes from the Al-Qur'an and hadith as the main legal basis for running the Muslim life system. The Ministry of National Development Planning responded to the development of the halal industry by carrying out a halal management process which was published through the 2019-2024 Indonesian Sharia Economic Master Plan, through the concept of halal by design which directs production.

According to Suparto et al., (2016) the idea of halal also embraces sustainable development, a global issue that permeates all facets of human existence, including the social, environmental, and economic spheres. In a similar vein, one of the main economic sectors where sustainability is becoming more of an issue is tourism. Numerous organizations, including the World Trade Organization, have defined sustainable tourism. Furthermore, halal tourism, also known as Islamic tourism or Muslim-friendly tourism, is a relatively new idea in the travel sector that presents intriguing new chances to boost economic growth. According to Judiasih et al. (2019), the halal business actually addresses a number of the Sustainable Development Goals (SDGs) and can have a big impact on economic sustainability. Therefore, it is vital to explain the meaning and concept of halal tourism, to eradicate misconceptions (Yuanitasari et al., 2023) among non-Muslim customers and develop a universal positive perception among international consumers.

Through the Gerakan Nasional Bangga Buatan Indonesia (Gernas BBI - Proudly Made in Indonesia National Movement), the government also keeps encouraging MSMEs to join the digital platform. As of the end of 2020, 11.7 million MSMEs had joined. The goal is to have 30 million MSMEs adopt digital technology by 2030. The increase of exports of Indonesian products from MSMEs was also carried out through the ASEAN Online Sale Day (AOSD) in 2020. Around 64.13 million of Indonesia's 64.19 million MSMEs are still in unofficial, necessitating encouragement to become legal entities (CNBC Indonesia, April 28, 2021).

The idea of halal by design, which is based on Islamic law regarding the production of goods and their processing through the halal and tayyib concept, can become a new paradigm in the global industrial sector through the halal management process carried out by the Ministry of National Development Planning in the publication of the 2019–2024 Indonesian Sharia Economic Master Plan. The Masterplan envisions an autonomous,

successful, and civilized Indonesia as the foremost Islamic economic hub in the world. In order to encourage and expedite the implementation of the plan, four main strategies are put forth: (1) strengthening the halal value chain by concentrating on sectors that are deemed highly competitive and potential; (2) strengthening the Islamic finance sector with a master plan outlined in the previous Indonesian Sharia Financial Architecture Master Plan (MAKSI) and refined into this master plan; (3) strengthening the Micro, Small and Medium Enterprises (MSMEs) sector as the primary driver of the halal value chain; and (4) strengthening the field of digital economy, especially trade (e-commerce, market place) and finance (financial technology). The government is still pushing Indonesia to lead the world in halal product innovation. One way is through the creation of regulations, such as the JPH Law, Law Number 33 of 2014 regulating the Halal Product Guarantee. A rule that came forth as a result of the JPH Law required business actors to obtain halal certification, instead of it being optional.

The business entities mentioned in the JPH Law are people or companies that conduct business operations within Indonesian borders, whether they are registered as legal entities or not. This means that Micro, Small and Medium Enterprises (MSMEs) are also covered in the scope of the halal product assurance policy. The JPH Law stipulates that the following five product categories—food and beverages, cosmetics and medications, chemical, biological, and genetically engineered products, used goods, and services—must all have halal certification. Government Regulation (PP) Number 31 of 2019 governs the application of Law Number 33 of 2014 concerning the Halal Product Guarantee (JPH). However, in compliance with Minister of Religion Regulation (PMA) Number 26 of 2019, the mandatory halal product adoption is done in stages, beginning with food and beverage products on October 17, 2019, and ending on October 17, 2024. The JPH Law also specifies the penalties for business actors that do not complete the halal certification process before the phasing deadline; in these cases, the product, even when it contains halal ingredients, must be labeled as non-halal.

