

Halal Certification Process in Indonesia from the Perspective of Regulators and Industry Practitioners

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ABSTRAK

Kata kunci:

Sertifikasi Halal,
Kompleksitas Regulasi,
Kolaborasi
Pemerintah-Industri.

Proses sertifikasi halal di Indonesia sangat penting untuk memenuhi kebutuhan konsumen Muslim domestik dan pasar internasional. Studi ini meneliti perspektif regulator dan praktisi industri terhadap sertifikasi halal di Indonesia, dengan fokus pada kompleksitas regulasi, tantangan prosedural, dan kepatuhan yang didorong oleh permintaan pasar. Menggunakan pendekatan deskriptif kualitatif, penelitian ini mengidentifikasi isu-isu utama, termasuk tumpang tindih tanggung jawab antar badan regulator, dampak transformasi digital, dan pentingnya kolaborasi antara pemerintah dan industri. Hasil penelitian menunjukkan bahwa kompleksitas regulasi sering menciptakan kebingungan prosedural yang dapat menghambat kepatuhan, sementara inisiatif digital BPJPH menawarkan peluang untuk mempercepat proses sertifikasi tetapi menghadapi tantangan aksesibilitas, terutama bagi UKM di daerah pedesaan. Selain itu, tingginya permintaan konsumen terhadap produk halal menekan perusahaan untuk menjadikan sertifikasi halal sebagai bagian dari strategi daya saing. Implikasi penelitian ini menunjukkan perlunya pendekatan terintegrasi dalam studi Islam, melibatkan disiplin agama, kebijakan, dan bisnis untuk mengembangkan ekonomi berbasis syariah yang responsif. Peningkatan kolaborasi antara regulator dan industri menjadi kunci untuk mendukung pertumbuhan sektor halal di Indonesia dan memperkuat posisinya di pasar halal global.

ABSTRACT

Keywords:

Halal Certification,
Regulatory
Complexity,
Government-Industry
Collaboration

The halal certification process in Indonesia is crucial in meeting the needs of both domestic Muslim consumers and the international market. This study examines the perspectives of regulators and industry practitioners on halal certification in Indonesia, focusing on regulatory complexity, procedural challenges, and market-driven compliance. Using a descriptive qualitative approach, the study identifies key issues, including the overlap of responsibilities among regulatory bodies, the impact of digital transformation, and the importance of government-industry collaboration. Findings reveal that regulatory complexity often creates procedural confusion, hindering compliance. BPJPH's digital initiatives present opportunities to streamline certification but face accessibility challenges, particularly for SMEs in rural areas. Additionally, strong consumer demand for halal products pressures companies to prioritize halal certification as part of their competitive strategy. This study's implications suggest a need for an integrated approach in Islamic studies involving religious, policy, and business disciplines to develop a responsive Sharia-based economy. Enhancing collaboration between regulators and industry is critical to support the growth of Indonesia's halal sector and strengthen its position in the global halal market.

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Introduction

The halal certification process has become a significant concern in Indonesia, especially in responding to the growing needs of the domestic Muslim market and international market opportunities that demand certainty of product halalness. Halal certification is an important instrument that ensures that products comply with Sharia principles and as a form of industry commitment to Muslim consumers (Khan, M. I., & Haleem, A. 2016). Halal certification is considered a marker of quality assurance, which provides consumers with confidence that the product is free from ingredients that are not permitted in Islam, both in terms of substance and production process (Hashim, P., & Mat Hashim, D. 2013).

