

# Resistance of Micro, Small, and Medium Enterprise Owners to Halal Labeling Policy within Islamic Law Framework

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#### Abstract

This study analyzes how resistance to halal labeling policies among Micro, Small, and Medium Enterprises (MSME) owners has influenced the experiences and challenges in educating about and implementing halal food policies in Indonesia, and even globally, particularly among food and beverage providers serving daily meals to the public. The MSME owner respondents interviewed for this study have been operating their businesses for a relatively long time and

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have been selling food and beverages without a halal label. A questionnaire was used to collect data on the reasons for rejection and its prevalence. Semi-structured interviews were conducted to explore key topics within thematic narratives. The research found that MSME owners' resistance to halal labeling occurred covertly. This resistance stemmed from the miscommunication of the halal labeling policy and the differing understanding of halal standards among MSME owners, religious perspectives, and government regulations. Objections to the complex procedures and costs involved were also significant factors contributing to this resistance. MSME owners have not yet recognized the benefits of halal labeling for business growth and innovation, and instead, focus primarily on the immediate survival of their businesses to meet daily needs. MSMEs need assistance from other parties to advance and innovate. The resistance and contestation of halal values in MSMEs could potentially lead to violations of the principles of Islamic law, particularly in production and consumption.

### **Keywords:**

Resistance; Halal Label Policy; MSMEs; Principles of Islamic law

### Introduction

The international business world is increasingly influenced by the discourse surrounding halal products in line with the rising demand for halal products. As of 2018, approximately 1.8 billion Muslim consumers worldwide spent around US \$2.2 trillion across various sectors of the halal economy, reflecting a 5.2 percent year-on-year growth. The year 2019 denotes the publication date of DinarStandard's report, which projected that the halal economy would grow to US \$3.2 trillion by 2024, indicating continued international growth. In Singapore, for example, the demand for halal-certified dining options has seen a significant increase in recent years. This increase indicates that the halal industry is becoming a

<sup>&</sup>lt;sup>1</sup> Hilda Ansariah Sabri, "Malaysia Dorong Standardisasi Ekonomi Halal Melalui Aliansi Asia Tenggara-Timur Tengah," *Bisnis Wisata*, June 1, 2025, https://bisniswisata.co.id/malaysia-dorong-standardisasi-ekonomi-halal-melalui-aliansi-asia-tenggara-timur-tengah/.

promising business for the future. The halal label plays a crucial role in the development of the halal industry. The issuance of a "halal label" on products from Micro, Small, and Medium Enterprises (MSMEs) is particularly important because this group provides a huge variety of food and beverages to meet the general public's needs. Moreover, the halal label can elevate the standard of a product and make it more desirable. A growing number of Muslims today are increasingly requesting halal-labeled food products.<sup>2</sup>

This increase in demand should be accompanied by a rise in the supply/availability of halal food and beverage products. However, the phenomenon of resistance among food and beverage producers still persists. Scott argues that resistance is an action taken by weaker segments of society (lower classes) to maintain their livelihood.<sup>3</sup> Several studies indicate that resistance occurs due to: (1) powerlessness;<sup>4</sup> (2) reaction to policies; and (3) changes/adjustments to new regulations that have not been properly socialized.<sup>5</sup> This resistance can occur in various fields, such as education,<sup>6</sup> economics,<sup>7</sup>

<sup>&</sup>lt;sup>2</sup> Abdul Raufu Ambali and Ahmad Naqiyuddin Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers," *Procedia - Social and Behavioral Sciences* 121, no. 1 (2014): 3–25, https://doi.org/10.1016/j.sbspro.2014.01.1104.

<sup>&</sup>lt;sup>3</sup> James C. Scott, *Domination and the Arts of Resistance: Hidden Transcript* (New Haven and London: Yale University Press, 1990); James C. Scott, *Weapons of the Weak Everyday Forms of Peasant Resistence* (New Haven and London: Yale University Press, 1985).

<sup>&</sup>lt;sup>4</sup> Regina Kreide, Conceptualizing Power in Dynamics of Securitization, Nomos Verlagsgesellschaft (Baden-Baden: Nomos Verlagsgesellschaft, https://doi.org/10.5771/9783845293547-367; Kaitlin Jessica Schwan and Ernie Lightman, "Fostering Resistance, Cultivating Decolonization: The Intersection of Canadian Colonial History and Contemporary Arts Programming With Inuit Youth," Cultural Studies: Critical Methodologies 15, no. (2015): https://doi.org/10.1177/1532708613509373.

<sup>&</sup>lt;sup>5</sup> Abdallah Shanableh et al., "Greywater Reuse Experience in Sharjah, United Arab Emirates: Feasibility, Challenges and Opportunities," *Desalination and Water Treatment* 179 (2020): 211–22, https://doi.org/10.5004/dwt.2020.25048.

<sup>&</sup>lt;sup>6</sup> Kathleen Knight Abowitz, "A Pragmatist Revisioning of Resistance Theory," *American Educational Research Journal* 37, no. 4 (2000): 877–907, https://doi.org/10.3102/00028312037004877.

<sup>&</sup>lt;sup>7</sup> Ayatulloh Michael Musyaffi et al., "Resistance of Traditional SMEs in Using Digital Payments: Development of Innovation Resistance Theory," ed. Zheng Yan, Human Behavior and Emerging Technologies 2022, no. 1 (2022): 1–10, https://doi.org/10.1155/2022/7538042; Safwaan Zamakda Allison, "Socialisation and Character Education in the Muslim World: Exploring the Role, Impact, and

environment,<sup>8</sup> health,<sup>9</sup> and other areas involving society.<sup>10</sup> In practice, according to Scott, there are three categories of resistance in society: covert, semi-covert, and overt.<sup>11</sup>

This study targets Micro, Small, and Medium Enterprises (MSMEs) for observation and research. MSMEs refer to businesses run by individual households. It is a general term used to describe productive economic activities owned by individuals or business entities that meet specific criteria. According to Suhardi, MSMEs are productive businesses in the trade sector, managed by individuals or entities that meet the MSME classification criteria. Citing Rudjito,

Necessity of Indoctrination," *IJoReSH: Indonesian Journal of Religion, Spirituality, and Humanity* 3, no. 1 (2024): 76–100, https://doi.org/10.18326/ijoresh.v3i1.76-100.