These consequences will certainly be detrimental to business actors, especially MSMEs, because they have not been familiar with the halal product guarantee policy. In addition, the low level of literacy among MSMEs regarding the halal production process adds to the factors to be considered in implementing halal product policies. All programs and regulations that adhere to the halal and tayyib principles, are expected to be able to provide the concept of economic growth

which is also in line with the 2030 Sustainable Development Goals (SDGs). SDGs are a program that integrates economic, social and environmental for the benefit of humans and the sustainability of the earth. The Islamic Economic Perspective views that the realization of SDGs in Indonesia (Sugandi et al., 2022) can be achieved through the halal industry in the form of halal MSMEs which always influence the achievement of SDGs, especially the first, second and third goals, which include eliminating poverty through reducing hunger with halal products and achieving good health and welfare based on the halal and tayyib principles, while also being oriented towards profit and the community. This article looks at the legal perspective of micro and small enterprises (MSEs) as a support system for the halal industry in fulfilling sustainable development goals in Indonesia.

METHOD

The method employed is normative legal research, which is conducted by examining secondary legal materials or library materials. Normative legal research is a process of finding a rule of law, legal principles, or legal doctrines with the aim of answering a legal problem faced.

RESULTS AND DISCUSSION

The Challenges of MSEs In Achieving SDGs in Indonesia

The 2020-2024 National Medium-Term Development Plan (RPJMN) is a 5-year development planning document that elaborates on the mandate of the 2005-2025 RPJPN, Indonesia's Vision of 2045, and the President's Vision and Mission, which are the main foundations for the preparation of the 2020-2024 RPJMN. In the RPJMN of the 2020-2024 period, SDGs are part of the mainstreaming of development in the next five years. The 2020-2024 National Medium-Term Development Plan (RPJMN) is related to the goals, indicators, and targets of the SDGs in the 2020-2024 National development. The Sustainable Development Goals (SDGs) are a continuation of the Millennium Development Goals (MDGs) agreed by UN member states (El-Jardali et al., 2018) in 2000 and ended at the end of 2015. Nonetheless, there are important distinctions between the two in terms of content and method of preparation. Only 8 Goals, 21 Targets, and 60 Indicators made up the MDGs that were agreed upon more than 15 years ago. Only half of the development issues included in the objectives and targets were intended to be reduced by the goals. The MDGs' development claims that their shortcomings stem

from their exclusive and overly bureaucratic planning and execution, which exclude the participation of non-governmental stakeholders like academic institutions, corporations, civil society organizations, and the private and public sectors. In contrast, there are 169 Targets and 17 Goals in the SDGs, which are applicable from 2016 to 2030 (EIMassah & Mohieldin, 2020).



Figure 1. 17 Purpose of SDGs (Source: SDGsBappenas.go.id)

The SDGs address development challenges in a more thorough manner, both quantitatively—by referring to the accomplishment of every goal and target—and qualitatively—by addressing development issues that are not covered by the MDGs. The SDGs are also universal, meaning that every nation has an equal role and duty in accomplishing the goals, with developed, developing, and least developed nations all having an equal opportunity to contribute fully to development (J. Gunawan et al., 2020).

The concept of the rule of law in Indonesia is expressly stated in the Constitution of the Republic of Indonesia, hereinafter referred to as the 1945 Constitution of the Republic of Indonesia, wherein the 1945 Constitution of the Republic of Indonesia is the source of law for the Indonesian state. In the concept of rule of law in the administration of the state, the actions of the government must be based on the law, not based on the power or will of the government. The welfare of the people can be achieved through many efforts, one of which is by carrying out National Development.

National Development is interpreted as a joint effort between the people and the state to improve themselves towards a better direction than before. Therefore, the conception of national development itself is naturally practiced by the community to achieve its own welfare.

Unfortunately, the actions taken by the community are not sustainable, but rather temporary. This action creates many problems, including inequality, economic, social and governance problems. In response, Indonesia and other UN members (Junyuan et al., 2019) are now campaigning for Sustainable Development Goals (SDGs) (Lee, 2020). To achieve sustainable development, sustainable legal development is needed (Iskandar, 2020) to figure out the legal

guarantee in achieving national development. Sustainable development is carried out to ensure the fulfillment of SGDs which are a series of economic, social and ecological developments. As such, with this sustainable development, the goals of the state are achieved with the development of society, which is to increase the standard of living which will ultimately lead to the welfare of the people.