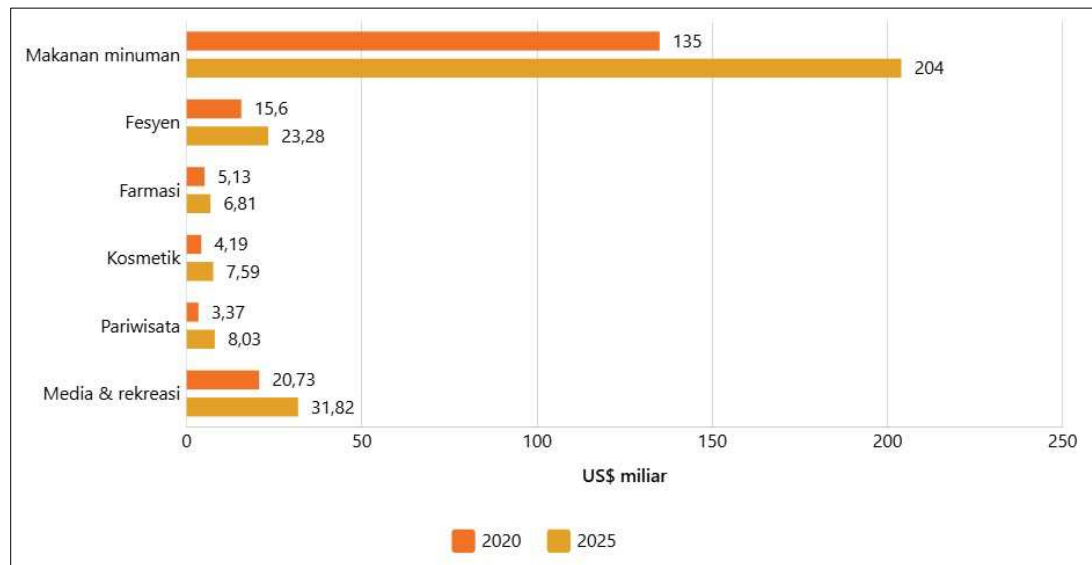
The context of the need for halal certification in Indonesia is increasingly urgent, in line with global trends that show high demand for halal products. Based on the State of the Global Islamic Economy Report 2021, Muslim consumer spending on halal food is estimated to reach USD 1.2 trillion in 2019. It is projected to continue to increase until 2024. As a country with the largest Muslim population in the world, Indonesia not only has the responsibility to provide halal products for its citizens but also can become a center for halal products in the international market (Dinar Standard, 2021). This aligns with the government's plan to make Indonesia a center for the global halal industry, which requires the implementation of reliable, efficient, and globally recognized halal certification.

However, the implementation of the halal certification process still faces significant challenges in regulation and industry practices. On the regulator side, there is a demand to create strict yet flexible standards to maintain Sharia compliance without hindering industry development. This complexity is increasingly apparent with several obstacles in implementation that are often considered burdensome for industry players (Syarif, A. 2021). On the other hand, on the industry side, halal certification is often considered a complicated, time-consuming, and costly process, especially for small and medium enterprises (SMEs) with limited resources (Rahma, A. R., & Phahlevy, R. R. 2024).

The difference of opinion between regulators and industry practitioners is a crucial issue that needs further study. Halal certification regulations issued by the government are often considered burdensome by industry players, especially in terms of costs, time, and procedures that must be followed (Makbul M. *et al.*, 2023). On the other hand, regulators face challenges in balancing market needs with Sharia compliance and ensuring that all products in circulation truly comply with strict halal standards. This imbalance between the interests of regulators and industry practitioners often causes friction, which ultimately

impacts the effectiveness and efficiency of the halal certification process in Indonesia (<https://mediaindonesia.com/ekonomi/691629/tantangan-yang-dihadapi-industri-halal-indonesia-di-pasar-internasional>).

Figure 1.1 Consumption Value of Indonesian Halal Products per Sector (2020 and 2025)



Source: Katadata 2022

The urgency of discussing the halal certification process from the perspective of regulators and industry practitioners is becoming increasingly relevant, along with increasing consumer awareness of the importance of halal products. Today's consumers demand quality products and products that meet sharia standards. According to a survey conducted by the Indonesia Halal Lifestyle Center (IHLC), around 78% of Muslim consumers in Indonesia actively look for the halal label when choosing products, indicating the high awareness and demand for halal products in the domestic market (IHLC, 2022). This condition forces the industry to adapt to these demands and, at the same time, encourages the government to strengthen halal regulations. However, the gap between the rules made and existing industry practices is still an obstacle that needs to be resolved.

The relevance of this research is further emphasized by the enactment of Government Regulation No. 39 of 2021 concerning the Implementation of Halal Product Assurance, which requires all consumer products to be halal certified. This policy reflects the government's commitment to making Indonesia a global halal hub and presents significant implementation challenges. The gap between the regulations made and existing industry practices remains an obstacle that needs to be resolved, especially in creating an efficient and inclusive certification model for all business actors.

