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Strengthening Indonesia's Halal Industry through Quality Management and MSME Certification

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Abstract

Indonesia has substantial potential to become a global halal industry hub, supported by the world's largest Muslim population and the continued growth of its Islamic economy. However, Indonesia's third-place position in the Global Islamic Economy Indicator (GIEI) indicates that this potential has not yet been fully converted into global competitiveness. This study analyzes the implementation of halal industry quality management and the strengthening of halal certification for micro, small, and medium enterprises (MSMEs) based on the GIEI, identifies the juridical, institutional, managerial, and economic barriers to optimization, and formulates a reconstructed halal

quality management model to enhance Indonesia's international competitiveness. This normative legal research applies statutory, conceptual, and comparative approaches, with data analyzed qualitatively. The findings show that halal industry quality management should integrate the principles of *halalan ṭayyiban*, *maqāṣid al-syarī'ah*, quality management systems, MSME halal certification, digitalization, Islamic financing, and halal supply chain development within a sustainable halal ecosystem. The main barriers are multidimensional and require governance reform through a stronger Halal Product Assurance System, institutional capacity building, quality culture development, and integrated halal quality management. The study's novelty lies in reconstructing a model that combines the GIEI, *maqāṣid al-syarī'ah*, the concept of *itqan*, MSME halal certification, and good halal governance. This model is expected to strengthen Indonesia's global competitiveness and support its development as a sustainable halal industry hub grounded in Islamic economic law.

Keywords: Global Islamic Economy Indicator, Good Halal Governance, Halal Certification, Halal Quality Management

INTRODUCTION

Indonesia has substantial potential to become a leading hub for the global halal industry. This potential is supported by its large Muslim population, abundant natural resources, rapidly expanding digital economy, and the dominant role of micro, small, and medium enterprises (MSMEs) in the national economy. At the global level, the halal economy continues to grow and has become an increasingly strategic component of international trade and economic development. The halal industry is no longer understood solely as a means of fulfilling religious obligations. It has evolved into an economic ecosystem that integrates product quality, safety, sustainability, consumer protection, innovation, and competitiveness in international markets. Consequently, the development of the halal industry requires a quality management system capable of ensuring both compliance with Islamic principles and conformity with internationally recognized quality standards.

From the perspective of Islamic law, the concept of halal has a strong normative foundation. The Qur'an states in Surah Al-Baqarah [2]: 168:

"O mankind, eat from what is lawful and good on the earth, and do not follow the footsteps of Satan, for indeed he is a clear enemy to you."

This verse instructs humankind to consume products that are not only lawful but also good, as reflected in the principle of *halālān ṭayyiban*. The principle indicates that halal status cannot be separated from product quality, safety, hygiene, usefulness, and the protection of consumers. Therefore, halal compliance involves not only determining whether a product contains prohibited substances but also ensuring that the entire production process meets ethical, hygienic, and quality requirements.

A similar principle is expressed in Surah Al-Mā'idah [5]: 88:

"Eat from what Allah has provided for you, which is lawful and good, and be mindful of Allah, in whom you believe."

The verse further emphasizes the obligation to consume what is both lawful and beneficial. Accordingly, the Islamic conception of halal is closely related to modern quality management because both emphasize compliance with standards, process control, product safety, and consumer protection. Within the framework of Islamic law, this orientation is consistent with the objectives of *maqāṣid al-syarī'ah*, which seek to promote public welfare through the protection of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-'aql*), lineage (*ḥifẓ al-nasl*), and property (*ḥifẓ al-māl*). These objectives provide an ethical and juridical foundation for developing a halal industry that is commercially competitive, socially responsible, and oriented toward sustainable public benefit.

Despite its significant domestic market and economic potential, Indonesia continues to face substantial challenges in global halal industry competition. Indonesia's achievements in international Islamic economy indicators have not yet been fully translated into a dominant position in the global halal market. Its halal product exports remain unable to compete optimally with those of countries that have more aggressively developed integrated halal ecosystems, internationally recognized certification systems, halal supply chains, product innovation, and export-oriented industrial policies. This situation reflects a persistent gap between Indonesia's large domestic halal market and its institutional and industrial capacity to transform that potential into sustainable global competitiveness.