Due to their strong correlation with Indonesia's low entrepreneurship rate of 3.5%, MSMEs face a wide range of difficulties. Therefore, raising the caliber of MSMEs is imperative in order to establish future business-friendly environments. It is noteworthy that MSMEs have contributed significantly to the expansion of the Indonesian economy. MSMEs have emerged as one of the main cornerstones and stabilizers of the Indonesian economy, even in light of the lessons learned during the country's economic crisis. Nevertheless, the MSME sector, was largely static throughout the Covid-19 pandemic and hence required a digital transformation plan to survive. According to data from the Central Statistics Agency (BPS) as of September 2020, only 45% of SMEs were able to withstand the Covid-19 epidemic for longer than three months; the remaining SMEs were unable to do so. Thus, one of the options offered by the Ministry of Cooperatives and Small and Medium Enterprises in an attempt to build digital MSMEs is to encourage young inventors to participate in the MSME Digital Heroes initiative, which will aid in the digitization of MSME businesses. With the use of the digital ecosystem, this campaign seeks to ensure that MSMEs may continue to thrive throughout the Covid-19 pandemic by boosting sales, as well as to increase the number of MSMEs linked to the digital environment, which is currently only at 10–11 million MSMEs. In addition, the Ministry of Cooperatives and SMEs has a four-step plan to boost MSME digitalization. (Trimulato et al., 2021), with the first step being developing MSME business entities capacity through training, which will improve human resources because the development of MSMEs depends mostly on the quality of their human resources. This is also due to many MSME employees acknowledging that their ignorance has caused them to face several challenges when utilizing social media and digitization.

As such, people working in MSMEs need to be highly skilled in using social media, navigating marketplaces, and familiarizing themselves with other auxiliary apps. In reality, the Drone Emprit Academic application teaches MSMEs how to analyze public opinions on popular social media. The second step involves stepping in and helping them improve their business procedures, which

then manifest into various programs. Aside from marketing strategies, information regarding the significance of financial literacy for MSMEs is also required. Financial literacy would enable MSME players to methodically structure their business units, notably with debt and credit concerns. The processes for documenting MSME accounting are also covered in this financial literacy course. The reason for this is that due to implementation barriers; the majority of MSMEs in Indonesia have not kept records in compliance with the Financial Accounting Standards for Entities without Public Accountability (SAKETAP). This barrier results from the poor quality of financial reports for MSME's.

The third step is the growth of market access, one of which supports cooperation between the Ministry of Cooperatives and SMEs and the Government Procurement Policy Agency (LKPP), so that MSMEs can become vendors for government procurement of goods and services. The fourth step includes promoting local MSME heroes. In order to anchor to digital platforms or foreign markets (exports), these local MSME heroes must be influential figures that possess a strong brand, and are able to ignite, empower, and unite micro and small entities.

Furthermore, in the aftermath of the Covid-19 pandemic, mitigation and recovery strategies are required to resurrect this condition. These strategies include stimulating demand and promoting digital platforms. It is true that a holistic approach to MSMEs' development in Indonesia is required.

Before discussing the halal industry further, it is necessary to first identify the definition of MSMEs, which include businesses run by individuals, households, or business entities of micro, small and medium sizes. The classification of MSMEs (Larasati et al., 2022) is usually identified by turnover per year, the amount of wealth or assets, and the number of employees. The Omnibus Law on Job Creation (Ciptaker Law) amends a number of provisions regarding Micro, Small, and Medium Enterprises (MSMEs) in Law Number 20 of 2008 on MSMEs, including the criteria for MSMEs. In the article Article 87 Point 1, the Ciptaker Law changes Article 6 on MSME criteria to include business capital, turnover, net worth indicators, annual sales results, or investment value. In the meantime, the phrase "halal industry" refers to industrial operations that, in order to produce halal goods, must use resources and techniques that are approved by Islamic law, beginning with the acquisition of raw materials and continuing through processing. The halal industry is expanding as it goes, encompassing not just food and drink but also lifestyle areas like travel,

cosmetics, education, finance, fashion, media for leisure, and the arts and culture. Therefore, it can be said that the MSMEs in the halal industry are companies that are owned and operated by individuals, families, or micro, small, and medium-sized businesses. These companies must follow Islamic law when it comes to obtaining raw materials, processing, and manufacturing halal products. The industry is centered around food and drink, travel and tourism, cosmetics, education, finance, fashion, leisure media, and the arts and culture.