<sup>8</sup> Christina Chemtai Hicks and John Childs, "Securing the Blue: Political Ecologies of the Blue Economy in Africa," *Journal of Political Ecology* 26, no. 1 (2019): 425–47, https://doi.org/10.2458/v26i1.23162.

<sup>9</sup> Katie Mills et al., "Views of Commissioners, Managers and Healthcare Professionals on the NHS Health Check Programme: A Systematic Review," *BMJ Open*, November 2017, https://doi.org/10.1136/bmjopen-2017-018606; Ben Edwards et al., "Covid-19 Vaccine Hesitancy and Resistance: Correlates in a Nationally Representative Longitudinal Survey of the Australian Population," *Plos One* 16, no. 3 (2021): 1–11, https://doi.org/10.1371/journal.pone.0248892; Pritu Dhalaria et al., "Covid-19 Vaccine Hesitancy and Vaccination Coverage in India: An Exploratory Analysis," *Vaccines* 10, no. 5 (2022): 1–19, https://doi.org/10.3390/vaccines10050739; Harapan Harapan et al., "Drivers of and Barriers to Covid-19 Vaccine Booster Dose Acceptance in Indonesia," *Vaccines* 10, no. 12 (November 2022): 1–20, https://doi.org/10.3390/vaccines10121981.

<sup>10</sup> Akbar Alfa Rezky Kinanda, "Kajian Literatur Resistensi dalam Pengambilan Kebijakan Pembangunan Serta Usulan Strategi dalam Menghadapi Resistensi Kebijakan Pembangunan oleh Pemerintah Kabupaten Indragiri Hilir," *Jurnal Selodang Mayang* 5, no. 3 (2019): 187–97, https://doi.org/10.47521/selodangmayang.v5i3.138; Jimris Edison Namah, "Resistensi Simbolik Tenun Korkase Pada Masyarakat Amarasi," *Jurnal Analisa Sosiologi* 9, no. 1 (May 2020): 153–68, https://doi.org/10.20961/jas.v9i1.35420.

<sup>11</sup> Scott, Domination and the Arts of Resistance: Hidden Transcript.

<sup>12</sup> Mahmoud M. Abdellatif, Binh Tran-Nam, and Boumediene Ramdani, "The Simplified Tax Regime for Micro and Small Enterprises in Egypt: An Analysis of the Theoretical and Implementation Issues," *Journal of the Australasian Tax Teachers Association* 16, no. 1 (2021): 38–63, http://hdl.handle.net/10576/40514.

<sup>13</sup> Ahmad Shohibboniawan Wahyudi, Ivan Yulivan, and Aditya Rahman, "The Role of Micro, Small, and Medium Enterprises (MSMEs) in Supporting Indonesia's Economic Resilience," *Nasionalism dan Integrity* 10, no. 2 (2024): 297–307, https://jurnal.idu.ac.id/index.php/defensejournalhttp://dx.doi.org/10.33172/jp.v1 0i2.19519; Kaharuddin et al., "Implementation of Tax Incentives for Micro, Small, and Medium Enterprises at Special Economic Zone in Indonesia," *Volksgeist: Jurnal Ilmu* 

MSMEs are: "businesses carried out by various segments of society and play an important role in Indonesia, both in terms of the employment opportunities they create and the number of concrete businesses". <sup>14</sup> Furthermore, Primiana states: "MSMEs are a form of development for strategic areas to accelerate economic recovery by accommodating priority programs, developing various industrial sectors and economic potential, and as an effort for community empowerment." <sup>15</sup> This is reinforced by Kakkar who emphasizes that there are still many challenges in their development. <sup>16</sup>

The halal label, meanwhile, is very important so that food or drinks can be consumed safely.<sup>17</sup> The presence of a halal label indicates that the product is guaranteed by the authorities to be halal<sup>18</sup> and safe for consumption, as well as good for health.<sup>19</sup> The information provided by the halal logo or label can be one of the considerations for consumers when deciding whether to purchase and consume a product.<sup>20</sup> In the modern business world, it can also be

*Hukum dan Konstitusi* 7, no. 2 (2024): 263–75, https://doi.org/10.24090/volksgeist.v7i2.11056.

<sup>&</sup>lt;sup>14</sup> Agatha Rinta Suhardi, Arus Reka Prasetia, and Vina S Marinda, "Analysis of Differences in the Productivity of Msmes Sentra Rajut as a Pandemic Impact of Covid-19," *Turkish Journal of Computer and Mathematics Education* 12, no. 8 (2021): 1590–95, https://turcomat.org/index.php/turkbilmat/article/view/3211/2763.

<sup>&</sup>lt;sup>15</sup> Vita Sarasi, Ina Primiana, and Yunizar, "Model of Optimal Zakat Allocation by Using Data Envelopment Analysis Approach," *Journal of Economic Cooperation and Development* 41, no. 2 (2020): 141–60, https://doi.org/10.37706/iconz.2019.162.

<sup>&</sup>lt;sup>16</sup> Manisha Kakkar and Amit Kumar, "MSMEs: A Mainstay for the Developing Economy," *Economics of Development* 19, no. 3 (2020): 12–18, https://doi.org/10.21511/ed.19(3).2020.02.

<sup>&</sup>lt;sup>17</sup> Amalia Mustika, Savitri Hendradewi, and Heny Ratnaningtyas, "Halal Label: Is it Important in Determining Buying Interest?," *JIMFE: Jurnal Ilmiah Manajemen Fakultas Ekonomi* 7, no. 1 (2021): 1010, https://doi.org/10.34203/jimfe.v7i1.2929.

<sup>&</sup>lt;sup>18</sup> Harwati and A. N. Yunita Pettalolo, "Halal Criteria in Supply Chain Operations Reference (SCOR) for Performance Measurement: A Case Study," *IOP Conference Series: Materials Science and Engineering* 505, no. 1 (2019): 1–12, https://doi.org/10.1088/1757-899X/505/1/012020.

<sup>&</sup>lt;sup>19</sup> Jabar Zaman Khan Khattak et al., "Concept of Halal Food and Biotechnology," *Advance Journal of Food Science and Technology* 3, no. 5 (2011): 385–89, http://maxwellsci.com/print/ajfst/v3-384-388.pdf.