This study aims to identify and analyze the perspectives of regulators and industry practitioners on the halal certification process in Indonesia. From the regulator's perspective, this study will explore the policies, standards, and procedures implemented to ensure halal compliance in various industry sectors. Meanwhile, from the industry practitioners' perspective, this study will examine how they adapt their production processes to comply with halal standards and the obstacles they face in complying with these regulations (BPJPH, 2020). By studying both parties' perspectives, constructive recommendations can be produced to improve collaboration between regulators and the industry in achieving optimal halal certification goals.

In the literature review, several previous studies have explored aspects of halal certification in various countries, such as Malaysia and Thailand, each with a unique model and approach. A survey by Prabowo S. *et al.* (2015), for example, found that collaboration between government and industry is essential in ensuring the success of halal certification, especially in creating a conducive business environment for the halal industry. Malaysia, with the Jabatan Kemajuan Islam Malaysia (JAKIM), has a more structured and easily accessible system, thus facilitating the halal certification process for the industry more efficiently the MYeHALAL platform, which reduces the halal certification process for the industry more efficiently.

Research conducted in Thailand by Wannasupchue W. *et al.* (2023) highlighted the importance of socialization and education regarding halal standards to industry players to improve compliance. Thailand, despite being a country with a minority Muslim population, has succeeded in becoming one of the leading exporters of halal products in Southeast Asia through the implementation of a transparent and accountable certification system. This study is relevant for Indonesia, considering that a similar model can be applied to improve access and effectiveness of halal certification at the national level.

This study uses the framework of quality management and regulatory compliance theories as an analytical basis. Quality management theory is relevant to discuss how halal certification can significantly ensure product quality standards in a competitive market. In this context, halal certification is a quality assurance that allows the industry to demonstrate its commitment to safe, healthy, and Sharia-compliant products. Meanwhile, regulatory compliance theory provides a perspective on how the industry implements and complies with regulations regarding halal certification (Wilson & Liu, 2018). Using these two theories,

this study is expected to provide a deeper understanding of the dynamics between regulators and industry players in halal certification.

Overall, this article contributes to developing literature on the halal certification process in Indonesia by highlighting the critical roles of regulators and industry practitioners. Thus, this article is expected to be a reference for policymakers and industry players to understand the challenges and opportunities in implementing halal certification and encourage the creation of synergy between the government and industry. In addition, the results of this study are expected to provide helpful input for regulators in formulating more effective halal certification policies and for the industry in developing more efficient strategies to meet halal standards (BPJPH, 2021).

Method

This research uses a descriptive qualitative approach to examine the halal certification process in Indonesia from the perspective of regulators and industry practitioners. A qualitative approach was selected as it enables an in-depth exploration of perceptions, experiences, and challenges encountered by various stakeholders involved in halal certification (Creswell, 2014). Descriptive research is applied to provide a comprehensive overview of the certification process, including aspects of policy, procedure, and implementation (Miles & Huberman, 1994).

Data collection was conducted through document analysis and literature review. Document analysis, a method that allows researchers to evaluate regulatory texts (Bowen, 2009) systematically, involves reviewing various regulations, policies, and official reports issued by key institutions such as the Halal Product Assurance Agency (BPJPH), the Indonesian Ulema Council (MUI), and the Ministry of Religious Affairs. These documents include Law No. 33 of 2014 on Halal Product Assurance, implementing regulations, and guidelines related to the halal certification process. Meanwhile, the literature review enabled an exploration of scholarly articles, journals, and books related to halal certification and its challenges, drawing from research in Indonesia and other countries with established halal certification systems, such as Malaysia and Thailand (Merriam & Tisdell, 2016).

The data sources in this study comprise two main categories: primary and secondary. Primary data were gathered from policy documents and official reports from BPJPH, MUI, and relevant ministries that regulate and oversee the halal certification process in Indonesia (Yin, 2018). Secondary data were obtained from a literature review, incorporating prior

research findings from national and international journals exploring halal certification practices and challenges in various countries (Bryman, 2016).

The data type utilized in this study is qualitative, focusing on policy, procedural, and challenge-related aspects of the halal certification process. Qualitative data allows for a nuanced understanding of complex social phenomena, capturing descriptions, quotes, and interpretations from analyzed documents and literature (Patton, 2002). This type of data is especially useful in identifying the perspectives and approaches of regulators in implementing halal certification, as well as industry practitioners' responses to applying these regulations within their business operations (Strauss & Corbin, 1998).