One of the most significant challenges is the relatively limited number of MSME products that have obtained halal certification compared with the overall number of MSMEs operating in Indonesia. This issue is particularly important because MSMEs constitute the backbone of the national economy and make a substantial contribution to gross domestic product, employment, and local economic development. The limited coverage of halal certification prevents many Indonesian products from gaining optimal access to domestic and international halal markets. Halal certification should therefore not be regarded merely as a legal or administrative requirement. It should also be understood as a quality assurance instrument that strengthens consumer confidence, improves product credibility, expands market access, and enhances business competitiveness.

The Indonesian Government has established a relatively strong legal foundation for halal product assurance through Law Number 33 of 2014 concerning Halal Product Assurance, as amended by Law Number 6 of 2023 concerning the enactment of the Government Regulation in Lieu of Law on Job Creation, as well as Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance. These regulations demonstrate the state's commitment to providing legal certainty, protecting consumers, and strengthening the competitiveness of national halal products. Nevertheless, the implementation of the regulatory framework continues to face institutional, managerial, technical, and economic constraints. These include limited human resources, inadequate coordination among institutions, restricted financing, low levels of halal literacy, uneven access to certification services, and insufficient MSME readiness to implement a sustainable Halal Product Assurance System.

From a quality management perspective, halal certification should form an integral part of an organization's operational and strategic management. Ma'arif (2021) explains that quality management constitutes a system that integrates organizational activities to produce goods and services capable of meeting customer requirements effectively and sustainably. This perspective suggests that halal certification should not be treated as an isolated administrative procedure. Instead, it should be incorporated into the entire business process, including raw material procurement, supplier selection, production, storage, distribution, documentation, traceability, internal control, and consumer service. The success of the halal industry is therefore determined not only by the possession of a halal certificate but also by the ability of business actors to establish a sustainable quality culture.

The relationship between legal norms, institutional structures, and the legal culture of society also influences the effectiveness of halal industry regulation. Indrati (2022) argues that the effectiveness of legislation depends on the consistency between its legal substance, implementing institutions, and the social context in which the law operates. In the Indonesian halal industry, a gap remains between the normative framework established by legislation and its practical implementation. Although the Government has introduced programs to accelerate halal certification, these programs have not yet fully transformed MSMEs into globally competitive halal industry actors. The existence of regulations alone is insufficient when institutional coordination, technical assistance, quality management capacity, financing, and business awareness remain underdeveloped.

Previous studies have provided important foundations for understanding halal industry development in Indonesia. Minarni et al. (2024) found that halal industry development based on *maqāṣid al-syarī'ah* and Islamic business ethics can strengthen consumer confidence, improve business competitiveness, and contribute to sustainable national economic growth. Their findings demonstrate that the success of the halal industry depends not only on formal certification but also on the internalization of Islamic ethical values within quality management systems and business governance.

Sulistiani (2018) further demonstrated that the *maqāṣid al-syarī'ah* approach is highly relevant to the development of halal industry law in Indonesia because it connects the normative objectives of Islamic law with the demands of modern economic development. This approach provides a conceptual basis for developing a halal industry that is not exclusively profit-oriented but also concerned with consumer protection, social justice, public welfare, and economic sustainability. It therefore broadens the meaning of halal industry development beyond procedural compliance and places it within a wider framework of Islamic economic justice.

More recent research has also identified the limited integration of Islamic legal principles, halal certification, quality management, institutional governance, and national industrial policy as a major challenge. Firmansyah and Frizky (2025) emphasized that the implementation of *maqāṣid al-syarī'ah* in Indonesia's halal industry still requires stronger governance, institutional capacity, and economic development strategies to produce broader benefits for society. These findings indicate that the halal industry requires a more comprehensive approach than merely increasing the number of certified products.

Although previous studies have examined *maqāṣid al-syarī'ah*, Islamic business ethics, halal certification, regulatory development, and institutional governance, these dimensions have generally been discussed separately. Limited attention has been given to the development of an integrated halal quality management model that simultaneously incorporates the Global Islamic Economy Indicator (GIEI), Islamic legal principles, MSME halal certification, institutional capacity, digitalization, Islamic financing, and halal supply chain management. Consequently, the principal research gap lies in the absence of a comprehensive model that connects the normative objectives of Islamic law with measurable indicators of global halal industry competitiveness.

