

Halal Product Assurance Policy Implementation: A Case Study of Institutional Actor Interactions among Bunpao MSMEs

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Article Info

Received: 06-06-2026

Revised: 11-08-2026

Accepted: 29-08-2026

Online Version: 28-09-2026

Abstract

This study analyzes the dynamics of halal product assurance policy implementation in Central Java, focusing on interactions among institutional actors and the challenges faced by food sector MSMEs in the halal certification process. Using a qualitative descriptive case study approach, data were collected through semi-structured interviews, observation, and documentation involving two bakpao MSME operators in Pekalongan City, selected via purposive and snowball sampling. Analysis followed Miles and Huberman's interactive model. Findings reveal that implementation is systemically hindered by four interacting factors: weak policy communication and socialization, limited halal facilitator resources and digital literacy, a passive business-owner disposition due to negative perceptions of certification, and a bureaucratic structure that is insufficiently accommodating to micro-scale MSMEs. Interactions among government agencies, certification bodies, and MSME operators remain fragmented without effective coordination. These findings reinforce the relevance of Edwards III's policy implementation model in developing country contexts and highlight the need to integrate institutional perspectives into policy analysis. This study recommends a more proactive, inclusive, and facilitation-based implementation strategy.

Keywords: Halal product assurance, Policy implementation, MSMEs, Institutional actors, Halal certification.



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Newspaper Homepage: <https://e-journal.uingusdur.ac.id/jhc>

How to cite: Saputra, M. E., Fikri, M. K., Andrean, R., Padma, K. R., & Al-Kasyaf, M. Z. (2026). Halal Product Assurance Policy Implementation: A Case Study of Institutional Actor Interactions among Bunpao MSMEs. *Jurnal Halal Center*, 1(2), 279-294. <https://doi.org/10.28918/jhc.v1i2.15337>

Published by: Halal Center of Universitas Islam Negeri K.H. Abdurrahman Wahid Pekalongan

INTRODUCTION

The phenomenon of increasing global awareness of halal products is not only about religious aspects but also reflects the need for quality, safety, and ethical assurance throughout the production chain. From the perspective of Sharia economics, the concept of halal includes the principle of *thayyib*, which emphasizes aspects of cleanliness, health, and product sustainability (Masriani et al., 2025). As affirmed in the Qur'an Surah Al-Baqarah verse 168, humanity is commanded to eat what is lawful and good from what is on earth (Adinugraha et al., 2023). The halal logo not only means sharia guarantees, but for non-Muslim consumers, it also represents a symbol of cleanliness, quality, purity, and product safety (Adinugraha, Andrean, et al., 2022). Therefore, halal product assurance is an important instrument for consumer protection, especially for the Muslim community, and is part of a fair and benefit-oriented economic system. The growth of the global halal industry, which is projected to reach trillions of dollars, shows that halal certification is not only a normative need, but also has strategic value in increasing the competitiveness of products in the international market (Scott, 2025).

Indonesia, with the world's largest Muslim population, plays a strategic role in developing the halal industry. Indonesia's Muslim population is estimated to reach 87.2% of the total population, making it one of the largest markets for halal products in the world (Adinugraha, Andrean, et al., 2022). The high demand for halal products, especially in the food and beverage sector, has made halal certification a national priority. The culinary sector itself is the dominant subsector in the creative economy, with the largest contribution to GDP compared to other subsectors, so the issue of halal certification in food businesses is increasingly crucial (Adinugraha, Marotina, et al., 2022). This sector is dominated by micro, small, and medium enterprises (MSMEs), which play a significant role in the national economy. However, the significant contribution of MSMEs has not been adequately balanced by the level of ownership of halal certification. Studies show that only a small percentage of MSME products have been certified halal compared to the total number of existing business actors (Zustika & Nurendra, 2025).

Several factors, including limited knowledge, certification costs, procedural complexity, and limited access to information and assistance, contribute to the low rate of halal certification among MSMEs. Research in various regions shows that many MSME actors

consider the halal certification process to be complicated and burdensome (Anwar Fathoni et al., 2025). In addition, the lack of socialization and coordination between institutions has slowed the adoption of this policy at the grassroots level (Naldo et al., 2025). Halal awareness is still low among MSME actors, which is closely related to knowledge, understanding, and level of religiosity, so it requires more intensive socialization from related parties (Adinugraha, Andrean, et al., 2022).

