



# Evaluation of Halal Certification Subsidy Policy on Awareness for MSMEs in West Java

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Received: 3 April 2025 | Accepted: 11 April 2025 | Published: 30 June 2025

## Abstract

*This study aims to evaluate the effectiveness of the halal certification subsidy policy on the awareness of MSMEs in West Java. Using a qualitative approach and a case study method in Sukabumi Regency, this research explores MSME actors' experiences and perceptions of the policy's implementation. The findings reveal that awareness tends to be administrative rather than ideological due to low halal literacy, limited assistance, and uneven information distribution. Analysis based on policy implementation theory shows that policy success is strongly influenced by implementation structure, problem complexity, and non-statutory factors such as local support. This study concludes that reformulating the implementation strategy through educational, participatory approaches and equitable resource distribution is essential to enhance MSMEs' substantial awareness and participation in halal policy sustainably.*

**Keywords:** Halal Certification, MSMEs, Subsidy Policy, Awareness

## 1. INTRODUCTION

Indonesia as the country with the largest Muslim population in the world faces a major challenge in ensuring safe and reliable halal products for consumers (Machmud & Widuhung, 2024). According to data from the Indonesian Chamber of Commerce and Industry (2024), MSMEs (Micro, Small, and Medium Enterprises) contribute around 61% of the national GDP with the number of business actors reaching 66 million, making this sector very strategic in the national economy. However, awareness and compliance with halal standards among MSMEs are still low, even though the demand for halal products continues to increase significantly along with the trend of globalization and digitalization of the halal market (KADIN, 2024; Putro et al., 2024). In West Java itself, which is the province with the largest number of MSMEs reaching more than 641 thousand micro and small business units in 2023 (BPS, 2023), this challenge is even more real because not all MSME actors understand the importance of halal certification as an instrument of consumer trust and market access. This condition indicates a large gap between the economic potential of MSMEs and the understanding and implementation of effective halal policies. The main problem faced is the low level of awareness and participation of MSMEs in West Java in utilizing halal certification subsidies provided by the government. This is exacerbated by the less than optimal implementation of the halal certification subsidy policy which has not been able to reach all MSME actors evenly. To analyze and address these issues, this study uses the policy implementation theory of Mazmanian and Sabatier (1983), which emphasizes the importance of factors such as policy communication, resources, and characteristics of policy recipients in successful implementation. This theory is relevant to evaluate how halal certification subsidies can be optimized to increase MSMEs' awareness and compliance with halal standards.

Previous studies relevant to this study include studies by Sari et al., (2023) which examined the effect of government subsidies on increasing halal certification in East Java MSMEs, and found that subsidies were effective in increasing certification participation but were still constrained by



socialization and understanding of the policy. Ahmad & Putri (2024) highlighted the obstacles to implementing halal policies in the MSME sector in West Sumatra, identifying communication and resource gaps as the main factors in implementation failure. In addition, Suganda et al., (2024) conducting an analysis of public understanding of the obligation to obtain halal certification for food and beverage products on a MSME scale in Sukabumi Regency, and found that the majority of MSME actors only understood halal certification administratively and did not yet have a substantial understanding of its urgency and benefits. Meanwhile, Hadiyanto et al., (2024) in his research on the implementation of the free halal certification program in West Java, he revealed that the distribution of resources and assistance was still uneven, and there were procedural obstacles that hampered the effectiveness of the halal subsidy program at the grassroots level.

The similarities of these studies are that they both highlight the importance of subsidy policies and supporting factors such as socialization, communication, and resources in increasing MSME participation in halal certification. However, the differences lie in the focus and approach used. The study Ahmad & Putri, (2024); Sari et al., (2023) emphasizes more on administrative aspects and implementation barriers at the macro level, while Hadiyanto et al., (2024); Suganda et al., (2024) highlighting more aspects of understanding and distribution of resources at the grassroots level. This study is different because it specifically evaluates the effectiveness of the halal certification subsidy policy in West Java using a policy implementation theoretical framework Mazmanian & Sabatier (1983) and integrating analysis on the three main dimensions of the theory to comprehensively understand the factors that influence MSME awareness and compliance with halal policies. The identified research gap is the absence of a study that comprehensively discusses the implementation of the halal certification subsidy policy and the formation of substantive awareness among MSMEs in West Java using a complete policy implementation theoretical framework. The novelty of this study lies in an in-depth evaluation of the effectiveness of the halal certification subsidy policy by highlighting the dynamics at the grassroots level, the characteristics of micro MSMEs, and the integration of the three dimensions of Mazmanian and Sabatier's theory to produce more contextual and applicable policy recommendations. The purpose of this study is to evaluate the implementation of halal certification subsidy policy and its impact on MSME awareness in West Java, by identifying inhibiting and supporting factors in the process based on the three main dimensions of Mazmanian and Sabatier's policy implementation theory. This study also aims to provide strategic recommendations to improve policy effectiveness, strengthen halal literacy, and increase MSME participation and compliance with halal policies in West Java in a sustainable manner.