The novelty of this study lies in the reconstruction of an integrated halal quality management model that combines the GIEI framework, the principles of *halāl lan ṭayyiban* and *maqāṣid al-syarī'ah*, the concept of *itqan*, MSME halal certification, and good halal governance. In this model, halal certification is positioned not merely as evidence of legal compliance but as an integral component of quality culture, institutional governance, industrial innovation, supply chain assurance, and sustainable business development. This integrated approach is expected to provide a more comprehensive framework for transforming Indonesia's halal economic potential into measurable competitive advantages.

Accordingly, this study aims to analyze the implementation of halal industry quality management and the strengthening of MSME halal certification based on the GIEI framework. It also seeks to identify the juridical, institutional, managerial, and economic factors that hinder the optimization of Indonesia's halal industry and to formulate a reconstructed quality management model capable of strengthening national and global competitiveness. Theoretically, this study contributes to the development of Islamic economic law by integrating *maqāṣid al-syarī'ah* with contemporary quality management and halal industry governance. Practically, it provides a policy-oriented framework for strengthening halal certification, institutional coordination, MSME capacity, digital services, Islamic financing, and halal supply chain development. Through these contributions, the study is expected to support Indonesia's transformation into a competitive, sustainable, and well-governed global halal industry hub.

RESEARCH METHOD

This study employed a qualitative approach using normative legal research to analyze and reconstruct Indonesia's halal industry quality management system based on the Global

Islamic Economy Indicator (GIEI) and the strengthening of halal certification for micro, small, and medium enterprises (MSMEs). Normative legal research was selected because the study focuses on legal norms, principles, doctrines, theories, and concepts contained in legislation and relevant academic literature. The research combined a statutory approach, a conceptual approach, and a philosophical approach. The statutory approach was used to examine the legal framework governing halal product assurance and halal industry development in Indonesia. The conceptual approach was applied to analyze the relationships among halal quality management, MSME halal certification, the GIEI, and *maqāṣid al-syarīḥ*. Meanwhile, the philosophical approach was used to examine the values of *halālan ṭayyiban*, *itqan*, public welfare, and justice as the normative foundations of halal industry governance within Islamic economic law. According to Muhaimin (2020), normative legal research examines legal norms, principles, doctrines, and concepts developed through legislation and scholarly discourse.

The research materials consisted of primary, secondary, and tertiary legal materials. Primary legal materials included the Qur'an, Hadith, Law Number 33 of 2014 concerning Halal Product Assurance, as amended by Law Number 6 of 2023, Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance, and other relevant regulations governing halal certification and national halal industry development. Secondary legal materials comprised scholarly books, peer-reviewed journal articles, government policy documents, previous research findings, and the State of the Global Islamic Economy Report. These materials addressed halal industry quality management, MSME halal certification, Islamic economics, halal supply chains, institutional governance, and *maqāṣid al-syarīḥ*. Tertiary legal materials, including legal dictionaries, encyclopaedias, and other reference works, were used to clarify terminology and support the interpretation of primary and secondary materials.

Data were collected through systematic library research. The collection procedure involved identifying, inventorying, selecting, classifying, and reviewing legal documents and academic literature relevant to the research objectives. The selection of materials was based on their relevance to halal product assurance, halal industry quality management, MSME certification, Islamic economic law, institutional governance, and the GIEI. Statutory materials were examined according to their legal authority and relationship within the Indonesian regulatory framework, while academic sources were assessed according to their relevance, scholarly credibility, and contribution to the theoretical and empirical discussion. Library

research enabled the study to establish the normative, conceptual, and theoretical foundations required to evaluate Indonesia's position within the global halal economy. As explained by Sugiyono (2023), literature-based research facilitates an in-depth examination of credible scholarly sources and supports the formulation of academically accountable conclusions.

The collected materials were analyzed using descriptive-analytical methods, content analysis, and legal interpretation. The analytical process consisted of data reduction, thematic classification, presentation of findings, interpretation, and conclusion drawing. First, the legal and academic materials were classified into several analytical themes, including halal quality management, MSME halal certification, Islamic legal principles, institutional governance, regulatory effectiveness, digitalization, Islamic financing, halal supply chains, and the GIEI. Second, the study examined the relationships among these themes to evaluate the implementation of halal industry quality management in Indonesia. Third, a critical analysis was conducted to identify juridical, institutional, managerial, and economic barriers that hinder the optimization of the national halal industry. Abdussamad (2021) explains that qualitative analysis is conducted systematically through data reduction, data presentation, and conclusion drawing to produce valid and comprehensive findings.