<sup>&</sup>lt;sup>20</sup> Muslim Marpaung Ian Alfian, "Analisis Pengaruh Label Halal, Brand dan Harga Terhadap Keputusan Pembelian di Kota Medan," *At-Tawassuth* 2, no. 1 (2017): 122–45, https://doi.org/10.30821/ajei.v2i1.777.

used as a marketing strategy.<sup>21</sup> In the concept of Islamic economics, the halal label must reflect the concepts of 'halal' and 'tayyib,' which align with the context of food safety. The concept of 'halal' refers to the subject, while 'tayyib' refers to the process of producing clean and pure food, ensuring comfort for the consumer.<sup>22</sup>

For consumers, the halal label can help them in many ways, including: (1) they can choose and use everything available on earth in a proper way;<sup>23</sup> and (2) they have an alternative benchmark for safety, cleanliness, and quality assurance.<sup>24</sup> For producers, the halal label can have a positive social and economic impact<sup>25</sup> especially since the halal market has become a global demand trend.<sup>26</sup> The issue is that each consumer and producer have different levels of halal compliance. This compliance is related to their individual halal literacy.<sup>27</sup> Additionally, behavior, social norms, and ethics<sup>28</sup> can also influence their compliance. Therefore, providing halal food and

<sup>&</sup>lt;sup>21</sup> Ahmad Jamal and Juwaidah Sharifuddin, "Perceived Value and Perceived Usefulness of Halal Labeling: The Role of Religion and Culture," *Journal of Business Research* 68, no. 5 (2015): 933–41, https://doi.org/10.1016/j.jbusres.2014.09.020.

<sup>&</sup>lt;sup>22</sup> Jawad Alzeer, Ulrike Rieder, and Khaled Abou Hadeed, "Rational and Practical Aspects of Halal and Tayyib in the Context of Food Safety," *Trends in Food Science and Technology* 71, no. August 2017 (2018): 264–67, https://doi.org/10.1016/j.tifs.2017.10.020.

<sup>&</sup>lt;sup>23</sup> Laba Tila, Niken Lestari, and Sulis Setianingsih, "Analisis Produksi dalam Perspektif Ekonomi Islam," *Jurnal Labatila* 3, no. 01 (2020): 96–120, https://doi.org/10.33507/lab.v3i01.235.

<sup>&</sup>lt;sup>24</sup> Ambali and Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers."

<sup>&</sup>lt;sup>25</sup> Nunik Nurhayati et al., "Culinary Industry Health Product in Surakarta, Indonesia: Health Policy Guaranteeing Halal and Healthy Products," *Open Access Macedonian Journal of Medical Sciences* 13, no. 10 (January 2022): 88–91, https://doi.org/10.3889/oamjms.2022.7340.

<sup>&</sup>lt;sup>26</sup> Mazida Ismail, Norhidayah Mohamad, and Amiruddin Ahamat, "Top Management Capabilities and Performance of Halal Product," *Innovation and Management Review* 17, no. 4 (2020): 431–46, https://doi.org/10.1108/INMR-05-2019-0068.

<sup>&</sup>lt;sup>27</sup> Imam Salehudin, "Halal Literacy: A Concept Exploration and Measurement Validation," *Munich Personal RePEc Archive* 2, no. 1 (2010): 1–18, https://doi.org/10.21002/amj.v2i1.1987.

<sup>&</sup>lt;sup>28</sup> Hafas Furqani, Gunawan Adnan, and Ratna Mulyany, "Ethics in Islamic Economics: Microfoundations for an Ethical Endogeneity," *International Journal of Ethics and Systems* 36, no. 3 (August 2020): 449–63, https://doi.org/10.1108/IJOES-03-2020-0032.

beverage supply often faces challenges and obstacles.<sup>29</sup> Understanding this is crucial for policymakers and authorities in realizing the halal industry in a country.

In Islamic law, there are several principles that must be considered in the production or consumption of food and beverages. These principles include: 1) The <code>halāl-harām</code> principle,<sup>30</sup> where the halal certification process helps MSME to ensure that their products are free from <code>harām</code> elements, making them safe for consumption; 2) the <code>Hifz</code> an-nafs principle,<sup>31</sup> in which Islam strongly protects human life, and halal certification helps the community safeguard their security and health from harmful products; 3) the <code>amānah</code> (transparency and responsibility)<sup>32</sup> principle, as a halal certification, requires MSMEs to be transparent about the process and raw materials used and to take responsibility for the halal status of the products they produce; 4) the <code>maṣlaḥah</code> principle, where halal certification for MSMEs brings benefits to the public welfare, not only for consumers but also more broadly, such as social responsibility and sustainability.<sup>33</sup>

So far, studies on halal and Micro, Small, and Medium Enterprises (MSMEs) tend to be viewed from two perspectives. Some research sees halal products as crucial to receiving recognition from

<sup>&</sup>lt;sup>29</sup> Kasim Randeree, "Challenges in Halal Food Ecosystems: The Case of the United Arab Emirates," *British Food Journal* 121, no. 5 (2019): 1154–67, https://doi.org/10.1108/BFJ-08-2018-0515.

<sup>&</sup>lt;sup>30</sup> Ahmed Salem Ahmed and Muhammad Taufiq, "Manâfidu al-Muharramât Ilâ Muntijâti al-Halâl: "Dirâsah Tahlîliyah fî Dhaw'i Ma'âyir Majma' al-Fiqh al- Islâmî al-Dawlî wa al-Ma'âyir al-Mâlayziah," *Al-Ihkam: Jurnal Hukum dan Pranata Sosial* 16, no. 1 (2021): 230–50, https://doi.org/10.19105/al-lhkam.v16i1.3050.

<sup>&</sup>lt;sup>31</sup> Meidyna Syafa Maura, Kanzani Makhfiyyani, and Maulana Syarif Hidayatullah, "Kesadaran Hukum Pelaku Usaha/Umkm Terhadap Kewajiban Produk Bersertifikasi Halal di Indonesia," *ISTISMAR: Jurnal Kajian, Penelitian Ekonomi dan Bisnis Islam* 7, no. 2 (2024): 16–25, https://doi.org/10.32764/istismar.v7i2.5414.

