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## ANALYSIS OF SYSTEM DYNAMIC ON THE ROLE OF LPPOM MUI AND GOVERNMENT IN IMPLEMENTATION OF HALAL CERTIFICATION IN INDONESIA

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### ABSTRACT

The role and function of LPPOM MUI as parameters involved in the halal certification, but after establishment about 23 years, has not shown a great significance to the number of products that have been certified. The role and involvement of MUI legitimated by positive law through legislation of Halal Product Assurance Using Analysis System Dynamic is one way to make a model system in the direction of approaching the actual reality. Objectives of this paper are to identify and analyze the role of LPPOM MUI and role of the Government in the implementation of the Halal certification. to see simulation model are offered to get the exact model linkages with a number of variables that influence it. From results of this study found that very urgent for support of Halal certification from the Government to maintain of peoples conscious. Role of LPPOM must quick response for procurement of a number of elements such as auditors are more evenly spread throughout Indonesia, certification process is faster, halal socialization to consumer society effectively and cost of halal certification is cheaper.

Keywords: System Dynamic, LPPOM MUI, Government Support, Halal Certification

### INTRODUCTION

Halal certification is handled by MUI for more than 23 years , and do not want if the meaning is lost because of lawful political influence and trade if held in the wrong hands . Because if it happens later is aggrieved businesses and people to Hope, halal Product Assurance in accordance with proportionate Indonesia alone. MUI as a forum for scholars who determine a fatwa Halal products in the halal certification process , and government regulators undertook supervision, coaching and law enforcement (Jurnal Halal, 2013).

MUI and Islamic organizations appreciate and support the initiative of the Parliament of Draft Law of halal Product Assurance. Halal certification as it has been running, which has been institutionalized and recognized by Muslims both International people, as has halal standards of MUI in the field of food, drugs, and cosmetics in accordance with the law syar'i accepted for all countries. [http://www.halalmui.org/newMUI/index.php/main/detil\\_page/8/622](http://www.halalmui.org/newMUI/index.php/main/detil_page/8/622)

Indonesia as a country of the largest Islamic population in the world around 255.5 millions population there should be also a law enforcement from government and implemented by procedure related to halal products in Indonesia (Global halal Forum, 2010).

Indonesia as a Muslim country with the largest Muslim population in the world has a strategic role in the international arena. Not least in the field of certification of halal product range includes food and medicine <http://www.suaranews.com/2012/01/standar-halal-indonesia-terbaik.html>

Issues of Halal certificate by LPPOM MUI will maintain credibility and trust in halal certificate that has been widely accepted and recognized within the Muslim community and business world both in Indonesia and internationally. This is in line with launch of halal standards by the Vice President of the Republic of Indonesia on January 16, 2012 were recognized and used as a reference by the halal certification bodies around the world. [http://www.halalmui.org/newMUI/index.php/main/detil\\_page/8/622](http://www.halalmui.org/newMUI/index.php/main/detil_page/8/622)

Government's role as a public institution and state in Draft Law of halal Product Assurance include:

1. Issuance of halal registration number;
2. setting halal label on the packaging of halal products;
3. Supervision of outstanding products,
4. Supervision of halal product manufacturer;
5. coaching, socialization, communication and awareness to the public and businesses;
6. Supervision / provision of physical infrastructure associated with the implementation of halal assurance;
7. implementation of cooperation with other countries in the field of trading of halal products;
8. Law enforcement) to the various parties to a security breach in the organization of halal products, and
9. Allocate funds through national budget halal product assurance.

[http://www.halalmui.org/newMUI/index.php/main/detil\\_page/8/622](http://www.halalmui.org/newMUI/index.php/main/detil_page/8/622)

### **System Dynamic**

Critical Thinking skills in the methodology of dynamic system consists of 1. Dynamic Thinking, 2. Closed-loop Thinking,

3. Generic Thinking, 4. Structural Thinking, 4. Operational Thinking, 5. Thinking Continuum, 6. Scientific Thinking. In Dynamic Thinking, able to see and deduce patterns of behavior more than just focus and try to predict events. Phenomena thought of as something that is raised by the circular process continues over time (ongoing circular process). Phenomenon is not thought only as something that is raised by a number of factors. Closed-loop Thinking whereas mean the real world is seen as an interdependent process and continuing with time process. The real world is not seen as caused by a one-way relationship of a number of factors (Tasrif, 2006).