Inter-institutional collaboration in the halal industry is very important for the development of MSMEs in Indonesia. An adage states that the era of disruption (digitalization) is the era of collaboration. In the context of developing MSMEs in Indonesia (Kurniastuti, 2013), it is necessary to cooperate among various parties both across ministries, institutions, agencies, and the private sector such as the Ministry of BUMN, Ministry of Information and Communication, Ministry of Tourism and Creative Economy, Ministry of Trade, and Ministry of Cooperatives and SMEs. Collaborations also need to be carried out by a number of Islamic economic and financial institutions such as the National Committee for Islamic Financial Economics (KNEKS), MUI, BPKH, BPJPH, BAZNAS, BWI, and others. Without collaboration on the part of users, regulators, and operators in optimizing the role of MSMEs (Khair et al., 2022), the halal industry will not become a reality. This collective effort is also based on Presidential Decree (Kep-pres) Number 15 of 2021, issued on September 8, 2021 concerning the formation of the Gernas BBI task force. In the context of collaboration, a pilot project for accelerating the development of halal industry MSMEs has been launched in the form of business financing from Islamic banks, Revolving Fund of Management Institutions (LPDB), Islamic Microfinance Institutions (MFIs), as well as People's Business Credit (KUR), shares, and sharia-compliant financial technology (fintech). Based on data released by Bank Indonesia (BI) in 2020, the national Exyar Literacy Index in 2019 was at 16.3 percent. This implies that the promotion of sharia and halal products is important and needs to be improved. The promotional efforts should involve the government, higher education institutions, and sharia and halal economic activists in Indonesia. In the end, optimizing the 4-Si (certification, digitization, collaboration, socialization) can be a turning point in the efforts to develop MSMEs and the halal industry in Indonesia.

Opportunities for Halal Industry Growth through the Free Halal Certification Program (Sehati) for MSMEs

Halal certification is used as the main tool to expand and develop the halal industry sector in Indonesia. Halal-certified products can become Indonesia's competitive advantages in the international market. Indonesia is one of the countries whose government has received the entire halal certification process. The presence of BPJPH as a special institution formed by the government to handle the halal certification process in Indonesia under the auspices of the minister (Article 4 paragraph 3 PP Number 39 of 2021). As an effort to develop the halal industry sector, the acceleration of the certification process for MSMEs is carried out by promoting the Sehati (Sertifikat Halal Gratis – Free Halal Certification) program. The source of funding for Sehati refers to state funding to alleviate the MSE certification costs (Article 81 PP Number 39 of 2021). The program was initially launched with 1 million free certificates with 10 million halal certificates by 2021. Encouragement and efforts are made by the government to gradually provide funding assistance for MSMEs actors in order to make Indonesia the center of world halal producers by 2024. Various efforts have been made by BPJPH to obtain support for organizing Sehati. Apart from the APBN (State Revenue and Expenditure Budget), funding for Sehati may be from various sources contained in 86 Government Regulation Number 39 of 2021 including APBD (Provincial Revenue and Expenditure Budget) funds, alternative financing for MSEs (Pakpahan, 2020), partnership funds, grant assistance either from the government or from other institutions, revolving funds, and other legal and non-binding sources. Efforts to accelerate halal certification are pursued in collaboration with various government agencies including the ministries of industry, trade, health, agriculture, cooperatives and SMEs, and home affairs (Article 104 PP Number 39 of 2021). This collaborative effort will expand the funding sources for the Sehati program. Submission of halal certification through the Sehati program can be done by MSEs actors anywhere in the country, because the whole process is carried out in an integrated manner, including through the sehati.go.id website. This refers to article 49 paragraph (1) of Government Regulation Number 39 of 2021 which states "Business actors apply for a Halal Certificate in writing in Indonesian to BPJPH through an electronic system". The digitalization of halal certification management will further the growth and development of a sustainable community economy. This convenience in obtaining Sehati halal certification will form a support system for

sustainable development in Indonesia. The *Sehati* program aims to increase awareness of the importance of halal certification. The program also helps motivate MSEs actors to start halal certification of their business products. So far, the awareness of business actors of the obligation of halal certification is very low, this is a factor inhibiting the growth of the halal industry. With the *Sehati* program, MSEs can take advantage of the program to get free halal certification facilities (Adinugraha & Sartika, 2019). The existence of halal-certified MSEs will help motivate other MSEs to obtain similar facilities.