<sup>&</sup>lt;sup>32</sup> Ambali and Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers"; Junaidi, "Halal-Friendly Tourism and Factors Influencing Halal Tourism," *Management Science Letters* 10, no. 8 (2020): 1755–62, https://doi.org/10.5267/j.msl.2020.1.004.

 $<sup>^{33}</sup>$  Makrum et al., "Medical Risk Products: Certification by Majelis Ulama Indonesia,"  $\it Economic$  Annals-XXI 188, no. 3–4 (2021): 104–10, https://doi.org/10.21003/ea.V188-12.

authorities such as the state or institutions authorized to issue them.<sup>34</sup> Others view halal as a lifestyle and culture for Muslims, a religious obligation that must be followed.<sup>35</sup> Among these two trends, there appears to be a lack of studies that examine the perspective of MSME owners in defining and implementing the principles of product halalness. MSME owners have their own viewpoint which is different from the government's in implementing halal product policies. They may not fully recognize the urgency and relevance of halal certification in the current market context, or they may assume that their consumers do not prioritize the halal status of a product. This limited understanding of the importance of halal certification may stem from a lack of information or in-depth knowledge about its long-term benefits, both in terms of consumer trust and the potential for broader market access.

This writing is based on an argument that the rejection of halal labels among Micro, Small, and Medium Enterprises (MSME) owners occurs because knowledge about the halal status of a product only pertains to raw materials, without covering the processing and health safety aspects. To meet these requirements, many conditions must be fulfilled by MSME owners, making the halal label seem like a problem, cumbersome, and burdensome. On the other hand, the fulfillment of the obligation to use a halal label is used by the government as a basis to elevate the status of MSMEs. Differences in the understanding of halal among MSME owners contribute to resistance toward halal labeling. The widespread resistance of MSME owners to adopting halal labels could lead to difficulties for the government in achieving its goal of becoming the "world halal industry center".

<sup>&</sup>lt;sup>34</sup> Ali Abdallah, Mohammed Abdel Rahem, and Antonella Pasqualone, "The Multiplicity of Halal Standards: A Case Study of Application to Slaughterhouses," *Journal of Ethnic Foods* (Journal of Ethnic Foods, 2021), https://doi.org/10.1186/s42779-021-00084-6; Johan Fischer, "Forging New Malay Networks: Imagining Global Halal Markets," *Focaal* 2018, no. 80 (2018): 91–104, https://doi.org/10.3167/fcl.2018.800107.

<sup>&</sup>lt;sup>35</sup> A Fuseini, "The Brain, Unconsciousness and Death: A Critical Appraisal with Regard to Halal Meat Production," *Animal Welfare* 28, no. 2 (2019): 165–71, https://doi.org/10.7120/09627286.28.2.165; Arna Asna Annisa, "Kopontren dan Ekosistem Halal Value Chain," *Jurnal Ilmiah Ekonomi Islam* 5, no. 01 (2019): 1, https://doi.org/10.29040/jiei.v5i01.398.

This study aims to understand the participation of MSME owners in the halal certification process and to examine the forms of resistance and value contestation that arise, both from social aspects and from the perspective of Islamic law. Three questions can be formulated to explain this: (a) how is the participation of Micro, Small, and Medium Enterprises (MSME) owners in the application and use to halal labels; (b) how is MSME owners' resistance of halal labels; and (c) how do value contests play a role in defining halalness. These three questions can help explain the issues that arise in the development of the halal industry in Indonesia, particularly among MSME owners.

#### Methods

This study focuses on the discourse surrounding halal labeling among Micro, Small, and Medium Enterprises (MSMEs), particularly in the context of Industry 4.0 and 4.5, where business and trade are increasingly global. MSMEs are significant contributors to Indonesia's economy, with over 64 million MSMEs making up 61.07% of GDP and employing 97% of the workforce.<sup>36</sup> This study was conducted in Bengkulu City, Indonesia, where over 200 micro, small, and medium enterprises (MSMEs) operate along Panorama Market Street (see Figure 1). These enterprises are engaged in the production and sale of various food and beverage products.

<sup>&</sup>lt;sup>36</sup> Shifa Nurhaliza, "Peran dan Potensi UMKM 2022 Sebagai Penyumbang PDB Terpenting di RI," *IDX Channel*, January 14, 2022, https://www.idxchannel.com/economics/peran-dan-potensi-umkm-2022-sebagai-penyumbang-pdb-terpenting-di-ri.



**Figure 1.** Business Activities of MSMEs at Panorama Market Street, Bengkulu

A mixed-methods approach combining qualitative and quantitative techniques was used to provide a comprehensive understanding of MSME owners' perspectives on halal labeling. This method enables the comparison of objective statistical data with subjective perceptions. Data was collected through a combination of non-participant observation, surveys, and semi-structured interviews. Observations were conducted in a natural and informal manner along Panorama Market Street. Additionally, questionnaires distributed to 100 MSME owners, with 75 valid responses collected and analyzed, while the remaining were excluded due to incompleteness or invalid data. The interview, as the last one, engaged 20 MSME owners selected for in-depth, semi-structured interviews. These were conducted over four months, totaling over 255 hours, with a focus on exploring MSME owners' rejection of halal labeling and its contestation.

Purposive sampling was employed, selecting MSMEs that had been operating for relatively long time and were actively involved in

both ownership and product processing roles. The judgment sampling technique was also used during interviews to ensure data validity by comparing responses from different informants. The selection of respondents focuses on business actors who have not yet accessed halal certification, in order to capture the complexity of rejection and resistance toward the Halal Product Assurance (JPH) policy. After the data was considered enough and representative, it was analyzed using descriptive quantitative way to determine the percentage of MSME owners rejecting halal labels, their reasons, and classification. Qualitative data was analyzed using an interpretive approach to understand the rejection of halal labeling from the MSME owners' perspectives.

# Result and Discussion The Participation of MSMEs in the Application and Use of Halal Labels

The research findings show that out of a total of 75 MSME owners, only 11% (8 individuals) were willing to undergo the halal certification process, while 49% (37 individuals) firmly rejected it, and the rest exhibited ambivalent attitudes. The main reason for this is the perception that a halal label is unnecessary for small businesses, as the products they sell are already believed to be halal by consumers. Based on the interviews, most MSME owners stated that since their businesses are still small in scale and the materials used are already believed to be halal, the presence of a halal label is considered unnecessary. A summary of the interview results from 12 informants is presented in Table 1.