## 2. METHOD

This study uses a qualitative approach with a case study method to deeply understand the dynamics of MSME actors' awareness of the halal certification subsidy policy in West Java Province. The qualitative approach was chosen because it allows researchers to explore the meanings, perceptions, and subjective experiences of micro and small business actors who are the main targets of the policy. This approach also allows for the disclosure of non-technical factors that influence MSME responses to public policies more holistically. This method is very suitable for research that seeks to explore individual or group experiences, while identifying themes that emerge from data collected in the field (Creswell, 2023). The case study method is used to examine in depth the context of the implementation of halal certification subsidy policies at the grassroots level, especially for MSMEs in Sukabumi Regency as one of the representatives of regions with a low level of halal certification despite having a large number of MSMEs. This case study is intrinsic, because its main focus is to evaluate the phenomenon of policy awareness in depth in a specific context, not to make broad generalizations, but to gain a rich contextual understanding.

The data in this study were obtained through a combination of literature study, and in-depth interviews with MSMEs receiving subsidies, BPJPH officers, and halal assistants. Literature study was conducted to review relevant literature and previous research results, such as BPJPH reports, scientific journals, and studies from government institutions and international institutions.



Meanwhile, policy document analysis was used to identify the objectives, strategies, and mechanisms for implementing the halal certification subsidy program. With this method, the research is expected to be able to reveal in depth the dynamics of MSME actors' awareness of halal subsidy policies, including the limitations of implementation in the field as well as policy recommendations that are more contextual and oriented towards the needs of micro-business actors in the regions.

### 3. RESULT AND DISCUSSION

Indonesia as a country with the largest Muslim population in the world has a great responsibility in ensuring the halalness of products circulating in the community. This is strictly regulated in Law Number 33 of 2014 concerning Halal Product Assurance (JPH), which requires all food, beverage, drug, cosmetic, chemical, biological, and consumer goods entering, circulating, and traded in the territory of Indonesia to be halal certified. In its implementation, the government through BPJPH launched the SEHATI program which targets one million free halal certificates by 2025 as an effort to accelerate the adoption of halal certification, especially among MSMEs. However, even though this policy has been running for several years, the achievement of halal certification in West Java is still far from expectations, where BPJPH data (2024) shows that the realization of free halal certification in West Java has only reached around 8,500 MSMEs out of a total of more than 641 thousand micro and small business units in this province. The main problems that arise are low halal literacy, minimal assistance, and uneven distribution of information so that many MSMEs do not understand the urgency and benefits of halal certification, even though administrative facilities are available (BPJPH, 2024; Dinas Koperasi dan UKM Provinsi Jawa Barat, 2024).

The low level of awareness and participation of MSMEs in West Java in utilizing halal certification subsidies has a direct impact on limited market access, especially in the increasingly selective Muslim consumer segment. Data from (Dinas Koperasi dan UKM Provinsi Jawa Barat, 2024) indicates that MSME growth is quite rapid, but the level of halal certification is still far from the optimal target. This is exacerbated by the implementation of the halal certification subsidy policy which has not been able to reach all MSME actors evenly, especially in hard-to-reach areas and micro business groups that have limited resources. To analyze and overcome this problem, this study uses the policy implementation theory of Mazmanian and Sabatier (1983), which emphasizes the importance of policy communication, resources, and characteristics of policy recipients in successful implementation. This approach is very relevant to evaluate how halal certification subsidies can be optimized to increase MSME awareness and compliance with halal standards, while identifying obstacles that hinder the achievement of the policy's objectives (Hadiyanto et al., 2024; Mazmanian & Sabatier, 1983).

Based on the results of field research in Sukabumi Regency as one of the case study areas, it was found that the awareness of MSME actors towards the halal certification subsidy policy is still administrative rather than ideological. This means that the main motivation of business actors to participate in halal certification is more due to regulatory demands or administrative needs, not because of a deep understanding of the value and urgency of halal in their business. This is reinforced by the findings Suganda et al., (2024) stating that most MSME actors in Sukabumi only know about halal certification superficially and do not understand the process and its long-term benefits. Limited halal literacy and minimal access to assistance are dominant factors that hinder the formation of substantive awareness among MSMEs. This condition shows a gap between policy objectives and realization in the field, so that a reformulation of the implementation strategy is needed that emphasizes an educational and participatory approach.