This condition is also evident in Central Java, which is one of the provinces with a large number of MSMEs and a rapidly growing culinary sector. In this region, many food business actors still lack halal certification, even though the wider community consumes their products. Pekalongan City, for example, is known for its fairly dynamic MSME-based economic activities, including traditional food businesses such as buns. However, based on initial observations and previous studies, some bun MSMEs in Pekalongan do not have halal certification, even though the raw materials used are relatively simple. This shows a gap between the potential and the implementation of halal policies at the local level.

Pekalongan's bakpao MSMEs provide a particularly revealing case for examining halal product assurance policy implementation because they combine high production frequency with micro-scale, home-based operations that typically rely on shared equipment, informal supply chains, and limited documentation. Although the primary ingredients of bakpao are generally halal, supporting ingredients such as emulsifiers, shortening, flavor enhancers, and processed fillings often require careful verification of halal status. In addition, the use of shared preparation areas and production utensils increases the risk of cross-contamination when standardized halal assurance practices are absent. These operational characteristics make bakpao MSMEs especially vulnerable to implementation gaps between regulatory requirements and everyday production practices. Consequently, this case offers a valuable opportunity to explore how institutional interactions, policy communication, and certification support are experienced by small-scale food businesses operating under practical resource constraints, thereby providing a rich qualitative context for understanding the challenges of halal policy implementation.

The Indonesian government has established Law Number 33 of 2014 concerning Halal Product Assurance as the main legal basis for implementing halal certification. This policy requires all products circulating in Indonesia to have a halal certificate, and its implementation is carried out in stages (Khairuddin et al., 2026). The presence of this regulation is a transformation of the implementation of halal products in Indonesia from voluntary to mandatory, in order to provide assurance and comfort to Muslim consumers while stimulating the growth of halal products in Indonesia (Adinugraha, Andrean, et al., 2022). The establishment of the Halal Product Assurance Agency (BPJPH) as the main institution, together with the Halal Inspection Institute (LPH) and the Indonesian Ulema Council (MUI), demonstrates a structured institutional framework for implementing this policy. BPJPH has the authority, among others, to formulate and determine JPH policies, issue and revoke halal certificates, and organize socialization and publication of halal products (Adinugraha et al., 2021).

The main purpose of the halal product assurance policy is to provide legal certainty for consumers and increase product added value for business actors. Halal certification has also been proven to have a positive commercial impact; various studies show that halal-certified products experience a significant increase in consumer confidence and market competitiveness (Adinugraha et al., 2021). However, in practice, this policy faces several challenges, especially in reaching MSMEs. The free halal certification program (SEHATI) and the digitization of services are the government's efforts to speed up the certification process, but their effectiveness still requires further evaluation (Yuanitasari et al., 2025).

The implementation of halal policy can be analyzed using a public policy implementation model that emphasizes four main factors: communication, resources, disposition, and bureaucratic structure. These four factors determine the extent to which policies can be effectively implemented on the ground. In addition, institutional theory provides an analytical framework to understand the interaction between the actors involved, such as the government, certification bodies, and business actors, in shaping practices and norms in the halal certification system (Hidayah & Solihah, 2025). In the context of the halal assurance system, manufacturers are required to prepare a Halal Assurance System (SJH) that meets eleven criteria set by LPPOM MUI, ranging from halal policies and halal management teams to product traceability (Adinugraha et al., 2023).

Interaction between institutional actors is an important aspect in the successful implementation of policies. The government acts as a regulator and facilitator, BPJPH as a technical implementer, LPH as an examiner, and MUI as a halal fatwa. On the other hand, MSME actors, as policy objects, play an active role in meeting certification requirements. However, these relationships between actors do not always run optimally, especially in terms of coordination, communication, and resource distribution. To accelerate the growth of the halal industry, strong synergy among all stakeholders is needed through strategies that include competitiveness, certification, coordination, campaigns, and cooperation (Adinugraha, Andrean, et al., 2022). These collaborative efforts also need to focus on the capacity development of human resources who not only understand the technical aspects of production but also have a deep understanding of halal and haram concepts (Fattah et al., 2025).