**Table 1.** Participation of Halal Label by MSME Owners

Tubit 10 1 through the of 1 to the of 5 through 20 through		
<b>Informant Status</b>	Statement	
Martabak Vendor	"Foods like this should not require a halal	
(10 years in	certificate." (Informant 1, 55 years old)	
business)		
Grilled Meatball	"If it is halal, it really should be halal, but	
Vendor (2 years in	as for the halal certificate, I don't think it's	
business)	really necessary for someone like me, a	
	grilled meatball vendor." (Informant 2, 38	
	years old)	
Grilled Meatball	"In my opinion, the regulation about the	
	Martabak Vendor (10 years in business) Grilled Meatball Vendor (2 years in business)	

No	Informant Status	Statement	
	Vendor (2 years in	halal label will make things difficult for us	
	business)	if it becomes mandatory because it might	
		be hard to process the certification."	
	_	(Informant 3, 27 years old)	
4	Green Bean	"If possible, small vendors like us	
	Porridge Vendor (9	shouldn't need a halal certificate because it	
	years in business)	would be difficult and require money to	
		handle. It would just become a burden for	
		us. Besides, during the 9 years I've been	
		running this business, no customers have ever asked about the halal	
		certificate/label." (Informant 4, 39 years	
		old)	
5	Toasted Bread	"In my opinion, it's very troublesome	
	Vendor (9 years in	because it could provoke protests from	
	business)	MSME owners, especially small businesses	
		like mine." (Informant 5, 57 years old)	
6	Padang Satay	""I don't really think about issues like that	
	Vendor (7 years in	(halal label), what's important is that my	
	business)	products are sold well and my livelihood	
		continues smoothly." (Informant 6, 32	
7	Clairely on the small on	years old)	
7	Chicken satay seller (3 years in	"We don't need it because we process the food ourselves. We already know it's	
	business)	halal." (Informant 7, 37 years old)	
8	Martabak seller (6	"In my opinion, it's fine even if we don't	
U	years in business)	use it. I've been selling this for 6 years and	
	years in business,	there hasn't been any problem. And for	
		making <i>martabak</i> , there are no <i>ḥarām</i>	
		ingredients. The only thing is, some sellers	
		might use preservatives because they're	
		afraid the products won't get sold well or	
		might not be fully sold before they spoil.	
		However, there are also many halal and	
		safe food preservatives available	
0	C 1 11 1	(Informant 8, 40 years old)	
9	Sausage and grilled	"It's not necessary, because I use halal	
	meatball seller (1	ingredients and I don't dare to do	

No	Informant Status	Statement		
	year in business)	anything strange to my customers. But if		
		it's available, it would be good."		
		(Informant 9, 27 years old)		
10	Fried snack seller (5	"It's not really necessary, because we are		
	years in business)	just street vendors." (Informant 10, 42		
		years old)		
11	Meatball seller (7	"It's not necessary, because street vendors		
	years in business)	make very small amounts of food, usually		
		around 70 portions in a day. The ones who		
		need a certificate are those who make		
		large-scale meals like in restaurants."		
		(Informant 11, 55 years old)		
12	Chicken and beef	"It's not necessary as long as the food is		
	meatball seller (20	clean and doesn't use <i>ḥarām</i> ingredients		
	years in business)	like pork, pork bones, pork offal, borax, or		
		other such things. It remains halal."		
		(Informant 12, 55 years old)		

The statements of informants, as presented in table 1, indicate that the participation of MSME owners in the halal labelling policy process remains low. This limited participation reflects both structural and cultural barriers in the implementation of the Halal Product Assurance (JPH) policy. The low level of engagement is primarily driven by the belief that informal assurances based on consumer trust and business longevity are sufficient to guarantee the halal status of products. Business actors in the informal sector—such as satay, meatball, and *martabak* vendors—are among the most resistant, often citing their small-scale operations and the absence of explicit consumer demand for halal labelling as reasons for their reluctance.

Table 2 summarizes the respondents' awareness of and attitudes toward halal certification, including perceived importance and barriers to adoption.

**Table 2.** MSME Owners' Awareness and Perceptions of Halal Certification

Category	Number of Respondents (n = 75)	Percentage (%)
Unaware of where to obtain halal certification	48	64.00
Aware, but unsure how to proceed	27	36.00
Consider halal labeling unimportant	41	54.67
Consider it important but hesitant to pursue it	34	45.33

As seen in Table 2, a significant number of MSME owners lack clear information about halal certification, with 64% unaware of where to obtain it. Additionally, although 45.33% believe halal labeling is important, they remain hesitant to pursue it due to perceived barriers such as cost, complexity, and lack of guidance.

In Islamic law, this attitude reflects a traditional and practical understanding of *fiqh*. MSME owners tend to focus solely on the halal nature of the substance (*dhāt*) of the ingredients while neglecting the certification process as part of *taḥqīq al-ḥalāl* (verification of halal status). However, in the context of *fiqh mu'āmalah*, the producer's responsibility extends beyond the substance to include "*tabyīn*" – the clear disclosure of a product's halal status—to avoid "*gharar*" (uncertainty or ambiguity), as emphasized in the legal maxim: "*Al-aṣlu fi al-'aqdi al-riḍa wa al-wuḍuḥ*" (the foundation of a contract is mutual consent and clarity).<sup>37</sup> From the standpoint of Indonesia's positive law, the obligation to display a halal label is mandated under Law No. 33 of 2014 on Halal Product Assurance. Thus, the low level of participation reflects a disconnect between state legal norms and the fiqh-based understanding held by MSME owners.