The results of the analysis were subsequently synthesized to formulate a reconstructed halal industry quality management model. The reconstruction process integrated the principles of *halālān ṭayyiban*, *maqāṣid al-syarāh*, and *itqan* with contemporary quality management, MSME halal certification, institutional capacity, digitalization, Islamic financing, halal supply chain development, and the competitiveness indicators contained in the GIEI. The proposed model was developed by identifying weaknesses in the existing regulatory and institutional framework, comparing them with the normative objectives of Islamic economic law, and formulating an integrated governance structure capable of improving the competitiveness and sustainability of Indonesia's halal industry.

To strengthen the credibility of the analysis, the study applied source triangulation by comparing legislation, government policy documents, international reports, scholarly books, and peer-reviewed journal articles. Interpretations of legal provisions were cross-checked against relevant legal doctrines and academic findings to minimize subjective conclusions. Analytical consistency was maintained by linking each finding to the research objectives, legal materials, and conceptual framework. Because the study relied exclusively on publicly accessible legal and documentary materials and did not involve human participants, interviews, personal data, or experimental procedures, no formal ethical approval was required.

Nevertheless, the study maintained academic integrity through accurate citation, transparent source attribution, and responsible interpretation of legal and scholarly materials

ANALYSIS AND DISCUSSION

Implementation of Halal Industry Quality Management and Strengthening MSME Halal Certification across Indonesia's Strategic Halal Sectors

The implementation of halal industry quality management is a critical component of Indonesia's national strategy to strengthen the competitiveness of its Islamic economy and advance its position as a global halal industry hub. The halal economy can no longer be viewed solely as a mechanism for fulfilling religious obligations. It has developed into a strategic international economic ecosystem that influences trade, investment, industrial development, innovation, and consumer behavior. Within this context, the Global Islamic Economy Indicator (GIEI) provides a comparative framework for evaluating countries' capacity to develop an enabling ecosystem across strategic sectors of the Islamic economy. The State of the Global Islamic Economy Report 2024/2025 placed Indonesia third globally, after Malaysia and Saudi Arabia, indicating that Indonesia has established a relatively strong Islamic economic foundation but has not yet fully transformed its large domestic Muslim market into sustained global competitive advantage. Indonesia's position therefore demonstrates both significant progress and a persistent gap between market potential and industrial capability.

From a conceptual perspective, halal industry quality management extends beyond formal compliance with the legal distinction between permissible and prohibited products. It encompasses product quality, safety, hygiene, traceability, process integrity, business continuity, environmental responsibility, and consumer protection. In Islamic law, these dimensions are reflected in the principle of *halālan ṭayyiban*, which requires a product to be not only permissible under Islamic law but also safe, beneficial, clean, and ethically produced. Accordingly, halal quality management should be understood as an integrated system that assures conformity with both Islamic requirements and contemporary quality standards throughout the product life cycle.

This integrated interpretation is consistent with the objectives of *maqāṣid al-syarī'ah*. Auda (2008) argues that contemporary applications of *maqāṣid al-syarī'ah* should translate Islamic legal objectives into public policies capable of promoting social welfare, justice, and

sustainable development. In the halal industry, this means that certification should not be reduced to the issuance of a formal document. Its substantive purpose is to protect consumers, ensure the integrity of production processes, promote responsible business practices, and generate economic benefits consistent with Islamic values. Halal certification therefore functions simultaneously as a religious assurance mechanism, a quality control instrument, and an economic development policy.

Indonesia has established a comprehensive legal framework for halal product assurance through Law Number 33 of 2014 concerning Halal Product Assurance, as most recently amended by Law Number 6 of 2023. The current implementing framework is Government Regulation Number 42 of 2024 concerning the Implementation of Halal Product Assurance. This regulation revoked and replaced Government Regulation Number 39 of 2021 and has been in force since 17 October 2024. It regulates the legal assurance of halal products, certification obligations, institutional responsibilities, and the implementation of halal product assurance services.