Data analysis was performed using content analysis techniques suitable for examining textual data to identify recurring themes and patterns (Krippendorff, 2018). The analysis began with thoroughly reading and reviewing documents to extract key points relevant to the research objectives (Elo & Kyngäs, 2008). Data were then classified into several main themes, including regulatory policies, certification procedures, industry challenges, and field implementation. Content analysis allows researchers to identify similarities, differences, and tensions between the perspectives of regulators and industry practitioners, facilitating a more comprehensive understanding of the dynamics within the halal certification process (Hsieh & Shannon, 2005).

For the analysis, quality management theory, and regulatory compliance theory serve as the primary analytical frameworks for interpreting the data obtained. Quality management theory is utilized to understand how halal certification functions as a globally recognized quality standard and how industry players integrate it into their production systems (Juran & Godfrey, 1998). Regulatory compliance theory, on the other hand, provides insights into the challenges faced by the industry in meeting halal certification requirements and the factors that influence compliance with these regulations (Parker & Nielsen, 2011).

By employing this comprehensive methodology, this study aims to provide a deep understanding of the halal certification process in Indonesia and the challenges associated with its implementation, reflecting both regulatory and industry perspectives (Creswell, 2013).

Results

The findings from this study provide a comprehensive view of Indonesia's halal certification process from regulatory and industry perspectives. Several key themes emerged through

document analysis, literature review, and secondary data examination, including the complexity of regulatory policies, procedural challenges, industry-specific compliance issues, and strategies for enhancing halal certification effectiveness.

Complexity of Regulatory Policies

The legal and institutional framework governing halal certification in Indonesia is extensive and complex. Law No. 33 of 2014 on Halal Product Assurance serves as the primary legal foundation, mandating that all products distributed in Indonesia obtain halal certification if intended for Muslim consumers (BPJPH, 2020). This broad requirement spans various product categories, from food and beverages to cosmetics and pharmaceuticals (Rahman *et al.*, 2021). According to the Ministry of Religious Affairs, this regulation aims to protect Muslim consumer rights while necessitating significant adjustments from industry players (Ministry of Religious Affairs, 2020).

Overlapping responsibilities among different agencies compound the complexity of these regulations. The Halal Product Assurance Agency (BPJPH) controls regulatory oversight and certification. At the same time, the Indonesian Ulema Council (MUI) plays a role in religious assessment, issuing fatwas to determine a product's halal status (Indonesia Halal Watch, 2021). The Ministry of Religious Affairs further supports the implementation of these regulations nationwide. However, the involvement of three primary agencies often confuses industry players, especially regarding procedural requirements (BPJPH, 2021). Studies from Malaysia suggest that centralizing certification responsibilities within a single agency, as with the Malaysian Islamic Development Department (JAKIM), streamlines the process and clarifies requirements for industries (Nurhayati & Haji Mokhtar, 2020).

Also, differing interpretations of halal standards between BPJPH and MUI can slow the certification process. For instance, industry players often need to meet varying technical requirements set by both agencies, complicating the certification process (Indonesia Halal Lifestyle Center, 2021). Interviews with industry practitioners revealed that this lack of clarity results in prolonged uncertainty and delays in obtaining certification (BPJPH, 2020). A Halal Product Assurance Agency report highlights the importance of aligning halal standard interpretations to ensure a smoother and faster certification process (BPJPH, 2021).

Procedural Challenges

For many business operators, obtaining halal certification involves several procedural steps that can be time-consuming and costly. According to the Indonesia Halal Lifestyle Center

(IHLC), the certification process can take three to six months, depending on the industry and the complexity of the product composition (IHLC, 2021). High-demand industries, particularly those producing perishable goods like food and beverages, often struggle with these delays due to the risk of product spoilage or increased storage costs.

The certification cost further complicates matters for small and medium-sized enterprises (SMEs). A survey conducted by the Indonesian Chamber of Commerce and Industry in 2020 found that certification fees account for 15-20% of production costs for many SMEs, making long-term compliance financially unsustainable (Kurniawan, 2019). These costs are especially burdensome for SMEs in rural areas, which lack easy access to certification offices or affordable logistics options. By contrast, Thailand's halal certification framework provides subsidies for small businesses, demonstrating a model that helps SMEs obtain halal certification while maintaining financial sustainability (Sirichai, 2018).