This research reveals that the global trend towards halal and halal lifestyles does not automatically lead to increased demand or awareness of halal products. Although the halal label offers promising

<sup>&</sup>lt;sup>37</sup> Jawad Alzeer, Ulrike Rieder, and Khaled Abou Hadeed, "Rational and Practical Aspects of Halal and Tayyib in the Context of Food Safety," *Trends in Food Science and Technology* 71 (2018): 264–67, https://doi.org/10.1016/j.tifs.2017.10.020.

business opportunities for stakeholders and MSME owners, it does not guarantee that they will accept or immediately seek the halal label. Data on MSME owners' resistance to using the halal label shows that only 11% are willing to pursue it, while 49% reject it, and the remainder remain uncertain. Consequently, government policies regarding halal labeling in Indonesia still face significant challenges, with MSMEs being the primary obstacle. Several issues related to halal products require further discussion to inform policy development.<sup>38</sup> Addressing these weaknesses and capitalizing on opportunities will help ensure that policies are beneficial for the community<sup>39</sup> and that marketed food products are guaranteed halal.<sup>40</sup>

This finding also provides an overview that the demand for the halal tourism sector can serve as an entry point for strengthening halal practices and providing halal label services for MSMEs. The establishment of Halal Industrial Zones (KIH) can be one of the government's efforts to encourage the growth of the halal industry. Moreover, this sector is expected to absorb a large workforce. These zones could become integrated halal economic areas, where one of the activities is providing priority services for facilities to enhance the image of halal products. This highlights the importance of realizing collaboration to promote the availability of halal products<sup>41</sup> as Asnaini explains the importance of applying the 'penta-helix' concept for the success of a program or policy.<sup>42</sup>

 $<sup>^{\</sup>rm 38}$  Ambali and Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers."

<sup>&</sup>lt;sup>39</sup> Asep Saepudin Jahar and Thalhah Thalhah, "Dinamika Sosial Politik Pembentukan Undang-Undang Jaminan Produk Halal," *Al-Ihkam: Jurnal Hukum dan Pranata Sosial* 12, no. 2 (2018): 385, https://doi.org/10.19105/al-ihkam.v12i2.1232.

<sup>&</sup>lt;sup>40</sup> Nurhayati et al., "Culinary Industry Health Product in Surakarta, Indonesia: Health Policy Guaranteeing Halal and Healthy Products."

<sup>&</sup>lt;sup>41</sup> Clara Mi Young Park, "Our Lands Are Our Lives: Gendered Experiences of Resistance to Land Grabbing in Rural Cambodia," *Feminist Economics* 25, no. 4 (2019): 21–44, https://doi.org/10.1080/13545701.2018.1503417.

<sup>&</sup>lt;sup>42</sup> Asnaini et al., "Implementation of the Penta Helix Concept in the Waste Management of Social and Economic Value in Kota Bengkulu," *The 4th International Conference on University Community Engagement* 4 (2022): 140–50, https://iconuce.com/index.php/icon-uce/article/view/20; Chuzaimah Batubara and Isnaini Harahap, "Halal Industry Development Strategies Muslims' Responses and Sharia Compliance in Indonesia," *Journal of Indonesian Islam* 16, no. 1 (2022): 103–32, https://doi.org/10.15642/JIIS.2022.16.1.103-132.

# Forms of Resistance among MSME Owners toward Halal Label Certification

Forms of resistance can be categorized into two main types: open (public transcript) and hidden (hidden transcript), as proposed by James C. Scott. Among the 75 respondents, 22 (29,33%) business actors explicitly rejected the halal label regulation, citing cost and administrative burdens as their reasons. Meanwhile, the majority, 42 (56%) exhibited hidden forms of resistance, such as delays, reliance on government assistance, and expressions of uncertainty. The remaining 11 (14,67%) indicated acceptance if the halal labeling were to be mandated by the state.

The interview results presented in Table 1 indicate that MSME owners' resistance to halal certification is primarily driven by the belief that their products are already halal, as they use ingredients considered pure and have been selling them for a long time. Two main tendencies emerge: First, general rejection is observed among vendors of chicken satay, martabak, sausages, grilled meatballs, and chicken/beef meatballs, who perceive their ingredients as clean and free from any harām elements. This reflects a form of everyday resistance, as described by James C. Scott, wherein indirect opposition is expressed through the construction of their own versions of halal standards. Second, resistance is also found among small-scale vendors such as fried snack sellers and meatball vendors, who view halal certification as a burden for them and relevant only to larger enterprises. This attitude illustrates a form of micro-resistance, namely the rejection of state policies through narratives of regulatory inequality. Overall, MSME resistance represents a negotiation of power in everyday practices, where state certification is contested by locally grounded legitimacy and community-based knowledge.

In Islamic law, this resistance can be examined through the concepts of 'urf (customary practices) and maṣlaḥah (public interest). MSME owners argue that consumers have never questioned the halal status of their products, nor have they ever requested halal labeling. In their view, state policy does not align with local conditions and is only suitable for large-scale industries. However, this position requires critical examination, as within the framework of maqāṣid asy-syarī'ah, the principles of ḥifz ad-dīn (protection of religion) and ḥifz annafs (protection of life) necessitate transparency in consumption. In this context, halal certification is not merely an administrative

obligation, but a shar'ī trust (amānah shar'iyyah) to ensure the halalness and wholesomeness (ḥalālan ṭayyiban) of products circulating in society.<sup>43</sup>

The study's findings indicate that (1) MSME owners have developed a strong resistance to the halal label, not only due to perceived procedural challenges or high costs but also because of differing interpretations and definitions of halal, which diverge significantly from government and religious standards. (2) Education and literacy regarding halal products and the economic and social benefits of the halal label are severely lacking among MSME workers. Citing Amara, the debate over religious rules can lead to misconceptions, resulting in rejection.<sup>44</sup> Ismail's study also revealed that mindset significantly influences the international firm performance of MSMEs.<sup>45</sup> Therefore, education for MSME owners or the target of a policy is extremely important.

This research supports the study on the lack of financial incentives for the target activities, which results in resistance to the program. The main reason for the resistance, as evidenced by the low participation and rejection of halal label processing, is the lack of funds and the hope of being funded by policymakers. The opportunity provided by the halal labeling authority in Indonesia, namely the Halal Product Assurance Organizing Agency (BPJPH), as a form of support and mandate from Law No. 33 of 2014 on Halal Product Assurance, has not been properly socialized. The authority has not yet considered the long-term effects of the implementation of such regulations. This highlights the importance of commitment in implementing the halal assurance system (halal label).<sup>46</sup> The results of this study also support the research by Nursalwani which shows that

<sup>&</sup>lt;sup>43</sup> Grisna Anggadwita, Dini Turipanam Alamanda, and Veland Ramadani, "Halal Label vs Product Quality in Halal Cosmetic Purchasing Decisions," *Ikonomika* 4, no. 2 (2020): 227–42, https://doi.org/10.24042/febi.v4i2.5897.

