

Strategy for Increasing Halal Products and Halal Certification of Food Products in Increasing the Competitiveness of the Indonesian Halal Industry

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ABSTRACT

As the Muslim population continues to grow globally, demand for halal products is also increasing. Initially, halal products may have had limited availability. However, halal products have now become a trend that is not only a consumer need, but also an obligation for manufacturers to produce. The purpose of this study is to determine the Strategy for Increasing Halal Products and Halal Certification of Food Products in Improving the Competitiveness of the Indonesian Halal Industry. The method in this study uses a qualitative approach. This study relies on secondary data, which includes literature studies written by economic experts, as well as literature from various print institutions and other related electronic media. This study uses descriptive methods, which are conducted by examining various related information. The results of this study indicate that there are five strategies in encouraging increased halal products, namely competitiveness for mapping, certification for market access, promotion and marketing, coordination and policy synergy, international cooperation. Meanwhile, the strategy in encouraging increased certification of halal food products is that halal labels are considered important and become one of the halal product development strategies because consumers tend to be aware and believe that products with halal labels are guaranteed and in accordance with sharia rules.

Keywords: Halal Products; Halal Certification; Food Products; Halal Industry

ABSTRAK

Seiring dengan pertumbuhan populasi Muslim di seluruh dunia yang terus meningkat, permintaan akan produk halal juga semakin meningkat. Awalnya, produk halal mungkin memiliki ketersediaan yang terbatas. Namun, saat ini, produk halal telah menjadi tren yang tidak hanya menjadi kebutuhan konsumen, tetapi juga menjadi kewajiban bagi produsen dalam memproduksi. Tujuan penelitian ini untuk mengetahui Strategi Peningkatan Produk Halal dan Sertifikasi Halal Produk Pangan Dalam Meningkatkan Daya Saing Industri Halal Indonesia. Metode dalam penelitian ini menggunakan pendekatan kualitatif. Penelitian ini mengandalkan data sekunder, yang termasuk dalam studi literatur yang ditulis oleh pakar ekonomi, serta literatur dari berbagai lembaga cetak dan media elektronik lainnya yang berkaitan. Penelitian ini menggunakan metode deskriptif, yang dilakukan dengan meneliti berbagai informasi yang terkait. Hasil penelitian ini menunjukkan bahwa terdapat lima strategi dalam mendorong peningkatan produk halal, yaitu daya saing untuk pemetaan, sertifikasi untuk akses pasar, promosi dan pemasaran, koordinasi dan sinergi kebijakan, kerjasama internasional. Sedangkan strategi dalam mendorong peningkatan sertifikasi halal produk pangan, yaitu adanya label halal dianggap penting dan menjadi salah satu strategi

pengembangan produk halal karena konsumen cenderung sadar dan percaya bahwa produk dengan label halal terjamin dan sesuai dengan aturan syariah.

Kata kunci: Produk Halal; Sertifikasi Halal; Produk Pangan; Industri Halal

INTRODUCTION

Islam provides guidance to regulate human behavior in all aspects of life. The Quran and Hadith, as the sources of Islamic law, explicitly affirm that there are provisions regarding what is permitted (halal) and prohibited (haram) for Muslims. This also applies in the fields of food, medicines, cosmetics, as well as biological chemicals and genetically engineered products, and other products. Sometimes, there are doubts about the halal or haram status of these products. The Quran and Hadith provide clear guidance for Muslims to always consume foods and goods that meet halal standards. One of the basic principles of the Islamic religion is consumption behavior (Muslichah et al., 2020). The following is a verse from the Quran which states that consuming halal food is an obligation for Muslims. One verse which explains this is Surah Al-Maidah verse 88, as follows:

وَكُلُوا مِمَّا رَزَقَكُمُ اللَّهُ حَلَالًا طَيِّبَاتٍ وَأَتُوا اللَّهَ الَّذِي أَنْتُمْ بِهِ مُؤْمِنُونَ

Meaning: "Eat of what Allah has provided you as lawful and good sustenance, and fear Allah in whom you believe" (Quran 5:88)

The word "Halal" comes from the Arabic word "Halaal" which in an Islamic context means "permitted". The term "Halal" is often used to refer to foods and drinks that comply with Islamic sharia principles. Sharia refers to laws established by Allah SWT and conveyed to mankind through the Quran and Hadith. In a broader sense, sharia encompasses all teachings of Islam, including religious norms, and is the core of ad-din (religion) of Islam. In other words, sharia encompasses all aspects of information and guidance in the religion of Islam (Wiryanto, 2023).