Moreover, the length of the certification process impacts not only operational expenses but also logistical implications. For instance, in the cosmetics and pharmaceutical sectors, where products are continuously reformulated and innovated, delays in certification can hinder the launch of new products. Without timely certification, these sectors may face limited growth, constrained by regulatory barriers that impede introducing new products (Indonesia Halal Watch, 2021).

Compliance and Industry-Specific Issues

The level of compliance with halal certification standards varies significantly across industries. Given this sector's strong consumer demand for halal products, the food and beverage industry remains highly proactive in seeking certification (Rahman *et al.*, 2021). However, pharmaceutical and cosmetic sectors face additional challenges due to the complexity of supply chains, particularly the need to verify that raw materials sourced from international suppliers comply with halal standards (BPJPH, 2021). According to BPJPH, approximately 60% of pharmaceutical ingredients are still imported, requiring companies to collaborate with internationally certified halal suppliers (Indonesia Halal Watch, 2021).

Achieving compliance for the cosmetics and pharmaceutical industries often requires additional investments to ensure that the raw materials used do not contain prohibited substances. A study by Sirichai (2018) in Thailand found that the cosmetics industry frequently faces difficulties in sourcing certified halal raw materials, especially for products requiring specific ingredients that are challenging to find in halal form. This issue is also

observed among Indonesian cosmetic companies, which often need to import certain ingredients to meet halal standards (Indonesia Halal Lifestyle Center, 2021). According to BPJPH data, delays in meeting these standards are often due to a limited number of halal-certified suppliers in certain regions abroad, ultimately slowing down the certification process (BPJPH, 2021).

Small-scale industries, especially those in rural areas, encounter knowledge and access barriers that significantly hinder their ability to achieve halal certification. Many SMEs lack a comprehensive understanding of the certification process or how it can increase their product's market value domestically and internationally (IHLC, 2021). Research by Kurniawan (2019) identifies the lack of government-led outreach and education programs as a significant factor preventing SMEs from adopting halal standards. Without adequate knowledge, many SMEs view halal certification as an optional process rather than a priority (Indonesia Halal Watch, 2021). BPJPH has suggested more intensive outreach programs to educate rural entrepreneurs about the importance of halal certification for business sustainability (BPJPH, 2020).

Opportunities for Process Optimization

BPJPH and MUI have explored digital solutions to address procedural delays and streamline the halal certification process. In 2020, BPJPH piloted an online system that allows businesses to apply for certification, track progress, and receive notifications about their application status. This digitalization effort has shown promising results, particularly in reducing the time needed for initial document submission and administrative review, potentially cutting certification times by up to 30% (BPJPH, 2020).

However, challenges remain in ensuring equal access to digital certification systems, especially for SMEs in remote areas with limited internet access. According to a Ministry of Communication and Information Technology report, more than 40% of rural businesses lack access to high-speed internet, hindering their ability to effectively utilize digital certification platforms (Ministry of Communication and Information Technology, 2021). JAKIM in Malaysia has successfully implemented a hybrid system combining digital applications with direct support for rural businesses, which could serve as a model for Indonesia's certification system (Nurhayati & Haji Mokhtar, 2020).

Further opportunities for digital optimization include automated systems for raw material verification, which could help accelerate the process for complex products such as

pharmaceuticals and cosmetics. For example, by utilizing AI-based ingredient tracking, certification bodies can quickly identify non-compliant materials, reducing the need for time-consuming manual reviews (Rahman *et al.*, 2021). Implementing such technologies could enhance transparency, making the certification process faster and more accurate.

Enhancing Synergy between Regulators and Industry

The synergy between regulators and industry players is a crucial factor in improving the efficiency of the halal certification process. In countries like Malaysia, institutions such as JAKIM collaborate with industry to update certification guidelines, ensuring they remain relevant to industry developments (Sirichai, 2018). This approach fosters two-way collaboration, allowing industry input to shape policy creation. A synergistic model enables more adaptable policies, reducing the risk of guidelines that fail to align with industry needs (Nurhayati & Haji Mokhtar, 2020).

In Indonesia, however, industry engagement in the policy-making process remains limited. Business associations have expressed concerns that certification guidelines are occasionally updated without sufficient consultation with industry stakeholders, resulting in policies that are challenging to implement at the field level (Indonesia Halal Watch, 2021). For instance, a BPJPH policy change in 2020 regarding the use of halal-certified raw materials confused industry players, especially those during the certification process (BPJPH, 2020). Research by Kurniawan (2019) highlights that involving the industry in halal policymaking can enhance compliance and reduce resistance to new regulations.