<sup>&</sup>lt;sup>44</sup> Mahfoud Amara, "Sport, Islam, and Muslims in Europe: In between or on the Margin?," *Religions* 4, no. 4 (2013): 644–56, https://doi.org/10.3390/rel4040644.

<sup>&</sup>lt;sup>45</sup> Ismail, Mohamad, and Ahamat, "Top Management Capabilities and Performance of Halal Product."

<sup>&</sup>lt;sup>46</sup> C. G. Perdani, N. U. Chasanah, and Sucipto, "Evaluation of Halal Assurance System (HAS) Implementation on Bakery Products Processing in Small and Medium Enterprises (Case Study in X Bakery Batu, East Java)," in *IOP Conference Series: Earth and Environmental Science*, vol. 131 (Purpose Led Publishing, 2018), 1–6, https://doi.org/10.1088/1755-1315/131/1/012023.

the level of compliance with Law No. 33 of 2014 on Halal Product Assurance is still low.<sup>47</sup>

# Value Contestation in Defining Halal: Between State Policy, Religious Discourse, and MSME Practices

The contestation over the meaning of halal in Indonesia reflects a divergence between state authority, Islamic legal reasoning, and local business practices. The Indonesian government, through the Halal Product Assurance Law (Law No. 33 of 2014), mandates halal certification as a legal requirement aimed at protecting consumers and enhancing competitiveness in the global market. In classical Islamic scholarship, scholars emphasize that halal must be accompanied by tayyib (wholesome and suitable for consumption),48 a view also reflected in contemporary fatwas issued by the Indonesian Ulama Council (MUI).49 In contrast, many MSME owners interpret halal more pragmatically - by simply ensuring the absence of explicitly forbidden substances such as pork or alcohol-and tend to reject formal certification processes due to financial costs, procedural complexity, or perceived irrelevance. As James C. Scott (1990) argues, such attitudes can be understood as a form of "everyday resistance," a subtle negotiation of dominant power in which ordinary actors assert their own religious legitimacy and knowledge independently of the state and established religious authorities.<sup>50</sup>

Differences in understanding the meaning of halal constitute one of the main sources of resistance to halal certification. There is a contestation of values among state authorities, religious doctrines, and the local practices of MSME actors. The state, through Law No. 33 of 2014, formalizes halal as an administrative obligation; Sharia (Islamic legal provisions) obliges individuals to ensure that what they

<sup>&</sup>lt;sup>47</sup> M. Nursalwani et al., "The Involvement of Young Entrepreneurs in Halal Food Products in Kelantan," in *IOP Conference Series: Earth and Environmental Science*, vol. 756 (Purpose Led Publishing, 2021), 1–8, https://doi.org/10.1088/1755-1315/756/1/012001.

 $<sup>^{\</sup>rm 48}$  Ambali and Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers."

<sup>&</sup>lt;sup>49</sup> Syaifuddin Fahmi, "Halal Labeling Effect on Muslim Consumers Attitude and Behavior," in *Proceedings of the 2017 International Conference on Organizational Innovation (ICOI 2017)*, vol. 131 (Paris: Atlantis Press, 2017), 56–62, https://doi.org/10.2991/icoi-17.2017.26.

<sup>&</sup>lt;sup>50</sup> Scott, Domination and the Arts of Resistance: Hidden Transcript.

consume is both good and halal; meanwhile, MSME owners often interpret halal in a practical and contextual manner—if a product does not contain pork or alcohol, it is considered halal.

Qualitative data from 18 informants furthermore indicates that this contestation can be classified into three categories. *First*, conceptual contestation, in which business actors believe that halal status is sufficiently determined by ingredients and intention, rather than by a formal certification process. *Second*, is procedural contestation, where halal certification is perceived as complicated, costly, and bureaucratic. *Third*, economic value contestation, in which certification is seen as an additional burden that does not correspond to the potential business profit. Table 3 presents how MSME owners understand the concept of halal.

**Table 3.** MSMEs' Contestation of Halal Values

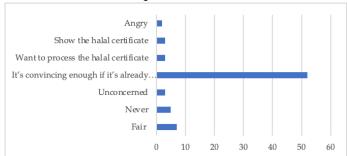
Meaning of Halal	Status of Informant	Statement
Grinding and	Grilled meatball	"I know the meat I use
making it oneself	vendor (2 years	for the meatballs—I
(procedure)	in business)	grind it myself at the
		market and prepare the
Buying from		meatballs at home. As
regular place		for the raw materials
(concept)		like chicken intestines
		and feet, I buy them
		from my regular chicken
		seller, so I am 100%
		certain they are halal."
		(Informant 2, 38 years old).
Halal is not only	Green bean	"Managing a halal
about certification	porridge vendor	certificate for
but also about	(9 years in	homemade products is
values and practices	business)	challenging. Some
(value)	,	consumers assess halal
,		status not only by the
Buying from a		certificate but also by
Muslim vendor		the seller's Muslim
(concept)		identity, reflected in

Meaning of Halal	Status of Informant	Statement
Ingredients do not contain alcohol/intoxicating substances	Fried rice vendor (5 years in business)	their clothing or other signs." (Informant 4, 39 years old). "The raw ingredients do not contain alcohol or intoxicating components, whether in
(concept)  No ingredients that are prohibited by Islam (value)		food or drinks. In making fried rice, I don't mix it with any ingredients that are prohibited. That's why it's halal." (Informant 13, 25 years old).
The raw materials are definitely halal (concept)  The ingredients are made by myself (procedure)	Mixed ice vendor (8 years in business)	"I'm sure my mixed ice is halal. Because the ingredients are halal. Like the milk (you can see from the packaging, it has the halal label, and the same goes for other ingredients like fruit, etc.). Besides that, I make the brown sugar myself." (Informant 14, 22 years old).
Choosing, processing, and consuming it for oneself as well (procedure)  Ingredients that are guaranteed halal, such as fish, in Islam, even fish carcasses are halal	Model vendor (16 years in business)	"God willing, our products are halal because we personally select, process, and consume the ingredients ourselves. Even if some fish are not very fresh, they are not considered harām in Islam." (Informant 15, 23 years old).