Increased Consumption of Halal Products

Indonesia as the country with the largest Muslim population in the world provides an advantage to increase the consumption level of halal products. Halal products are considered indispensable by Muslim consumers in accordance with the recommendation to consume halal food. The success of the distribution of certified MSE products in Indonesia will help making it easier for consumers to find halal products (Widyaningrum, 2019). This will have an impact on the Indonesian economy, especially in influencing GDP from the halal product consumption sector.

The certification of halal products in Indonesia will help develop them to be marketed in various countries. MSE products in Indonesia have the potential to compete in international trade. The export contribution of MSE products has increased from 14.37% to 15.69% until 2020, with a target to increase by 17% in 2024. It is undeniable that the export target can be achieved by certifying halal MSE products in Indonesia.

Challenges in Implementing the *Sehati* Program

Providing free halal certification as a convenience for MSEs can have an impact that needs to be analyzed. The advent of various regulations regarding the Halal Product Guarantee (JPH) system does not guarantee the successful implementation of free halal certification. This analysis is based on the government's target for all MSEs with limited MSE coverage through the *Sehati* program, and the bigger target to be achieved by 2024. The obligation of halal certification without legal sanctions creates a legal vacuum which makes the effort less optimal when applied to MSE actors. The Indonesian government relies on the *Sehati* program to accelerate halal certification. However, with the limited authority that exists in reference to article 81, it raises doubts about achieving the goal of becoming the center of the world's halal product

producers in 2024. The following are some of the risks for the government and consumers associated with providing a free halal certification program: State Budget Capability Based on the provisions of Article 81 of Government Regulation Number 39 of 2021 states that all *Sehati* programs come from state finances and are assisted by government ministries. The data on the cost of halal certification for MSEs that must be paid by the government ranges from IDR 300,000 to 500,000 based on the Minister of Finance Regulation No.57/PMK.05/2021 concerning General Service Tariffs for Organizing Bodies. Halal Product Guarantee at the Ministry of Religion.

The budget that has to be spent on halal certification for 65,471,134 business units is 300,000 rupiahs each which equals 19 trillion rupiahs. In addition, the government also bears the cost of extending the halal certificate of MSEs (Article 5 Minister of Finance Regulation No.57). Providing halal services will burden the state budget, particularly with the growing number of MSEs every year. There is a need for a more in-depth study for the government to plan the budget for the *Sehati* program.

Economic development (Hasan & Kamiluddin, 2023) influenced by the globalization of the world (Surya et al., 2015) provides new problems. It is undeniable that consumers still do not know whether certain products are halal or haram (Johan & Hussain, 2019). Muslims have an obligation sharia to consume everything that is halal in accordance with the Quran as stated in Al Baqarah verse 168. The verse commands Muslims to consume halal products which are not limited to food and beverages. Initially, the Indonesian Ulama Council (MUI) formed the Institute for Food, Drug and Cosmetics Assessment (LPPOM) as a step to protect the people as a halal inspection agency. LPPOM MUI (Hidayat & Siradj, 2015) is present to assess the halalness of a product. LPOM is present as a halal inspection agency (LPH) that focuses on a comprehensive assessment to ensure that the product is truly halal. The enactment of Government Regulation Number 39 of 2021 limits the authority of LPPOM MUI. Initially, the entire halal certification process was carried out by MUI through LPPOM MUI. However, this authority was delegated to BPJPH, and MUI's authority is only limited to providing halal fatwa (Article 76 Government Regulation Number 39 of 2021).