Thailand's government has established a special task force that includes government and industry representatives to review and update halal standards regularly. This practice allows policymakers to receive direct feedback from the industry about challenges faced in meeting certification requirements (Sirichai, 2018). Implementing a similar model in Indonesia could improve the effectiveness of halal policies and strengthen industry compliance. BPJPH has proposed creating an advisory board composed of industry and regulatory representatives to support this consultation process, which is expected to enhance synergy between government and businesses (BPJPH, 2021).

Consumer Influence and Market Pressure

Consumers' high demand for halal products exerts considerable pressure on industries to obtain and maintain halal certification. A survey by the Indonesia Halal Lifestyle Center (IHLC) in 2021 revealed that approximately 78% of Muslim consumers in Indonesia

prioritize halal certification when selecting products, particularly in the food, beverage, and cosmetics sectors. This statistic underscores strong market demand incentivizes companies to prioritize halal certification in their marketing strategies (IHLC, 2021). Research by Wilson and Liu (2018) also shows that consumers in predominantly Muslim countries increasingly view halal labeling as a guarantee of quality.

Consumer demand is also driven by a growing global awareness of halal standards, positioning halal certification as a critical market standard to maintain product credibility (Juran & Godfrey, 1998). Companies with halal certification tend to outperform in the marketplace, as their products are perceived to meet ethical and health standards. Data from Indonesia Halal Watch (2021) indicates that halal-certified companies report a sales increase of approximately 20% compared to non-certified companies.

In highly competitive sectors, such as cosmetics and personal care, halal certification is a mark of quality and brand differentiation. Many consumers view halal-certified products as a symbol of integrity and corporate responsibility towards the needs of Muslim consumers (Rahman *et al.*, 2021). According to quality management theory, halal certification can be considered an essential component of marketing strategy, leading to stronger brand loyalty and increased consumer trust (Juran & Godfrey, 1998). Thus, halal certification is a regulatory requirement and a valuable tool in building consumer loyalty and expanding the market reach of halal products.

Discussion

The findings of this study highlight various challenges in Indonesia's halal certification process. These challenges underscore the need for better regulatory frameworks, procedural efficiency, and stronger collaboration between government and industry. This section explores these challenges using quality management theory and regulatory compliance theory. Practical solutions are also proposed for regulators and industry players to improve halal certification processes.

Regulatory Complexity and Impact on Industry Compliance

Regulatory complexity remains a significant obstacle in Indonesia's halal certification process. Multiple institutions, such as BPJPH, MUI, and the Ministry of Religious Affairs, share overlapping responsibilities. These overlapping roles often cause procedural confusion, delays, and challenges in compliance.

Quality management theory highlights the importance of transparent and efficient processes in certification. Simplifying procedures ensures that industries can achieve compliance without excessive administrative requirements. Unfortunately, Indonesia's fragmented certification system undermines this principle. A single-agency model, similar to Malaysia's JAKIM, could provide a more cohesive and efficient solution for halal certification.

Regulatory compliance theory further emphasizes the importance of accessible and feasible guidelines to improve adherence to standards. This is especially crucial for small and medium-sized enterprises (SMEs), which often face financial and logistical difficulties. Streamlining certification responsibilities in Indonesia could alleviate administrative burdens and improve compliance rates. For SMEs, such a reform would be particularly beneficial in reducing barriers to halal certification.

Procedural Efficiency and Digital Transformation

The study's findings emphasize that digital transformation offers a powerful means of enhancing procedural efficiency in the halal certification process. BPJPH's 2020 pilot of an online system illustrates the potential of digital platforms to reduce certification time by up to 30% (BPJPH, 2020). Quality management theory underscores the importance of continuous process improvement to achieve consistent quality outcomes, which aligns with BPJPH's digital initiatives to modernize certification processes (Juran & Godfrey, 1998).