Meaning of Halal	Status of Informant	Statement
(value) Choosing ingredients and making it oneself (procedure)  Definitely halal (value)	Grilled meatball seller (10 years in business)	"I know, the ingredients are chosen by ourselves, we make it ourselves, so insha Allah it's halal." (Informant 16, 45 years old)
Choosing ingredients and making it oneself (procedure)  Definitely halal (Value)	Grilled meatball vendor (8 years in business)	"I know, the ingredients are chosen by myself, and the preparation is done by myself, so insyaAllah it's halal." (Informant 17, 45 years old).
Buying ingredients by oneself (procedure)  All ingredients sold are halal (value)	Meatball vendor (9 years in business)	"I'm not entirely sure, but since I buy all the ingredients for my meatballs, especially the sausages, whether it's beef or chicken, I'm not sure if it's truly halal or not, but I feel that it's halal." (Informant 18, 28 years old).
Healthy ingredients and assured halal because of halal supervision (value)	Gado-gado and fried food vendor (3 years in business)	"Yes, I know, the ingredients I use to make <i>gado-gado</i> and fried foods are definitely halal, like eggs, potatoes, cabbage, carrots, tapioca flour, green onions, celery, and seasonings. All the ingredients I use are healthy and are

Meaning of Halal	Status of Informant	Statement
Food ingredients that are recommended by Islam (concept)  Producing the product in accordance with Islamic law (value)	Rice Vendor (7 years in business)	supervised by BPOM (Indonesian Food and Drug Authority), so I'm confident it's halal." (Informant 19, 45 years old). "Yes, I know, what I sell is halal, because the ingredients I use to make it are in accordance with what is recommended by Islam and what is prescribed by the religion." (Informant 20, 55 years old).

Table 3 also shows that the contestation of halal values in MSMEs can be influenced by social conditions of the community itself. The experience of MSMEs while trading, where consumers rarely or never ask whether the product has a halal label or not, also influences the resistance of MSME owners toward halal certification. However, in cases where consumers do raise questions about the halal status of products, it becomes important to observe how MSMEs respond. Figure 2 presents the response of MSMEs when consumers question the halal status of their products.



**Figure 2.** Response of MSME owners when asked about the halal label by consumers

Based on Figure 2, it can be seen that the majority of MSMEs (52 out of 75 respondents) responded by stating that it is convincing enough if the product is already halal, without necessarily showing a certificate. Only a small portion showed a willingness to process the halal certificate (3 respondents), while others responded in ways such as being unconcerned (3), showing the certificate (3), expressing anger (2), or indicating that consumers never ask (5). This indicates that most MSMEs still rely on internal belief or assumption rather than formal certification when dealing with halal-related inquiries.

The contestation over the meaning of halal highlights the complexity of policy implementation at the grassroots level. Bridging the gap between administrative and substantive halal remains a key challenge. Thus, an inclusive and socially responsive halal ecosystem is essential for MSMEs.<sup>51</sup> The resistance and contestation of halal values in the context of halal certification for MSMEs must receive more attention from halal authorities in Indonesia. This is because, in Islam, the state is the authority granted the power to regulate how Islamic law can be enforced in all aspects of society. Halal certification for MSMEs owners is an inseparable part of the religious practice of Muslims. Therefore, it is crucial to build a halal ecosystem<sup>52</sup> and ensure that the principles of Islamic law are implemented.<sup>53</sup> The contestation of values in defining halal reflects the complexity of implementing halal policies at the grassroots level. The divide between administrative halal and substantive halal presents a major challenge in reconciling the interests of the state, religion, and local communities. Therefore, it is essential to build a halal ecosystem that is inclusive and adaptive to the socio-economic realities of MSME actors.

<sup>&</sup>lt;sup>51</sup> Slamet, Irwan Abdullah, and Nur Quma Laila, "The Contestation of the Meaning of Halal Tourism," *Heliyon* 8, no. 3 (2022): 1–9, https://doi.org/10.1016/j.heliyon.2022.e09098; Abdul Manan et al., "Halal Tourism: A Proposed Sharia Model for Implementation," *Jurnal Ilmiah Peuradeun* 11, no. 1 (2023): 81–100, https://doi.org/10.26811/peuradeun.v11i1.784.

<sup>52</sup> Annisa, "Kopontren dan Ekosistem Halal Value Chain."

<sup>53</sup> Ramlan Ramlan and Nahrowi Nahrowi, "Sertifikasi Halal Sebagai Penerapan Etika Bisnis Islami dalam Upaya Perlindungan Bagi Konsumen Muslim," *Ahkam*: *Jurnal Ilmu Syariah* 17, no. 1 (2014): 145–54, https://doi.org/10.15408/ajis.v17i1.1251.

#### Conclusion

This study reveals a substantial resistance to halal certification among MSME owners driven by limited understanding, low consumer demand, and insufficient state support. Many MSME owners equate personal religious identity with product halal, reducing the perceived need for formal certification. The resistance observed aligns with James C. Scott's concept of hidden resistance expressed through inaction and disengagement rather than open protest. High costs, administrative burdens, and unclear economic benefits further discourage participation. The findings affirm that resistance to halal labelling among MSME owners should not be viewed merely as ignorance, but rather as a consequence of the failure to integrate state law with Islamic law as a living norm within society. Within the framework of figh as-siyāsah asy-syar'iyyah, the state holds the legitimate authority to regulate public welfare, including through the Halal Product Assurance policy. However, its implementation must be context-sensitive, adopting gradual (tadarruj) and wise (hikmah) approaches. An educational strategy that bridges classical Islamic jurisprudence with modern policy frameworks is essential to help MSME owners understand that halal certification is a moral responsibility, not merely an administrative obligation. The pentahelix model-involving academics, religious scholars, government, business actors, and civil society-can foster collective awareness. Collaborative efforts with zakat institutions, wagf boards, and Islamic philanthropic organizations should also be strengthened to provide financial incentives. Such efforts align with the principle of ta'āwun 'alā al-birri wa at-taqwā (mutual support in righteousness and piety), and represent a tangible application of maqāṣid asy-syarī'ah in shaping a contemporary halal economy that is inclusive and equitable. This study is limited to MSMEs along Panorama Market Street in Bengkulu, which may not represent MSMEs in other regions. Additionally, the analysis focused only on the perspectives of business owners, without including consumer views. Future research could expand the geographical scope and incorporate consumer insights to better understand the factors influencing halal certification acceptance among MSMEs.

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