

Implementation of Halal Product Guarantee Throught Halal Certification on Cosmetic Products in Indonesia

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Abstract: *The halal industry is a key pillar of the global economy. The demand for halal products continues to increase, especially in countries such as Indonesia, which has the largest Muslim population. This study uses a descriptive qualitative research type by analyzing the implementation of halal certification in the Indonesian cosmetics industry, focusing on its challenges and opportunities. Halal certification, which is regulated by the Halal Product Guarantee Agency (BPJPH) under Law No. 33 of 2014, ensures that products comply with Islamic law. The results of this study show that although halal certification is beneficial in increasing consumer confidence and market competitiveness, there are still some challenges in its implementation such as high certification costs, complicated processes, and limited awareness. This study highlights the importance of continued support from regulatory bodies to overcome these barriers and maintain halal standards.*

Keywords: *Implementation, Halal Certification, Halal Cosmetics.*

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1. Introduction

The development of the halal industry on both a global and domestic scale has proven to be an important pillar in the economy. Global demand for products that comply with halal standards is currently experiencing a significant surge. With prospects that continue to increase from year to year, the halal industry has become a global trend, this is evidenced by the State of the Global Islamic Report (2019), which shows that around 1.8 billion Muslims are consumers in the halal sector, and consumer opportunities are growing at a rate of 5.2% annually. This information clearly illustrates that the halal industry has promising potential for the future, especially in countries with a majority Muslim population, such as Indonesia.

Indonesia, as a country with the largest Muslim population in the world, has a strategic role in the development and expansion of the halal industry, including in the cosmetics sector. According to data from the World Population Review (2020), around 87.2% of Indonesia's total population, or more than 273 million people are Muslim. With such a significant Muslim demographic, Indonesia accounts for around 12.7% of the world's total Muslim population. This condition drives a large demand for halal products in various sectors, especially in the cosmetics industry, where consumer awareness regarding the importance of halal products continues to increase.

The Muslim community's awareness of the halalness of cosmetic products is not only limited to the halal-haram criteria of the ingredients, but also covers the entire production process, from the selection of raw materials to the distribution of products to consumers. Cosmetic products that are claimed to be halal must meet certain requirements, such as not using haram ingredients such as alcohol and substances containing pork, and must be produced in a manner that complies with the provisions of Islamic law. Therefore, the guarantee of halal certification becomes very important for cosmetics manufacturers to ensure that their products are acceptable to Muslim consumers.

In Indonesia, halal certification is strictly regulated by the government through the Halal Product Guarantee Agency (BPJPH), which plays a role in supervising and issuing halal certificates for various products, including cosmetics. The establishment of BPJPH, based on Law Number 33 of 2014 concerning the implementation of halal product assurance, is a government initiative to ensure that products available on the market comply with established halal standards. This law stipulates that all products including food, beverages, and non-food items must have halal certification. Halal certification not only provides a sense of security for Muslim consumers, but also increases the competitiveness of cosmetics manufacturers in domestic and international markets.

Studies show that Muslim consumers prefer halal-certified products. This is in line with research

conducted by Rohman et.al (2019) which shows that halal certification in cosmetic products has a positive impact on increasing sales and product sustainability. Producers who have halal certification tend to have a competitive advantage over producers who do not have halal certification.

However, despite the existence of supporting regulations, the implementation of halal certification for cosmetic products in Indonesia still encounters a number of obstacles. Therefore, this study aims to analyze the implementation of halal product assurance through halal certification on products in Indonesia, focusing on the challenges and opportunities that exist in the halal cosmetics industry in Indonesia.

2. Materials and Methods

The research method used is qualitative research, using a literature study strategy or a method that requires reading, reviewing, and drawing conclusions from websites, books, journals, or other sources. This research focuses on the implementation of halal assurance through halal certification of cosmetic products in Indonesia. Literature review includes primary data and secondary data. The data used as a reference in this research is primary data, while secondary data is additional or complementary data from the original data. This qualitative research produces information from notes or descriptions contained in existing writings. Then enter the analysis step, namely descriptive analysis which seeks to provide a clear description and explanation of this research.

3. Results and Discussion

Consumer awareness is a measure of how well Muslims understand halal principles. Halal awareness refers to Muslims' understanding of the halal process and their view that using halal goods is very important. Awareness and understanding of raw materials and manufacturing methods, along with their distribution, are indicators of consumer awareness in choosing halal goods (Shaari and Arifin, 2010). As Muslims, consuming halal products is an obligation. Every Muslim is required to ensure that what they consume, whether in the form of food, drinks, or products used daily, must be halal and *thayyib* (good). This is not only related to the aspect of worship, but also includes physical and spiritual well-being. Products that are not halal, apart from contradicting Allah's commandments, can also have a negative impact on one's health and spirituality. This is in line with Allah's words in Q.S Al-Baqarah verse 168:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

Meaning: O mankind, eat only that which is lawful and good from that which is found on the earth, and do not follow the steps of the devil, for indeed the devil is a real enemy to you.