The first dimension of Mazmanian and Sabatier's theory, namely tractability of the problem, highlights the complexity of the problems faced by policy implementers. In the context of halal certification subsidies, the study found that low halal literacy, diverse characteristics of MSMEs, and the complexity of certification procedures are the main challenges. Many MSME actors, especially micro-enterprises, admitted that they did not understand the details of the halal certification process



and benefits, so their participation was still low. Data from Dinas Koperasi dan UKM Provinsi Jawa Barat (2024) shows that most MSMEs that have not been certified come from micro-enterprise groups that have limited access to information and resources. This is in accordance with Mazmanian and Sabatier's theory that the more complex the problems faced, the more difficult it is to implement policies effectively.

The second dimension, ability of policy decision to structure implementation, emphasizes the importance of a clear policy structure, availability of resources, and effective monitoring mechanisms. The results of the study show that although the government has provided free halal certification facilities and assistance, the distribution of resources is not evenly distributed throughout West Java. Several areas experience a shortage of assistants and limited facilities, so that the implementation process is less than optimal. In addition, existing certification rules and procedures are still considered complicated by MSME actors, which leads to low levels of participation. These findings emphasize the importance of simplifying procedures, increasing the capacity of assistants, and equalizing access to information and facilities so that policies can run more effectively (Hadiyanto et al., 2024; Hasan et al., 2020; Riskia Putri, 2024).

The third dimension, non-statutory variables affecting implementation, includes external factors such as the attitude of the implementer, political support, and the social and cultural conditions of the community. This study found that the attitude and commitment of halal facilitators and support from local governments greatly influence the success of program implementation. In some areas, MSME participation increased significantly when there were active facilitators and strong local government support. However, there are still many MSME actors who do not believe in or do not understand the importance of halal certification, which is influenced by the level of education, culture, and personal experience. These factors are the main obstacles in increasing MSME awareness and participation in halal policies (Suganda et al., 2024; Wakil Presiden Republik Indonesia, 2024).

Interpretation of the results of this study in the context of Mazmanian and Sabatier's theory and previous studies shows that the effectiveness of the halal certification subsidy policy in West Java is greatly influenced by the interaction of the three dimensions of policy implementation, namely the complexity of the problem, policy structure, and non-legal factors. The main obstacle found was the low halal literacy among MSMEs, this is in line with research conducted by (Setiawati et al., 2025). In addition, the uneven distribution of assistance, as well as the distribution of information that is not optimal, is in line with the findings Suganda et al., (2024) that confirm that the understanding of MSME actors in Sukabumi regarding halal certification is still administrative and not substantive. In addition, the study Hadiyanto et al., (2024) also identified that the constraints on the distribution of assistance resources and the complexity of certification procedures are the main inhibiting factors in the implementation of the free halal certification program in West Java. This strengthens the results of this study that the policy structure that is not fully adaptive and responsive to grassroots needs causes inequality in implementation in various regions. This finding is also consistent with research Ahmad & Putri, (2024); Sari et al., (2023) that highlights the importance of socialization, policy communication, and intensive assistance to increase MSME participation. Thus, the proposed improvement strategy must include reformulation of the educational approach, simplification of procedures, and equal access to assistance and information, so that the halal certification subsidy policy is truly able to build substantive awareness and increase the competitiveness of halal MSMEs in West Java in a sustainable manner.

The implications of the findings of this study are very important for the formulation of future halal policies. The government and stakeholders need to strengthen cross-sector collaboration, improve halal literacy through ongoing education programs, and ensure equal access to facilities and assistance throughout West Java. The limitations of this study lie in the scope of the case study which only focuses on Sukabumi Regency, so generalization of the findings to all of West Java needs to be done carefully. For further research, it is recommended to conduct comparative studies in various other regencies/cities in West Java, and develop more comprehensive and quantitative halal awareness measurement instruments in order to provide a broader and deeper picture of the



effectiveness of halal certification subsidy policies at the national level.

#### 4. CONCLUSION

Based on the results of this study, it can be concluded that the halal certification subsidy policy in West Java has not been fully effective in forming substantive awareness among MSME actors, because the majority of them still understand halal certification administratively, not ideologically. The main obstacles come from low halal literacy, limited assistance, and uneven distribution of information. These findings indicate that the success of policy implementation is greatly influenced by a responsive policy structure, characteristics of beneficiaries, and adequate social and political support. The main contribution of this study lies in the integration of Mazmanian and Sabatier's policy implementation theory in evaluating the effectiveness of halal certification subsidies contextually, as well as providing an empirical basis for policy reformulation that is more adaptive to grassroots needs. The practical implications of this study encourage the need for a more intensive educational and participatory approach, equal access to facilitation, and strengthening the capacity of assistants as a strategy to increase awareness and participation of MSMEs in halal policies in a sustainable manner and have a broad impact on the people's economy sector.

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