Several previous studies (2020–2025) have examined various aspects of halal certification, including MSME readiness, obstacles in the certification process, and the government's role in supporting policy implementation. The results of the study show that the main obstacles include financial aspects, digital literacy, and regulatory complexity (Fattah et al., 2025). In addition, several studies also highlight the importance of mentoring and strengthening the capacity of MSMEs in facing halal certification obligations (Anwar Fathoni et al., 2025). From a creative economy perspective, the development of halal food businesses requires a supportive ecosystem, including the right business model, conducive policies, and synergy between business actors, financial institutions, and government institutions (Adinugraha, Marotina, et al., 2022). However, these studies still have limitations, especially in examining interactions among institutional actors in the implementation of halal policies. In addition, few studies use a qualitative approach based on specific case studies in certain food sectors at the local level, such as bun MSMEs in Pekalongan. In fact, this approach is important to understand empirical dynamics that cannot be explained quantitatively alone.

Previous studies have predominantly examined halal certification from the perspectives of MSME readiness, regulatory compliance, certification barriers, and government support, consistently identifying financial constraints, procedural complexity, and limited digital literacy as the main obstacles. However, these studies largely treat implementation as an administrative process and pay limited attention to how interactions among institutional actors shape policy outcomes at the local level. Consequently, the relational dynamics between BPJPH, LPH, local government, halal facilitators, and MSMEs remain insufficiently explained, particularly in micro-scale food enterprises. Drawing on Edwards III's policy implementation model and institutional theory, this study addresses that gap by examining halal product assurance as an inter-organizational implementation process rather than solely an issue of business compliance. The novelty of this research lies in integrating these two theoretical perspectives within a qualitative case study of bunpao MSMEs in Pekalongan, enabling a contextual explanation of how communication, resources, bureaucratic arrangements, and institutional interactions jointly influence halal certification implementation in Indonesia's local MSME ecosystem.

Based on this description, there are research gaps that need to be addressed: the lack of studies integrating policy implementation analysis with an institutional perspective, and the lack of contextual studies on MSMEs in the food sector in certain regions. Therefore, this research is relevant to be carried out to provide a more comprehensive understanding of the implementation of halal product assurance policies at the local level. This study aims to analyze the implementation of halal product assurance policies in Central Java, particularly in bun MSMEs in Pekalongan, examine interactions among institutional actors, and identify the various obstacles MSMEs face in the halal certification process. Thus, this research is expected to make theoretical contributions to the development of institution-based policy implementation studies, as well as practical contributions to the government and stakeholders in formulating more effective strategies to encourage halal certification for MSMEs.

RESEARCH METHOD

This research uses a qualitative, descriptive case study design to understand in depth the implementation of halal product assurance policies in MSMEs, particularly in the context of interactions among institutional actors. The case study approach was chosen because it allows researchers to explore phenomena in a real setting, holistically and contextually, especially when the boundaries between the phenomenon and its context are not clearly defined. The research was carried out in Pekalongan City, Central Java, as one of the areas with a growing dynamic of culinary MSMEs, with a focus on bun MSMEs. The research was carried out in stages during the 2025 period. The study subjects include MSME actors in the buns and halal companions sectors, as well as related parties, including representatives of BPJPH and other relevant institutions. The selection of informants was carried out using purposive sampling techniques with the following criteria: (1) active business actors in the food sector, (2) not yet or in the process of halal certification, and (3) having direct experience related to halal policies. To expand the information, the snowball sampling technique was also used, with initial participants providing recommendations for informants. Data collection was conducted through semi-structured interviews to explore informants' experiences and perceptions, direct

observation of business activities, and documentation in the form of regulations, official reports, and other supporting documents. This approach aligns with qualitative research on the halal MSME sector, which emphasizes the importance of in-depth exploration of business actors' empirical experiences (Hani, 2025).

The research was conducted in Pekalongan City during 2025. Two MSME owners were purposively selected because they operated active food businesses, had not yet completed halal certification, and had direct experience with the certification process. Snowball sampling was used to confirm the relevance of the selected cases rather than to expand the participant pool. Data were collected through semi-structured interviews, non-participant observation, and document analysis of halal regulations, BPJPH guidelines, and official policy documents. As no formal interviews were conducted with BPJPH, regional authorities, or certification bodies, institutional perspectives were derived solely from documentary evidence. At the same time, the empirical findings represent MSME perceptions of institutional barriers rather than direct inter-organizational interactions. Data credibility was enhanced through source triangulation, member checking, and an audit trail. Data were analyzed using Miles and Huberman's interactive model, involving data reduction, thematic coding, data display, and iterative verification to ensure analytical transparency and rigor.