In the case of providing halal certification through the *Sehati* program (Kurniawan, 2021), MSEs do not carry out product inspection by LPH. The halal standard is only based on the halal

statement (Article 2 PMA No.20/2021). The halal statement (S. Gunawan et al., 2020) is written by MSEs based on the criteria made by BPJPH with validation by the PPH assistant (Article 2). After this process, the results of the statement are forwarded to the MUI fatwa commission to issue a halal fatwa. The halal certification process through the Sehati program raises doubts about products that are declared halal by MSEs themselves. This is very contrary to the provisions of Article 76 paragraph (1) of Government Regulation Number 39 of 2021 which states that "Determination of product halalness is carried out by MUI through MUI halal fatwa sessions". Providing halal certification through the Sehati program will weaken the authority of MUI as an institution entitled by law to make halal decisions. Halal products are not only a necessity for public consumption but also a means of obtaining spiritual rights.

The risk that may arise is the quality of the products produced through the halal certification route which can still be doubtful about its halalness. This is because MSE actors do not carry out the inspection process directly by LPH and only rely on the inspection carried out by PPH assistants. Meanwhile, PPH assistants according to the criteria contained in Article 5 of PMA Number 20 of 2021 come from community organizations or Islamic religious institutions, and are not members of MUI/LPPOM MUI.

MSMEs as a Support System for the Halal Industry in Fulfilling Sustainable Development Goals in Indonesia

Sustainable Development Goals, or SDGs are a global development agenda established by the United Nations that consists of 17 goals with 169 quantifiable targets and deadlines for the benefit of people and the planet Earth. (Wartoyo & Haida, 2023). These goals were jointly launched by countries across governments in a UN resolution issued on October 21, 2015 (Rassanjani, 2018) as a common development goal by 2030. These objectives replace, or carry on, the Millennium Development Goals, which were signed as the Millennium Declaration at UN headquarters in 2000 by leaders of 189 nations and are no longer in effect as of the end of 2015 (Pratama et al., 2020).

In August 2015, 193 countries agreed on the following 17 goals: Goal 1 - No poverty: eradicate poverty in all its forms everywhere; Goal 2 - Zero hunger : achieve food security and improved nutrition, and promote sustainable agriculture. Goal 3 - Healthy and prosperous lives, Promote healthy living and promote well-being for all at all ages. Goal 4 - Quality education;ensure equitable and inclusive quality

education and promote lifelong learning opportunities for all. Goal 5 - Gender equality: achieve gender equality and empower all women. Goal 6 - Clean water and adequate sanitation; eEnsure access to water and sanitation for all. Goal 7 - Clean and affordable energy;0ensure access to affordable, reliable, sustainable and modern energy for all. Goal 8 - Decent work and economic growth, Promote sustainable and inclusive economic growth, employment and decent work for all. Goal 9 - Build strong infrastructure, promote sustainable industrialization and foster innovation. Goal 10 - Reduced inequalities, within and between countries. Goal 11 - Sustainable cities and communities; make cities inclusive, safe, strong and sustainable. Goal 12 - Responsible consumption and production; ensure sustainable consumption and production patterns. Goal 13 - Addressing climate change; take critical steps to combat climate change and its impacts. Goal 14 - Marine ecosystems: protect and sustainably use the oceans, seas and marine resources. Goal 15 - Terrestrial ecosystems; sustainably manage forests, combat desertification, halt and rehabilitate land degradation as well as biodiversity loss. Goal 16 - Peace, justice and resilient institutions:Promote just, peaceful and inclusive societies. Goal 17 - Partnerships for the goals; reinvigorate global partnerships for sustainable development (Christmas & Aminah, 2019).

World leaders formally adopted the Sustainable Development Goals as a global development pact on September 25, 2015, at the UN Headquarters (Morton et al., 2019). A total of 193 heads of state were present, among them Vice President Jusuf Kalla of Indonesia, who also praised the SDGs Agenda. A global action plan for the next 15 years (effective from 2016 to 2030) to end poverty, reduce inequality, and safeguard the environment, the SDGs have the subject "Transforming Our World: The 2030 Agenda for Sustainable Development" and consist of 17 Goals and 169 Targets. The SDGs are universally applicable to all nations. (Scholz, 2020), Thus, affluent nations have a moral duty to accomplish the SDGs' objectives and ambitions, without exception. Unlike the previous Millennium Development Goals (MDGs), the Sustainable Development Goals (SDGs) are created through a participatory process that involves all development actors, including the government, academia, the commercial sector, and civil society organizations (CSOs). (Apriliani, 2018). A little over 8.5 million global citizens' voices went into creating the SDGs' goals and targets. The primary tenet of the SDGs is "Leave No One Behind." According to this theory, the Sustainable

Development Goals (SDGs) should be able to address two issues at the very least: procedural justice, or how much participation of all parties—especially those who have been excluded—can have in the entire process of development, and substantive justice, or how much the problems faced by citizens, particularly those from disadvantaged backgrounds, can be addressed by development policies and programs.