System Dynamics was first introduced by Jay Wright Forrester from Massachusetts Institute of Technology, Cambridge, Massachusetts, USA in 1956. At first, System Dynamics is used to solve problems of business system. But along with its development, elementary widely used for various social issues, economics, management, and physical systems. The background of System Dynamics came from three primary disciplines, namely the traditional management of the social, feedback theory or cybernetics, and computer simulation (Maani and Casava, 2000)

In dynamic behavior, the tools that facilitate restructuring efforts through the diagram node system is causal. To make structural in detail does not mean making complexity, fixed something with the intention of systemic thinking is simply to reveal the complexity. During its development, complexity of simplification has developed into a dynamic structure patterns, where each pattern has a different pattern of structural dynamic behavior. Dynamic behavioral patterns that can be used as an initial guideline in establishing a more detailed dynamic structure or for purposes of analysis (Muhammadi, 2001)

### **METHOD**

This paper will construct a conceptual model in purpose to have a better understanding upon the system dynamics and to discover policies that will improve system behavior.

In spite of wide range of application in system dynamics, most system dynamics models are created in five phases are as follow:

- a. Problem structuring, b. Causal loop modeling
- c. Dynamic modeling, d. Scenario planning and modeling, e. Implementation and organizational Learning. This phase does not required to be undertaken; it depends on the issues or problems that have generated the system enquiry ( Maani and Cavana, 2000).

**PROBLEM STRUCTURING**

In this phase, problem is defined and the scope and boundaries of study are identified. It consists of the following steps: a. Identify problems area or policy issues.

b. Collect preliminary information and data, statistical records, policy documents, and previous studies. Next section will be the discussion of modeling and analysis.

**CAUSAL LOOP OF MODELING**

Causal Loop Diagram (CLD) is a tool for revealing the causal relationship among set of variables (factor) operating in system ( Maani and Cavana, 2000).

Basic elements of CLD are variables and arrows. CLD is also a diagram showing the pattern of changes in variables and polarity. Polarity is divided into two types, positive and negative. Positive polarity indicates the influence of the next component. Negative polarity will be inversely affected.

**RESULT AND DISCUSSION**

From analysis of causal loop and diagram of system dynamic, depicted by the diagram below, which to connect a number of variables that affect each other.

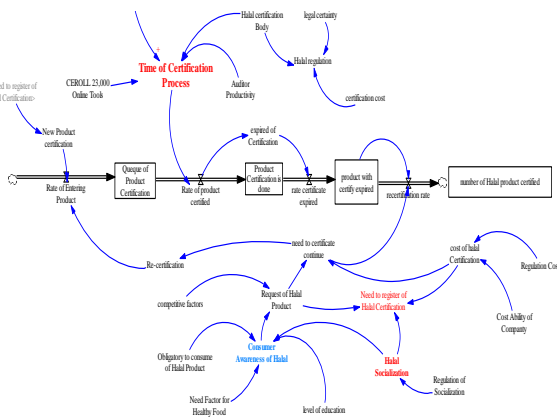


Figure 1. System Dynamic on the Role of LPPOM MUI

Analysis and discussion of the following will discuss some of the sub-system that will be a study in this paper that are sub-system of halal regulation, sub-systems of halal socialization and sub-system of halal certification cost. Into three sub-systems will be related to a number of variables that mutual influence both one-way and reciprocal relationships, both positive and negative association relationship. From analysis are expected to be found roles and functions of LPPOM MUI both internally and externally with other agencies

**Model Boundary and Key Variables**

**1. Sub system: Halal Regulation**

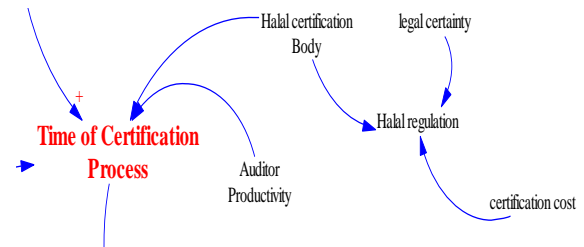


Figure 2. Halal regulation affecting other variables

Role of LPPOM MUI in halal certification, include:

1. Prepare and establish halal standards;
2. Audit products,
3. Set fatwa of halal products, through the Fatwa Commission hearing,
4. Issuing of halal certificates (fatwa written),
5. Education, training, recruitment, training and supervision of auditors. functions above integrated from aspect of Shar'i, science and technology that has been done in institutionalized national in scope (33 LPPOM MUI Provincial) and international (41 foreign certification bodies in 22 countries).

So far from study halal regulation is strongly influenced by MUI formal legal factors such as laws of Parliament and government support.

## 2. Subsystem Halal Socialization for Consumer Awareness

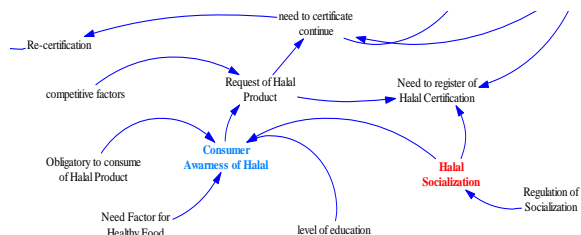


Figure 3. Subsystem: Halal Socialization for Consumer Awareness

1. Forms of halal socialization to companies and producers in Indonesia, which has been done by LPPOM-MUI are : Implement Indonesia Halal Expo (INDHEX), Issuing Halal Journal Magazine, Halal Carry Goes to Campus and School, Halal Travel and Halal Comics, Through Social Media with Facebook