According to data from the World Population Review in 2023, Indonesia ranks first with the largest Muslim population, reaching 229 million. As a country with a Muslim majority population, Indonesia needs to pay special attention to the types of food and other products consumed by the public. Muslim consumers need assurance that these products comply with Islamic sharia principles and are considered halal for consumption. Along with the growing Muslim population worldwide, the demand for halal products is also increasing. Initially, halal products may have had limited availability. However, halal products have now become a trend that is not only a consumer need, but also an obligation for manufacturers to produce. Even, not only among Muslims, but also among foreign companies and countries with non-Muslim majority populations, there is an encouragement and competition to become halal production centers.

Now, the concept of halal is no longer limited to religious aspects. In the midst of global life, halal has become a symbol that reflects quality assurance and lifestyle choices. In the business world, halal labels on products have the potential to generate significant profits for producers. Producers and traders use halal certificates and

logos as a means to provide information and convince consumers that their products meet religious norms and are suitable for consumption. Fundamentally, halal products play an important role in shaping a society that has noble character and prosperity. The lawfulness of food is very crucial because food has a significant impact on individual behavior. Good or bad behavior is often influenced by the food consumed. Consuming halal food tends to encourage good and ethical behavior. Conversely, if the food consumed is haram, it can lead to less good behavior. Therefore, appropriate strategies are needed to develop the halal product industry domestically. This will make a significant contribution to the development of morals and ethics in society, and enable the realization of positive and just behavior.

The increasing demand for halal food, which is estimated to be worth USD 346.7 billion annually, is in line with the growth of the Muslim population, increased education levels, and higher purchasing power (Melisa & Lailatul Khikmawati, 2021). In the context of the ever-evolving global market, food companies that can effectively combine innovation will dominate competition by attracting suitable segments, which in turn provides competitive advantage in the market (Sayogya, 2019). The Indonesian government's mission to make the country a major player in the global halal food market has put Indonesia on a strategic path to become the main center for halal food and globally recognized halal certification bodies (Siska et al., 2020). As an Islamic country with a good reputation, moderate attitude, and progressive, with more than 4,000 food companies and total production exceeding USD 13.5 billion, Indonesia has a very strong position to play a major role in the development of the halal food market. This study aims to evaluate the challenges faced by Indonesia in its efforts to become a global halal food production leader and to analyze the strategies used by halal product manufacturers.

Currently, the halal product business domestically is still largely dominated by imports. Therefore, optimal efforts are needed from all parties involved, both government and the private sector, to create a new environment that supports the development of halal products domestically. This effort aims to enable the halal product industry in Indonesia to grow and develop rapidly, so as to be able to compete in global halal product trade. In order to achieve this goal, hard work is needed to encourage the halal industry in Indonesia. We need halal products that can be accepted and in demand by the local community, so as to drive the real sector and support national economic growth. In this context, the right strategy for developing the halal product industry in Indonesia is very important. The growth and development of the halal product business is strongly influenced by competitive advantage and products that can compete in the market. In an effort to create a healthy industry environment, if the domestic halal product industry is able to develop its strengths and take advantage of available opportunities, this will help answer the challenges faced by the domestic halal product industry. Thus, sustainable growth can be created in this sector.

Several previous studies have been conducted related to halal product development strategies in Indonesia. Siska et al., (2020) study analyzed the

challenges and opportunities for Indonesia to become a global halal food production leader. Melisa & Lailatul Khikmawati (2021) evaluated halal product marketing strategies in Indonesia. Meanwhile, Sayogya (2019) study examined halal product innovation to increase competitiveness. However, comprehensive research on halal product improvement strategies and halal certification in Indonesia is still limited.

Based on the review of previous research, there is a research gap to conduct a more comprehensive and in-depth study related to halal product improvement strategies and halal certification in Indonesia. This research will contribute to filling the research gap by conducting a thorough analysis of strategies to improve halal products and halal certification in order to increase the competitiveness of Indonesia's halal industry. The increasing demand for halal food, which is estimated to be worth USD 346.7 billion annually, is in line with the growth of the Muslim population, increased education levels, and higher purchasing power (Melisa & Lailatul Khikmawati, 2021). In the context of an ever-evolving global market, food companies that can effectively combine innovation will dominate the competition by attracting suitable segments, which in turn provide competitive advantage in the market (Sayogya, 2019). The Indonesian government's mission to make the country a major player in the global halal food market has put Indonesia on a strategic path to become the main center for halal food and globally recognized halal certification bodies (Siska et al., 2020). As an Islamic country with a good reputation, moderate attitude, and progressive, with more than 4,000 food companies and total production exceeding USD 13.5 billion, Indonesia has a very strong position to play a major role in the development of the halal food market.