The Sustainable Development Goals (SDGs) or sustainable development that has been agreed to be implemented has 17 main goals to be achieved. Welfare in the economy is part of the SDGs goals that will be achieved until 2030. Achieving these goals involves many parties to be able to realize them, among the relevant institutions and in line with the SDGs goals are Islamic microfinance institutions. Both have the same goal of providing welfare to the community. SDGs also have the goal of economic equality, the presence of Islamic microfinance institutions provides access (Soehardi, 2022) to equitable financial services for the lower class.

One of the achievements of the SDGs in the economic sector is welfare and equitable distribution of welfare (Alisjahbana & Murniningtyas, 2018). MSMEs are part of what can realize the SDGs goals (Rai et al., 2019). Cooperation between MSMEs and various institutions is also needed, for example among Islamic banks (Suprayitno et al., 2017) that can channel productive financing for Micro, Small and Medium Enterprises (MSMEs). Through productive financing for MSMEs, Islamic banks not only provide financial access services but also provide opportunities for economic development from the lower community. Productive financing provided to MSME actors will increase economic income and improve welfare. The economic cycle is not only enjoyed by large entrepreneurs. The role of Islamic financial institutions in achieving SDGs is needed, especially to reach the community as a whole. The role of Islamic microfinance institutions in achieving SDGs is to provide business capital for MSMEs in order to improve the economic level of all communities. They provide access to good and quality services for every member of the community who wants to access financial products, including providing investment products. Islamic microfinance institutions must introduce forms of investment to all communities to be able to obtain additional and increased economic income.

MSME businesses can absorb a large workforce (Komarudin, 2014), which means that MSME businesses also help reduce unemployment, which has an impact on reducing poverty levels. A decrease in the unemployment rate or an increase in the employment rate will

greatly assist the government in reducing the poverty rate, which has always been a burden on national development. Decreasing unemployment and increasing real GRDP is proven to reduce poverty. This means that the goal of alleviating all forms of poverty is SDG 1. Labor absorption, and investment will have a positive effect on the national Human Development Index, a reflection of the progress of human development or welfare in Indonesia. This means that the advancement of MSMEs that can increase employment and additional investment will be able to increase HDI to increase. Ensuring a healthy life and supporting well-being for all at all ages is SDG 3. Ensuring inclusive and equal quality education and supporting lifelong learning opportunities for all is SDG 4.

The prospect of MSMEs will develop better in the future in the digital era and New Normal through digitalization of MSMEs (Sumampouw et al., 2021). Through the advantages possessed by MSMEs, such as the large contribution of MSMEs in GRDP, large employment and the number of units and the distribution of their businesses and investments made by MSMEs will have a positive effect on labor absorption. This means that the contribution of MSMEs to GRDP and MSME investment that can absorb labor (Kementerian Perencanaan Pembangunan Nasional Republik Indonesia/Badan Perencanaan Pembangunan Nasional 2023) supports inclusive and sustainable economic growth, full and productive employment and decent work for all is SDG 8. MSMEs that can develop will have a positive impact on national socio-economic conditions because they can increase employment, which means that it will also have an effect on reducing the unemployment rate in Indonesia. This means that the effect of digitalization of MSMEs that can increase GRDP in every province in Indonesia has helped the government in solving economic problems, by reducing the unemployment rate, which in Indonesia has reached a level of 7.07% / year (Central Bureau of Statistics, 2020). This supports inclusive and sustainable economic growth, full and productive employment and decent work for all, which is SDG 8.