The validity of the data in this study is maintained through the triangulation technique of sources and methods, namely by comparing the results of interviews, observations, and documentation to ensure the consistency of information. In addition, member checking is carried out by reconfirming interview results with informants to increase the credibility of the data, as well as through trail audits that systematically record the research process. Data analysis uses the Miles and Huberman interactive model, which includes three main stages: data reduction, data presentation, and conclusions/verification, carried out on a cyclical and repetitive basis. In the reduction stage, data from interviews and observations were coded and categorized according to relevant themes, including policy implementation, actor interactions, and constraints on halal certification. Furthermore, the data are presented in a descriptive narrative to facilitate interpretation, before drawing thematic conclusions. This approach is widely used in halal MSME research because it can produce a systematic and in-depth understanding of complex social phenomena (Apriliana & Mustofa, 2025).

RESULTS AND DISCUSSION

Implementation of Halal Product Assurance Policy in Central Java

The Halal Product Assurance Policy in Indonesia is based on Law Number 33 of 2014 concerning Halal Product Assurance (JPH), which was then strengthened through Law Number 6 of 2023 and Government Regulation Number 42 of 2024. This policy marks a fundamental transformation from a voluntary halal certification system to a mandatory one, with the main objective of providing legal protection for Muslim consumers while increasing the competitiveness of Indonesian products in the global market. Within its institutional framework, the implementation of this policy involves the Halal Product Assurance Agency (BPJPH) as the main organizer, the Halal Inspection Institute (LPH) as the product inspector, and the Indonesian Ulema Council (MUI) as the issuer of halal fatwas. The presence of this

regulation affirms the state's commitment to ensuring consumers' rights to the certainty of the halal status of the products they consume, while encouraging the growth of the national halal industry, which is projected to have great strategic value in the context of the global sharia economy (Abdullah & Azam, 2020).

Although regulations have been established, implementing halal product assurance policies in the field, especially in Central Java, remains a significant challenge. National data shows that of the approximately 28 million MSME units in Indonesia, BPJPH has issued halal certificates for only around 4.4 million products as of mid-2024, or about 44 percent of the target of 10 million products. This condition reflects reality in Central Java, where many MSMEs in the food and beverage sector, including the bun business in Pekalongan City, do not have halal certification even though the Muslim community widely consumes their products. In fact, the government finally decided to postpone the halal certification obligation for MSMEs from October 2024 to October 2026, recognizing the unready implementation ecosystem at the grassroots level (Effendi et al., 2024).

Based on this study's findings, the slow implementation of halal policies in Central Java is due to a combination of interrelated factors. First, the policy socialization carried out by local governments has not been evenly distributed and has not reached all MSME actors, especially those operating at the home level. Second, access to certification services is still limited, both in terms of procedural information and technical assistance. Third, negative perceptions among business actors regarding the complexity and cost of the certification process create psychological barriers that hinder their active participation. This condition is in line with Darmalaksana's findings (2025) which states that the main obstacles to implementing halal policies in MSMEs are limited literacy, procedural complexity, and insufficient support. This shows that the implementation of the halal product assurance policy in Central Java has not been running optimally.

Interaction of Institutional Actors in Implementation

The implementation of halal product assurance policies involves interactions among several main institutional actors: the government, halal certification bodies, and MSME business actors. Each actor has different roles, capacities, and orientations, so the quality of interaction between them determines the extent to which policies can be effectively implemented on the ground.

1) Government

The government, through BPJPH and related regional apparatus, plays a central role as a regulator and facilitator in the halal product assurance system. Normatively, BPJPH is authorized to formulate policies, issue and revoke halal certificates, and organize public socialization and education for business actors. The Free Halal Certification Program (SEHATI) is a form of policy intervention designed to accelerate the adoption of certification among MSMEs. In addition, cross-ministerial and institutional coordination has been carried out, including the signing of a Memorandum of Cooperation by 10 ministries/agencies in 2020 to accelerate halal certification in the regions (Adinugraha et al., 2025).