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RESEARCH METHOD

The approach used in this research is a qualitative method. Qualitative methods emphasize observation and understanding of phenomena, and more in-depth research into the nature and meaning of the observed phenomena. Analysis and interpretation in qualitative research are strongly influenced by the use of words and sentence selections used to describe these phenomena. The main focus in qualitative research is the meaning of processes and results. This study relies on secondary data, which includes literature studies written by economic experts, as well as literature from various print institutions and other related electronic media. This approach allows researchers to examine various existing perspectives and information in the related economic literature, as well as conduct in-depth analysis of the issues explained in the literature study.

This study uses descriptive methods, which are conducted by examining various information regarding Strategies to Increase Halal Products and Halal Certification of Food Products in Improving the Competitiveness of Indonesia's Halal Industry from various secondary sources, such as previous research. This descriptive method follows the process of filtering information from existing conditions in a research object, and connecting it with rational thinking, both from a theoretical and practical point of view. Each data or information obtained is then analyzed qualitatively to assess its relevance to the main issue, so that in the end objective conclusions can be drawn.

Data collection is done through literature studies related to Halal Products, Halal Certification of Food Products, and Competitiveness of the Halal Industry. In the literature research process, the researcher also studies writings of articles written by individuals and institutions, especially through official sites owned by related institutions. This allows the researcher to collect comprehensive and relevant information for this research.

RESULT AND DISCUSSION

Strategies to Increase Halal Products in Improving the Competitiveness of Indonesia's Halal Industry

The potential of halal product markets domestically and abroad has an important role in driving the development of the halal product industry in Indonesia. With the majority of its Muslim population, Indonesia has its own strength to drive the halal product industry, especially when considering the huge domestic market potential. The diversity of religions and strong inter-religious harmony in Indonesia also creates an environment that supports the growth of halal product trade. The growing public awareness about the halal status of the products they consume is an indication of increased religious awareness. This increased awareness needs to be supported by government efforts in providing protection and counseling regarding halal product guarantees. This involves providing reliable halal certification, as well as educating the public about the importance of choosing halal products in accordance with their religious principles. With cooperation between the government and the community, the halal product industry in Indonesia has enormous potential to continue to grow and develop (Izzudin & Adinugraha, 2021).

The presence and existence of halal products have very important potential, not only to meet consumer needs, but also to play a role in the global halal product market. Every country is competing to take advantage of this opportunity. Indonesia, in its efforts to develop its halal products globally, competes with other developed countries, even non-Muslim majority countries have overtaken Indonesia in exporting halal products to Muslim countries (Asmah & Salamah, 2021). They see Muslim countries as a very potential market, and therefore, they do not miss this opportunity. In global competition for halal products, Indonesia needs to develop strong strategies and standards to ensure that Indonesian halal products meet international requirements and can compete in the global market. Success in

developing halal products will provide economic benefits and also strengthen Indonesia's image as a reliable halal product center (Alfarizi, 2022).

Halal products are commodities that have high demand, and the Indonesian government needs to maximize and monitor the existing opportunities in these halal products. With increasing demand, the strategies that have been and are still being implemented are maintaining Indonesia's potential. In developing halal products, in addition to supplying overseas markets, it can also fill considerable domestic market demand. It is important to control imports, especially in sectors such as Muslim clothing products, which have now flooded the domestic market. Looking at the potential and capabilities in producing halal products, this should be one of the main strategies in developing halal products in Indonesia. This strategy can be focused on the trade sector and efforts to diversify products to potential target markets. Improving the quality and quantity of products is also important to increase exports of halal goods and services, by maximizing these opportunities, Indonesia can strengthen its position in the global halal product market (Siswoyo, 2021).

The development of the halal industry in Indonesia is very important considering that the majority of its population is Muslim. One of the main keys to developing the halal industry is by increasing competitive halal products (Yazid et al., 2020). Some strategies that can be done to improve halal products include product competitiveness mapping, halal certification, product innovation, effective promotion and marketing, and international business cooperation (Urumsah & Puspitasari, 2021). Mapping the competitiveness of halal products is important to determine the positioning of Indonesia's halal products compared to other countries (Tri Ratnasari et al., 2019). Benchmarking of superior halal products from other countries such as Malaysia and the United Arab Emirates can be done (Putra et al., 2023). Furthermore, product innovation needs to be improved so that Indonesian halal products have comparative and competitive advantages (Urumsah & Puspitasari, 2021). Innovation can be done in terms of product design, packaging, taste, and product benefits for consumers.