Digitalization of MSMEs will also increase MSME income, so that it will make a positive contribution to GRDP. The income per capita factor as part of the Human Development Index is proven to have a positive influence on the level of economic growth. Supporting inclusive and sustainable economic growth, full and productive employment and decent work for all is SDG 8. The advancement of tourism in an area will invite both domestic and foreign tourists, both to visit interesting tourist objects and to buy souvenirs produced by MSMEs (Hafni & Rozali, 2015)

from the area and its surroundings. The role of economic factors and tourism has been proven to increase real GRDP in Yogyakarta Special Region. Therefore, local governments must continue to explore factors that can affect real GRDP in their regions, so that policies taken by local governments will be able to accelerate economic development in their regions.

Domestic investment has been proven to increase real GDP or real GRDP. Similarly, the number of tourists coming to a province or country will have a positive impact on real GRDP or real GDP. Supporting inclusive and sustainable economic growth, full and productive employment and decent work for all is SDG 8. Fintech activities in small and medium enterprises in the community has been proven to be accelerated by the digitalization of MSMEs. This is supported by the availability of quality and sustainable infrastructure, as well as access to Information and Communication Technology (ICT). Banking, which is the spearhead of funding distributions, has proven to be closer to the community through bank products for the distribution of funds for digital-based MSMEs. This is certainly a very good condition for the development of fintech in Indonesia, whether in big cities or even in remote villages through regional banks. Building resilient infrastructure to support inclusive and sustainable industrialization and encourage innovation is SDG 9.

The development of e-Logistics that is integrated with eCommerce and fintech is a necessary access improvement for MSMEs considering that many product sales problems arise due to the lack of smooth supply of raw materials flowing from producers to MSMEs as raw material consumers, as well as financing and payment. The impact is that the amount of production cannot be maximized, which has an effect on the inability of MSME businesses to meet demands, both from the domestic and export markets. Building resilient infrastructure to support inclusive and sustainable industrialization and encourage innovation is SDG 9.

Marketing digitalization must continue to be developed to require the availability of websites for the needs of MSMEs. The websites owned by both MSME producers and local governments become promotional media and mediation between producers and their consumers. Often the function of the website becomes less effective because it cannot support the needs of the development of MSMEs in the future. This occurs because of the website owner's unwillingness to update the information related to MSMEs on the website which results in the obstructed communication between consumers/users and website owners, or the low capacity and quality of

the website. This condition must be corrected immediately so that MSME businesses are supported by reliable websites with strong digital infrastructure and up-to-date conditions. Building resilient infrastructure to support inclusive and sustainable industrialization and encourage innovation is SDG 9. The role of local governments in the development of MSMEs both in cities and villages is very important. Many MSMEs in the regions can advance precisely because they have advantages in local raw materials, so that local products become very specific and have regional characteristics. The excellence of MSMEs based on local potential can be done through strengthening their institutions and at the same time utilizing the strength of tourism objects in the area into sustainable tourism.

In addition to continuing to develop their business by exploring the potential of local raw materials to meet consumer needs, MSMEs in rural areas also make their production and marketing activities part of sustainable tourism development that can create jobs, as well as support local culture and products. One type of rapidly growing MSME business is the development of agropolitan-based local food diversification to strengthen the rural economy and be able to support the needs of alternative food products. Ensuring sustainable consumption and production patterns is SDG 12. Community empowerment to assist economic development through sustainable tourism development that creates jobs and supports local culture and products can be done through the development of tourist loyalty. Tourism managers can encourage the development of high loyalty for tourists, including through infrastructure improvements, ease of access, security, hospitality, and professional tour guides so as to create jobs and support local culture and products. Ensuring sustainable consumption and production patterns is SDG 12.

CONCLUSION

Micro, small and medium enterprises (MSMEs) as a support system for the halal industry in fulfilling sustainable development goals in Indonesia are clearly very important. One of the achievements in the SDGs in the economic sector is welfare and equity. The success of equitable distribution of certified MSE products in Indonesia will help improve halal products, making it easier for consumers to find. This will have an impact on the Indonesian economy, especially in increasing GDP from the halal product consumption sector. MSMEs are can help realize the SDGs goals. Collaboration between MSMEs and various

institutions in the halal industry is very important for the development of MSMEs in Indonesia.

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