However, the findings of this study reveal that the government's socialization efforts have not been evenly distributed and have not been effective in reaching all MSME segments. The two informants interviewed stated that they had never participated directly in official socialization on halal certification. The first informant, Luluk Kurniawan (owner of Kedai Camii), mentioned that the village had invited him to counseling. However, he did not have time to attend due to the busy production schedule. Meanwhile, the second informant, Naufal (the owner of Bunpau Mas Naufal), was completely unaware of the existence of a socialization program in his area. This condition indicates that the government's policy communication channels are not sufficiently adaptable to the characteristics and limitations of MSME actors at lower levels.

Analytically, the weaknesses of government socialization can be explained through the policy implementation theory of George C. Edwards III (1980), particularly the communication dimension. Policy messages that are not conveyed clearly, consistently, and directly to the target audience will create a significant implementation gap. These findings are in line with the study of Suseno et al. (2023) which emphasizes that ineffective communication between the government and MSME actors is a major obstacle to the implementation of halal policies in Indonesia. Existing programs are considered not proactive enough in reaching small-scale, home-based MSMEs that lack formal networks with government institutions.

2) Halal Certification Bodies

The Halal Inspection Agency (LPH) serves as the spearhead in verifying and inspecting products before the BPJPH issues a halal certificate. In the applicable system, business actors must register on the SIHALAL digital platform, prepare the required documents, submit an application to BPJPH, and then the appointed LPH will inspect the product before the Fatwa Committee or MUI finally decides the halal fatwa. For MSMEs in low-risk categories and with simple products, the government provides a Self-Declare route, a more concise process supported by the Halal Product Process Companion (P3H).

Although the procedure has been simplified structurally, field findings indicate that MSME actors still perceive the certification process as complicated and difficult to access. The two informants expressed their lack of understanding of the flow of certification submissions, the necessary documents, and the existence of the SIHALAL digital platform. Furthermore, the limited number of halal companions at the district/city level also aggravates this condition, as BPJPH itself admits that the quota of halal companions consistently exceeds demand due to the high enthusiasm of business actors.

This condition indicates a gap between the design of certification procedures at the policy level and the actual accessibility MSMEs experience in the field. The Yuanitasari et al. study (2025) found that the digitization of halal services through SIHALAL, although promising in terms of conceptual convenience, actually creates new obstacles for business actors with low digital literacy. This further confirms the finding that limited access to certification bodies is not only a procedural issue but also one of inadequate capacity and assistance.

3) Business Actors (MSMEs)

MSME actors, as the main target of halal product assurance policies, show varying levels of understanding, but, in general, their understanding of the halal certification mechanism remains low. Of the two informants studied, Luluk (35 years old, high school education) had better knowledge about the existence of halal certification than Naufal (27 years old, junior high school education). However, both agreed that their understanding of technical procedures, document requirements, and certification submission processes remains very limited. The sources of information they use are informal, such as traders' WhatsApp groups or social media content, which do not provide adequate technical guidance.

Concerns about the complexity of the process and the cost burden dominate the two informants' perceptions of halal certification. Luluk stated that the main obstacles are: a lack of understanding of procedures, cost concerns, and time constraints due to tight production schedules. Meanwhile, Naufal revealed that he did not register for certification, not because he did not want to, but because he really did not know where to start. Both also expressed doubts about the government's free certification program, as information circulated that, in practice, businesses still face hidden costs.

Analytically, the response of MSME actors, who tend to be passive towards halal policies, reflects the low level of implementation among policy beneficiaries. The technical and administrative unpreparedness of MSMEs, most of which lack formal management systems and complete business documents, is a structural obstacle that has not been fully anticipated in policy design. Apriliana and Mustofa (2025) emphasized that the low awareness of halal certification in MSMEs is strongly correlated with limited access to information and the absence of proactive assistance from related institutions. This condition puts MSME actors in a structurally helpless position in the face of a certification system designed primarily for middle- and upper-level business actors.

Based on the description above, it can be concluded that the interaction between institutional actors in the implementation of halal product assurance policies in Central Java has not run in synergy. The government has not been effective in carrying out communication and socialization functions, certification bodies are not fully accessible to small-scale MSMEs, and business actors themselves lack sufficient capacity and motivation to participate actively. These three actors operate in their respective paths without effective coordination, thus creating a fragmented implementation ecosystem that does not support the acceleration of halal certification.