This regulatory development reflects a shift from a predominantly voluntary certification model toward an integrated halal product assurance system based on state responsibility. Within a constitutional state, the protection of Muslim consumers requires the Government to ensure that products circulating in the market are safe and consistent with consumers' religious convictions. Nevertheless, legal effectiveness depends not only on the existence of statutory provisions but also on institutional capacity, administrative coordination, public participation, and business compliance. Asshiddiqie (2017) emphasizes that effective regulation requires coherence among legal norms, implementing institutions, and societal participation. Consequently, the success of Indonesia's halal product assurance system cannot rely exclusively on legislation. It also requires capable institutions, accessible certification services, reliable information systems, competent halal auditors and facilitators, and a sustainable compliance culture among business actors.

Indonesia's performance across the GIEI sectors illustrates an uneven pattern of competitiveness. Based on the 2024/2025 report, Indonesia ranked first in modest fashion, second in Muslim-friendly travel, second in halal cosmetics and pharmaceuticals, fourth in halal food, and sixth in Islamic finance. These rankings demonstrate that Indonesia has achieved competitive strength in several consumer-oriented halal sectors, particularly modest fashion and halal cosmetics. However, its lower position in halal food and Islamic finance

reveals that the country has not yet fully optimized two sectors that are fundamental to the development of an integrated halal economy.

The sectoral differences indicate that domestic market size alone does not guarantee international leadership. Global competitiveness is also determined by industrial productivity, export capacity, research and development, product innovation, quality infrastructure, certification credibility, supply chain integration, financing, branding, and access to international markets. Indonesia's strong consumer base may generate high domestic demand, but sustainable leadership requires the capability to convert that demand into internationally competitive products and services. The analytical significance of Indonesia's third-place GIEI position therefore lies not merely in the ranking itself but in the structural weaknesses that prevent the country from achieving stronger performance across all strategic sectors.

In the halal food sector, the principal challenge is the incomplete integration of the halal supply chain, covering raw material procurement, supplier verification, production, storage, transportation, distribution, and marketing. Halal integrity may be compromised when these stages are managed separately or when traceability systems are inadequate. Many MSMEs continue to perceive halal certification primarily as an administrative obligation rather than as an element of strategic quality management. This perception limits the ability of certification to generate improvements in production control, product consistency, documentation, risk management, and market positioning.

Halal certification should instead be integrated into the entire operational management system. The certification process can encourage business actors to verify suppliers, document production procedures, control critical materials, improve sanitation, maintain traceability records, and conduct periodic internal evaluations. These practices increase product reliability and consumer confidence while reducing the risk of noncompliance. In this sense, certification creates economic value when it becomes part of a continuous quality improvement system rather than a one-time administrative process. Strengthening the halal food sector therefore requires improved standardization, digital traceability, harmonization between national and international halal standards, and stronger integration among producers, logistics providers, certification institutions, and export authorities.

The modest fashion and halal cosmetics sectors demonstrate a more progressive level of industrial development. Indonesia's high ranking in these sectors reflects its capacity to combine a large domestic market with cultural creativity, entrepreneurial activity, product diversification, and digital marketing. Nevertheless, maintaining this competitive position

requires more than continued domestic consumption. The industries must be supported by sustained quality management, internationally accepted certification, research and product development, intellectual property protection, environmental responsibility, and export promotion.

In the halal cosmetics sector, quality assurance is particularly important because halal compliance intersects with ingredient safety, manufacturing processes, hygiene, product stability, packaging, and consumer health. Certification must therefore be supported by laboratory capacity, supplier traceability, and effective post-market supervision. Similarly, the modest fashion sector requires quality systems that address raw material sourcing, production consistency, labor conditions, environmental impact, brand development, and international distribution. Consequently, the competitive success of these sectors should be evaluated not only by market ranking but also by their capacity to develop sustainable and export-oriented value chains.

Islamic finance has a strategic role as an enabling sector for the entire halal ecosystem. Limited access to financing remains a major constraint for MSMEs seeking halal certification, upgrading production facilities, adopting digital technology, improving packaging, or expanding production capacity. Although certification may increase market access and consumer trust, many small enterprises lack the initial capital required to satisfy certification and quality management requirements. This creates a structural problem in which businesses that could benefit most from certification are often the least capable of financing the necessary organizational and technical improvements.

The integration of halal certification, Islamic financing, and MSME development should therefore become a central component of national halal industry policy. Islamic financial institutions can provide financing for certification, production modernization, halal logistics, digital traceability, and export preparation. Such financing should be accompanied by business mentoring and quality management assistance so that access to capital produces measurable improvements in organizational capability. Jahar (2019) argues that the development of modern Islamic economic law should strengthen institutions and governance mechanisms capable of generating tangible social welfare. In this context, Islamic finance should not operate separately from the real halal economy but should function as an institutional mechanism supporting production, certification, innovation, and market expansion.