2. Halal Socialization through cooperation with other media.

3. Seminar such as Training and Institute of Auditors LPPOM MUI Halal overseas, Regular Training Halal Assurance System for the Company, Halal In House Training, International Halal Assurance System Training and SME Halal Training (Nusran, 2013). Here is the data Certificate Number, in LPPOM MUI as follows at table 2:

NUMBER OF CERTIFICATE, PRODUCT NAME & COMPANY

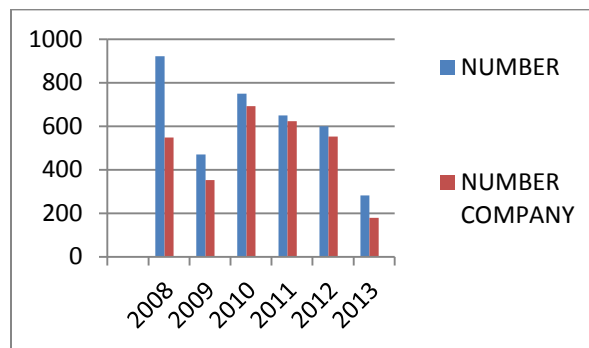
YEAR	NUMBER HC	NUMBER PRODUCT NAME	NUMBER COMPANY
2008	921	10,242	548
2009	470	10,550	353
2010	750	27,121	692
2011	650	26,413	623
2012	600	17,249	552
2013 *)	283	7,714	179
			4,292

SOURCE: Data of LPPOM MUI 2013 \*)DATA TILL 11st March 2013

4. Cooperation between educational institutions with MoU with a number of large companies.

So until March 11, 2013, the total number of companies that get Halal Certificate is 4,292 companies with a number of subsystems that have been described, is expected to increase the number of products that are halal certified, supported with data growth companies or manufacturers who are able to have Halal Certificate in the last 5 years

Figures 4 show the following trends of halal certification number



Figures 4. trends of halal certification

The graph shows that trend of the number of halal certification from 2008 until early 2013. From graph it appears that the number of halal certificate (blue) and the number of firms (red color) that certify products do not indicate an increase graph, this is mostly due to a number of variables such as the cost of which is still perceived as a burden, as well as the uneven dissemination procedures are still not understood by the company and very influential due to government support is not maximized, because halal certification is voluntary (not mandatory). It is also related to the legal framework has not been legalized through in Draft Law of halal Product Assurance at the House of Representative (DPR-RI).

## 3. Subsystem: Cost of Certification

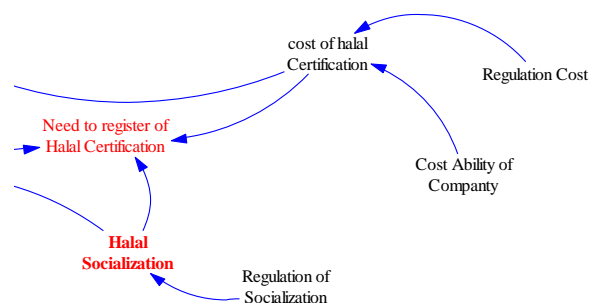


Figure 5. Relationship certification cost with other variable

1. With cost is cheap relatively, it can make growing number of firms to follow it for halal certification (LPPOM-MUI, 2010)

2. Registration process of halal certification is done online , where component costs include registration fees , forms and books , audit fees , costs and expenses laboratory analysis of halal certification.

3. In general, cost of certification is cheap relatively (for a company ) , depend on the class of business and production capacity , such as large enterprises (A1), medium-sized enterprises (A2),small business (A3).

For a number of companies in Indonesia which has the potential for certified in the various categories (large-scale, small-scale, medium-scale, household scale industries, restaurants and catering services), LPPOM MUI do not have data on Indonesian companies that have the potential for halal certification, because data comes from data registration of Halal certification. For Company Directory throughout Indonesia requires cross-sectoral cooperation as the data in the ministry of industry and trade.

#### CONCLUSION

The following conclusion can be driven from this study that:

1. Very urgent for Government support of Halal certification to maintain of peoples conscious, and also must obligate to the corporation to process their product in Halal system.
2. Role of LPPOM MUI in running the management system of MUI Halal should include and optimize the procurement of a number of elements such as auditors are more evenly spread throughout Indonesia, proces of certification is faster in the presence of CEROL SS-23000, effective socialization to producer and consumer.
3. Government support for legal protection is very important to ensure LPPOM MUI and its functions.
4. To repair internal systems of LPPOM MUI such as a number of auditors is still not sufficient, cost of certification is still perceived as a burden and registration procedures are still unprocedural.
5. To repair external relations to Government and the Parliament related to Draft Law of halal Product Assurance as a legal umbrella.

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