Case Study of Buns MSMEs in Pekalongan

The case study focuses on two business actors in Pekalongan City, Central Java, who were selected purposively for their relevance to the phenomenon under study. The first informant was Luluk Kurniawan, the owner of "Kedai Camii," a homemade bun business that has been in existence for eight years. This business employs 4 workers, has a production capacity of 400-500 buns per day, and averages a monthly turnover of IDR 30 million. The second informant is Naufal, the owner of "Bunpau Mas Naufal," which has been operating for 4 years, with 3 employees, a monthly turnover of around IDR 18 million, and a mobile sales

and storage system at nearby stalls. These two businesses represent the profile of micro-scale culinary MSMEs commonly found across Central Java.

The most striking key finding of these two cases is that, despite having been operating for many years and serving a majority Muslim consumer, neither has yet obtained a halal certificate from BPJPH. This lack of halal certification is not a deliberate choice, but a reflection of a combination of ignorance, limited access, and negative perceptions of the certification process. This condition directly strengthens the argument that the problem of low ownership of halal certification in MSMEs is not just a matter of motivation but an obstacle structure that policymakers have not systematically overcome (Maulana et al., 2026).

Regarding halal certification, both informants demonstrated a very limited understanding. Luluk admitted that he knew about halal certification, but did not understand the technical mechanism. He stated:

“Know, know. Have you heard of it? That is a halal label from MUI, right? Now he says he has moved to BPJPH. I know, but I do not really understand how to do it.”

Meanwhile, Naufal showed an even lower level of understanding. He did not even know the name of the authorized agency or where the relevant office was located. He revealed:

“Never. I do not know what the institution is called, where the office is, I do not know at all.”

Regarding perceptions of the certification process, both informants described it as burdensome and unaffordable. Luluk explicitly identifies three main obstacles that he perceives:

“Three things. First, I did not understand the procedure. Second, I am concerned about the high cost. Third, while I was busy with production every day, I did not have time to handle paperwork. That is honest.”

Naufal also expressed the same thing, with the emphasis on administrative literacy barriers:

“First, I really do not know how to register. Second, I am concerned about how complicated it is. Third, I think it is for a big business, not one like me.”

Both informants also expressed doubts about the government’s free halal certification program, even though they had heard of it. Naufal stated:

“It says it is free for the little ones. However, I am not sure. It is free, but there is still this condition, and in the end, it is worth the cost too.”

This doubt reflects a lack of trust in government programs, driven by limited direct socialization and the circulation of inconsistent information among business actors.

The findings of this case reveal patterns that can be generalized to food MSMEs in similar areas. First, there is a structural information deficit: business actors lack adequate

access to accurate, easy-to-understand procedural information. Second, the negative perception of certification, associated with complexity, cost, and bureaucracy, is deeply entrenched and has not been successfully changed through existing policy communication. Third, the absence of direct assistance from the authorities creates an unbridgeable gap between business actors' intention to be certified and their ability to achieve it. These findings are consistent with the study of Fattah et al. (2025) and Hani (2025) which found that MSMEs basically have positive intentions towards halal certification, but are hindered by capacity deficits and access that have not been addressed.

Implementation Constraint Analysis

In the theoretical framework of policy implementation, George C. Edwards III (1985) identified four main variables that determine the success or failure of implementing a public policy: communication, resources, disposition, and bureaucratic structure. Analysis of this study's findings shows that these four variables simultaneously contribute to the weak implementation of halal product assurance policies in Pekalongan.

First, the communication dimension. The transmission of halal policy information to MSME actors has proven to be ineffective and uneven. Both informants stated that they had never received direct socialization from government officials or authorized agencies. The information they receive is sourced from informal channels such as social media and trader chats, which cannot guarantee its accuracy or completeness. Edwards III emphasized that policy implementation requires accurate and consistent communication to implementers and beneficiaries. When communication channels are not functioning properly, policies will not be understandable, let alone implemented, by their target audience. A study by Naldo et al. (2025) confirms that the lack of socialization and coordination between institutions is the main factor slowing the adoption of halal policies at the grassroots level.