The meaning of the verse above shows that consuming halal products is an obligation for all Muslims. Islam has provided guidelines for every aspect of human life, including worship, social interaction, and buying and selling activities in society, including the assessment of products consumed. Therefore, Muslims are obliged to obey the commands of Allah SWT. Based on the interpretation of the verse, Muslim consumers are encouraged to be more careful in choosing halal products for consumption. In this context, halal certification serves as a guarantee for Muslim consumers so that they can choose halal products in accordance with Islamic law. products that have been certified halal have gone through a production process that meets hygiene and safety standards.

Halal certification of cosmetic products in Indonesia has a high urgency, especially considering that the majority of the Indonesian population are Muslims who pay attention to the halal aspects of the products they use. The halal cosmetics industry continues to grow along with the increasing consumer demand for products that comply with sharia principles. Indonesia is the second largest country that consumes halal cosmetics after India. According to the Dinar Standard report, halal cosmetics consumption in Indonesia reached USD 4.19 billion in 2020. The growth of world consumption of halal cosmetics reached USD 65 billion in 2020, the growth of halal cosmetics will continue to grow because it is supported by the large number of Muslims in Indonesia (Databoks.katadata.id)

From this number, it is evident that Indonesia has a large and attractive market potential for producers. For this reason, it is important for producers to provide halal guarantees for the products

they market in accordance with the laws set by the government. This regulation is in accordance with Law Number 33 of 2014 concerning Halal Product Guarantee which is a crucial legal basis in efforts to ensure the halalness of products in Indonesia, including cosmetic products. This law was passed in response to the increasing awareness of the Muslim community on the importance of using products that comply with sharia principles. With the largest Muslim population in the world, Indonesia is faced with high demands to provide products that meet halal criteria, so this law is expected to provide protection for consumers and encourage producers to comply with established halal standards.

One of the main contributions of this law is the establishment of the Halal Product Guarantee Agency (BPJPH) which is responsible for supervising and issuing halal certificates. BPJPH works closely with the Indonesian Ulema Council's Institute for Food, Drug and Cosmetic Studies (LPPOM MUI) to conduct audits of companies seeking halal certification. This process involves careful examination of raw materials, production processes, and the halal assurance system implemented by the manufacturer. This is important to ensure that all aspects of cosmetic production meet the established criteria.

In carrying out its duties, BPJPH also has the responsibility to provide education and socialization to producers regarding the importance of halal certification. This aims to increase producers' understanding of the procedures and requirements that must be met to obtain a halal certificate. By providing this support, BPJPH seeks to expand the reach of halal products in the market and encourage more producers to register and obtain halal certification. In addition, BPJPH is tasked with establishing and developing an effective halal product assurance system. This includes the development of procedures, guidelines, and standards that must be followed by all business actors in producing and marketing halal products. With a clear and structured system, it is expected that the certification process can take place more efficiently and transparently.

The halal certification process in Indonesia is an important step that manufacturers must go through to ensure that their products meet halal standards in accordance with sharia. This process involves several structured stages, starting from the submission of documents to audits and evaluations, all of which are designed to ensure the halalness of the products to be marketed. The following is the flow or procedure that producers must go through in obtaining halal certification:



Figure 1. Flow of Halal Certification Process

Furthermore, to clarify the picture above, researchers describe the flow of the halal certification registration process that takes effect after February 14, 2022 complete with a description of activities, implementation, and estimated time as contained in the following table:

Table 1. Halal Certification Service Flow (Post 14 February 2022)

No.	Alur Kegiatan	Pelaksana	Estimated Time
1.	Apply through SIHALAL	Pelaku Usaha	

2.	Provide complete documents. If appropriate, sent to the Examination Institute Halal (LPH)	BPJPH	2 working days
3.	Inputting inspection fees for invoice issued by BPJPH	LPH	
4.	Pay according to invoice	Pelaku Usaha	
5.	Check payment. If as per STTD issued	BPJPH	
6.	Check and test halal products	LPH	15 working days
7.	Establishing halal fatwa	MUI	3 working days
8.	Issuing halal certificate	BPJPH	1 working days

If the halal requirements are met, then producers can get halal certification for their products. This halal certification is then used by manufacturers as a requirement to be able to include halal labels and halal registration numbers on product packaging. This halal label is what is usually used by business actors in order to fulfill their obligation to provide halal product guarantees to consumers. This label serves to show consumers that the product is a halal status product (Faridah, 2019).