However, the digital divide remains a critical issue, with over 40% of rural businesses lacking high-speed internet access, limiting their ability to utilize digital certification tools (Ministry of Communication and Information Technology, 2021). Regulatory compliance theory suggests that digital transformation efforts must include provisions for equitable access, ensuring that all businesses, regardless of location, can benefit from streamlined certification processes (Parker & Nielsen, 2011). A hybrid system, such as Malaysia's approach combining digital and direct support, may offer an effective solution for Indonesia to bridge this gap and improve access for rural businesses (Nurhayati & Haji Mokhtar, 2020).

Industry Collaboration and Policy Adaptation

The importance of industry-government collaboration is a recurring theme throughout this research. Findings indicate that a more collaborative approach in the policy-making process, similar to Malaysia's JAKIM-industry model, could increase policy relevance and ease of compliance (Sirichai, 2018). Quality management theory advocates for such collaborations,

emphasizing stakeholder involvement to align processes with consumer and industry needs (Juran & Godfrey, 1998). A participatory model allows policies to reflect industry realities, which could address some of the frustrations reported by Indonesian businesses regarding sudden regulatory changes and procedural inflexibility (Indonesia Halal Watch, 2021).

Furthermore, regulatory compliance theory highlights that policies with industry buy-in and feedback loops are more likely to be accepted and implemented effectively. By integrating regular consultations with industry representatives, BPJPH could foster a policy environment where regulations evolve alongside industry innovations, reducing resistance and increasing adherence (Kurniawan, 2019). For example, forming industry-regulatory advisory committees could facilitate periodic policy reviews, allowing incremental adjustments rather than disruptive overhauls.

This study recommends adopting a collaborative task force model like the one implemented in Thailand. The government established a working group comprising regulators, industry stakeholders, and academics in Thailand to evaluate and periodically update halal standards. This approach ensures that policies are more adaptive to evolving market demands. For Indonesia, a comparable strategy could involve the establishment of a National Halal Certification Advisory Board, incorporating BPJPH, MUI, industry associations, and SMEs. Such a model will enhance communication between regulators and industry, mitigate resistance to regulatory changes, and streamline the halal certification process more effectively.

Market Pressure and Consumer Demand for Halal Certification

Lastly, this study highlights how consumer demand for halal-certified products places significant pressure on industries to pursue certification as a key component of their quality assurance strategy. Quality management theory underscores that accreditation serves as a mark of quality, appealing to consumer expectations while enhancing brand loyalty (Juran & Godfrey, 1998).

Approximately 78% of Indonesian consumers prioritize halal products, especially in the food, beverage, and cosmetics sectors. This strong consumer preference drives companies to adopt halal certification as a competitive advantage (IHLC, 2021). This demand-driven approach aligns with regulatory compliance theory, which posits that companies are more likely to comply with halal standards when recognizing direct market benefits (Wilson & Liu, 2018).

Moreover, this discussion highlights the broader implications of consumer preferences for Indonesia's position in the global halal market. Halal certification is not merely a regulatory obligation but a strategic asset that enables companies to access expanding markets in the Middle East, Southeast Asia, and beyond. For Indonesian companies, responding to this consumer-driven demand with consistent, high-quality halal practices can enhance market reach, foster brand loyalty, and support sustainable growth.

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Based on this study's findings, Indonesia's halal certification process faces challenges related to regulatory complexity, the need for digitalization, collaboration between regulators and industry, and consumer demand pressure. The regulatory complexity involving multiple institutions such as BPJPH, MUI, and the Ministry of Religious Affairs creates procedural confusion, indicating an urgent need to improve regulatory synergy and efficiency to achieve optimal compliance. Meanwhile, BPJPH's digital transformation efforts through online application systems show potential for accelerating the certification process, although technological access challenges, especially for SMEs in rural areas, hinder equal implementation.

Government and industry collaboration is crucial for developing relevant and adaptable policies. Malaysia's JAKIM model, which incorporates direct feedback from industry stakeholders, exemplifies this approach. This approach fosters policies more responsive to market and industry needs, facilitating better compliance. Additionally, the high consumer demand for halal products is a major driver for companies to integrate halal certification into their marketing strategies, strengthening brand loyalty and competitiveness in domestic and international markets.

Logically, this research's implications for developing multidisciplinary Islamic studies in Indonesia encompass the need for an integrative approach among religious studies, public policy, and business practices regarding halal certification. Cross-disciplinary collaboration in understanding and managing halal regulations will support the growth of a responsive and innovative Sharia-based economy and reinforce Indonesia's position as a global halal industry hub.

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