Second, the resource dimension. The shortage of halal companions is a real obstacle to implementation. The two informants revealed that they had never received assistance from P3H (Halal Product Process Companion), even though this program was available by policy. This condition reflects the gap between program design and its implementation capacity in the field. BPJPH itself admits that the quota of halal companions often runs out long before all applicants can be served. In addition, the limited digital literacy of MSME actors is due to a lack of resources, as the halal certification registration process is now entirely based on the SIHALAL digital platform. Anwar Fathoni et al. (2025) In his study, he found that financial limitations and digital literacy gaps are the two most significant resource barriers to implementing halal policies for MSMEs in Indonesia.

Third, the dimension of disposition. The disposition or attitude of MSME actors towards halal certification policies tends to be passive and ambivalent. Although both recognize the importance of halal certification to increase consumer confidence, neither has taken concrete steps to initiate the certification process. This condition reflects the low sense of urgency, partly because their business is still running well without a halal certificate; their loyal customers buy based on personal trust rather than formal halal labels. Edwards III explained

that the disposition of implementers and unsupportive policy targets will hinder implementation effectiveness, even if communication and resources are available. Zustika and Nurendra (2025) found that the negative disposition of MSME actors towards halal certification is closely related to the perception that the process is not proportional to the benefits that will be obtained in the short term.

Fourth, the dimension of the bureaucratic structure. Halal certification procedures, although simplified, are still perceived as too complex by low-educated MSME actors. Formal document requirements, such as a Business Identification Number (NIB), raw material data, and production guarantee systems, are considered incompatible with the way home businesses operate, which lack formal recording systems. Luluk revealed:

“He said there must be this document, this letter, that. I am a home-based business; I do not have many formal documents.” While Naufal added, “If I were told to make a thousand buns, I could. However, if I am told to fill out the documents, that is what makes me lazy and confused.”

These findings indicate that the bureaucratic structure of halal certification is not sufficiently accommodating to the heterogeneity of MSME actors’ capacities, especially those operating at the smallest scale. Based on the analysis of the four dimensions above, it can be concluded that the failure to implement the halal product assurance policy at the MSME level is not caused by a single factor, but is the result of a systemic combination of ineffective communication, inadequate resources, passive disposition, and an unadaptive bureaucratic structure. The interaction of these four factors creates an implementation cycle that reinforces itself, so comprehensive and coordinated interventions are needed to break it.

Beyond describing implementation barriers, the findings indicate that policy failure is produced by the interaction of institutional rather than individual factors. Edwards III’s implementation model explains how weaknesses in communication, limited resources, negative implementer disposition, and bureaucratic complexity reinforce one another, creating a cumulative implementation gap rather than isolated obstacles. From an institutional perspective, BPJPH, LPH, and MSMEs operate according to different organizational logics and capacities, resulting in fragmented coordination and weak policy alignment. This finding extends previous studies that primarily identified procedural complexity, limited digital literacy, and financial constraints as barriers to halal certification by demonstrating that these challenges are embedded within broader institutional interactions rather than existing independently. Unlike earlier research focusing mainly on MSME readiness or certification procedures, this case study highlights that ineffective coordination among institutional actors amplifies implementation difficulties for micro-scale businesses. Consequently, improving halal policy implementation requires strengthening inter-agency coordination, proactive field-level facilitation, and communication strategies tailored to the operational realities of home-based MSMEs rather than relying solely on regulatory simplification.

Implementation Improvement Strategy

Based on the research findings and the constraint analysis above, several realistic, contextually relevant implementation improvement strategies need to be formulated. These strategies are formulated by taking into account the real characteristics of micro MSMEs in Pekalongan, as revealed in interviews, rather than abstract normative recommendations.

First, strengthening community-based direct education. Halal policy socialization needs to be redesigned from a passive model (waiting for business actors to come) to an active model (visiting business actors). Local governments can collaborate with halal assistants, field extension workers, and local community leaders to hold informal education sessions at gathering places for MSME actors, such as traditional markets, production centers, and RT/RW meetings. The communication language should be tailored to the target audience's literacy level, avoiding technical terminology that could confuse. Luluk himself expressed his hope:

“There should be officers who come directly to business actors. Do not wait for us to come, because we do not know where to go.”