Figure 2. Halal Label in Indonesia

The halal label on cosmetic product packaging has an important role as a guarantee for consumers that the product has met the established halal standards. This label not only indicates that the product is free from haram ingredients, but also guarantees that the production process follows sharia provisions. With halal labeling, Muslim consumers feel safer and more confident in choosing products, which in turn can influence their purchasing decisions. Research shows that cosmetic products with halal labeling are preferred by consumers who have a high awareness of sharia values, making halal labeling an effective marketing tool for manufacturers. In addition, halal certification contributes greatly to creating a sense of security and trust for Muslim consumers in choosing cosmetic products. With a guarantee from an authorized institution, consumers feel confident that the products they use are not only safe but also in accordance with religious principles. This helps to increase consumer loyalty, as they are more likely to repurchase products that have been proven to be halal, as well as implications for positive brand valuation that can enhance the product's reputation and image in the market.

Indonesia is a very potential market for halal cosmetic products, with a large number of Muslim consumers, based on the Dinar Standard report, the consumption of halal cosmetics in Indonesia reached USD 4.19 billion in 2020. Halal certification can increase the competitiveness of cosmetic products in domestic and international markets, as more and more consumers around the world are looking for halal products (Warto, 2020). By obtaining a halal certificate, manufacturers not only meet the needs of the local market, but also open up opportunities for export to countries with high Muslim populations, which in turn can increase revenue and industry growth. The importance of educating producers and employees on halal principles and the certification process cannot be overlooked. This

education helps manufacturers to understand the importance of maintaining halal standards in every aspect of production, from the selection of raw materials to the distribution process. Good training will equip employees with the knowledge needed to ensure that production practices are sharia-compliant.

However, while the halal certification process brings many benefits, there are some challenges faced by manufacturers in its implementation:

1. *Certification fee*

The cost of obtaining halal certification is often quite expensive, especially for small to medium-sized enterprises. These costs include document management, audits, training, and other costs associated with verification of raw materials and production processes. High costs can be a significant obstacle for many businesses in pursuing halal certification, especially when they operate with little profit margin.

2. *Complexity of the certification process*

The halal certification process not only includes the final check of the product, but also requires a thorough audit of the entire production chain, from raw material selection, manufacturing process, to distribution. This complexity often requires significant changes in the company's operating system to meet stringent halal standards. Many businesses faced difficulties in understanding and following these procedures.

3. *Difficulty meeting halal requirements*

One of the major challenges faced by manufacturers is the difficulty in meeting all halal requirements, especially if they use raw materials from diverse or imported sources. The availability of halal and certified raw materials is often an obstacle, especially for products that use chemicals or complex components such as cosmetics.

4. *Lack of awareness and knowledge*

Many businesses, especially in the MSME sector, still have a limited understanding of the importance of halal certification and the process to obtain it. This lack of knowledge leads to many manufacturers not realizing that their products require halal certification or not knowing how to get started. Adequate education for producers and employees on halal principles is essential to raise awareness of the importance of certification.

5. *Continuous monitoring and evaluation*

Halal certification does not stop when the certificate is granted. Manufacturers must continue to maintain halal standards through regular monitoring and evaluation. This requires an ongoing commitment on the part of the manufacturer to ensure that their products continue to meet the applicable halal standards. For many companies, maintaining consistency in this process can be a challenge, especially when it comes to regular audits and monitoring by regulatory authorities.

Therefore, it is important for BPJPH and related agencies to provide support and guidance to manufacturers, so that they can overcome these challenges and remain committed to halal assurance.

4. Conclusion

The implementation of halal assurance through halal certification in cosmetic products in Indonesia is an important step to meet the increasing needs of Muslim consumers. Halal certification not only provides safety assurance and trust for consumers, but is also a key factor in improving product competitiveness in domestic and international markets. With halal labeling, manufacturers can demonstrate their commitment to sharia principles and ensure that the products they offer meet all halal requirements.

Despite challenges, such as the cost of certification, the complexity of the process, and the difficulty in ensuring the halalness of raw materials, efforts to strengthen the understanding of

halalness among manufacturers and employees are essential. Proper education and support from relevant agencies, such as the Halal Product Guarantee Agency (BPJPH) and LPPOM MUI, will help manufacturers overcome these challenges.

The successful implementation of halal assurance can open up great opportunities in the halal cosmetics market, which is growing along with the increasing public awareness of the importance of products that comply with sharia principles. Therefore, halal certification of cosmetic products is not only a necessity, but also a strategy that can increase consumer loyalty and strengthen product image in the competitive cosmetics industry.

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