Halal certification is also absolutely necessary for products to be internationally recognized. Halal certification provides assurance that products are safe for consumption by Muslims worldwide. Therefore, cooperation with national and international halal certification bodies needs to be improved. In addition, effective promotion and marketing are needed so that halal products are widely known to the public. Promotion can utilize digital platforms and social media. Meanwhile, e-commerce sales need to be intensified to penetrate the global market. Finally, establishing international business cooperation can open access for Indonesian halal products to global markets (Anggarkasih & Resma, 2022). Bilateral and multilateral cooperation needs to be intensified, especially with Muslim countries and those with large Muslim populations. By implementing these strategies, the competitiveness of Indonesia's halal products can increase significantly.

Strategies to Increase Halal Certification of Food Products in Improving the Competitiveness of Indonesia's Halal Industry

Products that have halal certificates provide added value not only in terms of health, but also economic advantages. Halal certification enhances product competitiveness and serves as an effective marketing tool. In addition, halal certified products have high economic value because this certification helps in gaining broader market access and strengthening the competitiveness of domestic products in the international market. Many countries around the world have established halal certification bodies to meet the growing market demand for halal products. The implementation of halal certification in various countries usually involves the role of government as the regulator of halal certification, while some are managed by private institutions. This shows the importance of halal certification as an important instrument in international trade and strengthening the position of domestic products in the global market (Masruroh et al., 2023).

Large companies such as the American Halal Company Inc. have succeeded in filling the global halal market by utilizing halal certification as a competitive advantage. The award received by this company from the World Halal Forum in Malaysia in 2011 shows their significant contribution to the global halal industry. Examples like this show that big players in the industry can play an important role in determining the direction of the global halal industry. Indonesia, with its enormous potential, also has the opportunity to play a dominant role in the global halal product market. To achieve this, Indonesia needs to convince the world market about the quality of the halal products it produces. The quality of halal certificates is an important indicator in ensuring the quality of halal products. In the domestic market, halal products have excellent prospects, mainly because Indonesia has the largest Muslim population in the world. Protection and guarantee of halal status are constitutional rights of citizens guaranteed by the 1945 Constitution. The state has an obligation to fulfill the basic rights of the community in terms of certainty, comfort and protection in producing, consuming and distributing halal products, including food, beverages, medicines, cosmetics and other products needed by business actors and the Indonesian people, especially Muslims. This is the largest market in the country which has enormous potential for the development of the halal product industry.

Strategies to increase halal products can be seen through halal labels. Halal label certification in Indonesia is fully managed by the Halal Product Assurance Agency (BPJPH) and is recognized by the world. In fact, several foreign countries register their halal labels in Indonesia. A halal label is a sign affixed to a product or its packaging to indicate that the product has halal status. Halal labels are given after the product obtains halal certification issued by the Indonesian Ulema Council (MUI). Technical guidelines on halal production systems issued by the Ministry of Religion also stipulate that halal certification is a written fatwa from MUI which states the halal status of a product in accordance with Islamic sharia. Halal labels are considered important and become one of the halal product development strategies because

consumers tend to be aware and believe that products with halal labels are guaranteed and in accordance with sharia rules. This is also an increasing need among the community to consume halal products. Along with the high demand for halal products, producers compete to present high quality halal products. This encourages healthy competition between producers to have the best human resources and good infrastructure to produce quality products.

CONCLUSION AND RECOMENDATION

Based on an in-depth analysis of strategies to improve halal products and halal certification of food products in order to increase the competitiveness of Indonesia's halal industry, several important conclusions can be drawn. First, increasing the competitiveness of halal products requires a comprehensive approach including competitiveness mapping, product innovation, halal certification, effective promotion, and international cooperation. Second, halal certification is the main key to opening global market access while providing halal guarantees for Muslim consumers worldwide. Third, continuous halal product innovation is needed so that Indonesian products have comparative and competitive advantages in the global market. Fourth, promotion and marketing through digital platforms and e-commerce are very effective in expanding the halal product market. Fifth, bilateral and multilateral cooperation, especially with Muslim countries, can open up new market access for Indonesian. The sixth, halal labeling has become a crucial strategy to enhance consumer trust in domestic halal products.

Based on these conclusions, several policy recommendations can be proposed. Firstly, strengthen the standardization and supervision of halal certification through collaboration between BPJPH and MUI. Secondly, provide incentives for the innovation of outstanding halal products by industry players. Thirdly, enhance the promotion of Indonesian halal products internationally in collaboration with embassies. Fourthly, expand bilateral and multilateral cooperation with densely populated Muslim countries. Fifthly, conduct extensive socialization to the public regarding the importance of choosing halal-labeled products. The implementation of these policy recommendations is expected to significantly enhance the competitiveness of Indonesian halal products in the global market.

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