Second, simplifying certification procedures for micro-scale MSMEs. The existing Self-Declare pathway needs to be strengthened with more operational and user-friendly guidance, especially in a format that low-educated business actors can understand. Minimum document requirements should be reduced as much as possible for home-based businesses, given that many business actors lack formal documentation. The digitization of services through SIHALAL needs to be accompanied by alternative non-digital channels or direct assistance for those without digital competence. Yuanitasari et al. (2025) recommend that the digitization of halal certification should be balanced with an integrated digital literacy improvement program.

Third, the expansion and transparency of cost assistance. SEHATI's free halal certification program needs to be more widely socialized and made transparent, accompanied by a clear explanation that there are no hidden costs for business actors. The subsidy scheme also needs to be expanded to cover other supporting costs, such as NIB management and business documents required for certification. Local governments can allocate APBD budgets to support MSME halal certification programs in their areas, as recommended in the coordination framework between BPJPH and Bappenas. Fourth, strengthening the intensive assistance system. The number of Halal Product Process Assistants (P3H) needs to be significantly increased in order to reach all MSMEs in need. Assistance must be comprehensive, from document preparation to post-certification submission and monitoring, not just in the initial stages. Naufal expressed his hope clearly:

“One, there are people who want to accompany from start to finish. Two, it is really free; there are no hidden fees. Three, if you can help me fill out the paperwork, because I am not good at writing.”

Mentoring also needs to involve local business associations and cooperatives as partners to expand its reach without relying entirely on government bureaucracy.

Fifth, the development of an inclusive digital ecosystem. The digitization of halal certification services through SIHALAL should be accompanied by a simpler, more intuitive interface, available in a user-friendly mobile version, and equipped with conversational

assistance that guides business actors through the registration process. In addition, developing social media-based online community platforms familiar to MSME actors, such as WhatsApp and Instagram, can be a more effective channel for halal information than official portals that are not widely known among business actors.

The success of implementing the above strategies ultimately depends on the quality of collaboration among actors. BPJPH as a regulator, local governments as facilitators, LPH as technical implementers, and MSME associations as agents of change in the field need to operate within a structured, data-driven, results-oriented coordination framework. Hidayah and Solihah (2025) emphasized that the development of an inclusive halal ecosystem requires strong synergy from all stakeholders, with MSMEs rather than bureaucracy placed at the center of policy implementation design.

Based on Edwards III's resource perspective, the findings indicate that implementation barriers extend beyond the perceptions of the two MSME owners and reflect broader institutional constraints. Consistent with Anwar Fathoni et al. (2025), inadequate mentoring capacity limits MSMEs' ability to translate formal policy into practical certification actions. Likewise, Yuanitasari et al. (2025) argue that SIHALAL simplifies administrative procedures conceptually but does not necessarily improve accessibility for micro-enterprises with limited digital capability. The present findings suggest that the platform's limited effectiveness at the grassroots level is therefore not solely a digital literacy problem. Rather, it results from the interaction of three structural factors: insufficient numbers of halal facilitators, weak institutional outreach, and the absence of sustained face-to-face assistance during registration and document preparation. Consequently, SIHALAL functions as an effective administrative tool only when supported by adequate human facilitation. This finding extends previous studies by showing that digitalization alone cannot compensate for institutional resource shortages; successful policy implementation requires simultaneous investment in local facilitation networks, communication strategies, and frontline implementation capacity.

CONCLUSION

This research concludes that the implementation of Indonesia's Halal Product Assurance policy among Bupao MSMEs is constrained by the interaction of communication, resources, disposition, and bureaucratic structure rather than by regulatory design alone. Its primary originality lies in extending Edwards III's public policy implementation model to the context of grassroots Sharia compliance in a developing market, showing that institutional interactions and local implementation realities substantially shape policy outcomes. The findings suggest that Western policy implementation frameworks remain analytically relevant when interpreted through the institutional and socio-religious characteristics of halal governance. Practically, BPJPH and local governments should strengthen community-based outreach, expand halal facilitator networks, simplify digital and administrative procedures, and provide targeted assistance for micro-scale MSMEs. These measures can improve policy accessibility and certification uptake. The study is limited by its qualitative single-case design involving two MSMEs, which restricts broader generalization. Future research should employ comparative multi-region studies and mixed-method approaches to examine whether the

adapted Edwards III framework is applicable across different halal policy implementation contexts and sectors.

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