The strengthening of halal certification for MSMEs is therefore a strategic requirement for broadening participation in Indonesia's halal economy. MSMEs contribute significantly to domestic production and employment, but many face barriers related to limited capital, inadequate documentation, low halal literacy, insufficient knowledge of regulatory procedures, and limited access to technical assistance. These constraints explain why increasing the number of certificates alone may not automatically improve business competitiveness. Certification must be accompanied by organizational development, quality culture, process documentation, market access, and sustained institutional support.

The Government's Free Halal Certification Program, known as SEHATI, represents an important policy instrument for reducing certification barriers. In 2025, the Halal Product Assurance Organizing Agency allocated one million free halal certificates for eligible micro and small enterprises through the business-actor declaration or self-declare mechanism. The program also assisted Halal Product Process Assistants and was supported by the SIHALAL information system. It was explicitly intended to improve the competitiveness of micro and small enterprises in domestic and international markets.

The program demonstrates a transition from treating certification as a financial and administrative burden toward using it as an instrument of economic empowerment. However, the self-declare mechanism does not eliminate the need for effective verification, mentoring, documentation, and supervision. Its effectiveness depends on the accuracy of business declarations, the competence and integrity of halal process assistants, the reliability of digital services, and the continuing compliance of certified businesses. Free certification should therefore be regarded as an entry point into the halal quality ecosystem rather than as the final objective of halal industry policy.

The distinction between MSMEs and enterprises eligible for self-declare certification must also be maintained. Although the broader development policy concerns micro, small, and medium enterprises, the 2025 SEHATI quota was specifically directed toward qualifying micro and small enterprises. Medium-sized enterprises and businesses producing higher-risk or technically complex products may be required to use the regular certification mechanism involving inspection or testing.

From a quality management perspective, the long-term effectiveness of certification should be measured through changes in business practices rather than solely through the number of certificates issued. Relevant indicators include improved raw material control, documented standard operating procedures, product traceability, internal halal audits,

corrective action mechanisms, customer satisfaction, market expansion, sales growth, export readiness, and continuity of compliance. These indicators connect halal certification with organizational maturity and provide a more meaningful basis for evaluating its contribution to MSME competitiveness.

The analysis also demonstrates that the strategic halal sectors are institutionally interdependent. Halal food, cosmetics, pharmaceuticals, modest fashion, tourism, and Islamic finance cannot develop optimally through isolated sectoral policies. Halal food producers require certified raw materials, logistics systems, financing, digital marketplaces, and internationally recognized assurance mechanisms. Cosmetics and pharmaceutical companies require research facilities, laboratories, ingredient traceability, and regulatory cooperation. Modest fashion enterprises require financing, technology, sustainable production, branding, and international market access. Islamic finance, in turn, requires viable businesses in the real halal economy to expand its productive and social impact.

This interdependence supports the adoption of an ecosystem-based approach to halal industry quality management. Such an approach should integrate regulation, certification, institutional coordination, human resource development, Islamic financing, innovation, digitalization, supply chain assurance, and international cooperation. The state's role is not limited to issuing regulations but includes establishing quality infrastructure, facilitating business compliance, coordinating institutions, and ensuring that certification produces economic and social value. Business actors must likewise move beyond formal compliance by embedding halal principles and quality management into organizational strategy and daily operations.

Overall, Indonesia has achieved substantial progress in halal industry development, as reflected in its third-place position in the 2024/2025 GIEI and its competitive standing in modest fashion, halal cosmetics, pharmaceuticals, and Muslim-friendly travel. Nevertheless, the findings reveal continuing structural gaps in halal food production, Islamic financing, supply chain integration, MSME capacity, institutional coordination, and quality culture. These gaps explain why Indonesia's large Muslim population and domestic market have not automatically resulted in global leadership.

Accordingly, the strengthening of Indonesia's halal industry requires the reconstruction of halal quality management through an integrated model that connects halal certification, contemporary quality management, Islamic financing, digital services, product innovation, institutional governance, and halal supply chain development. Under this model,

halal certification should function as more than evidence of legal compliance. It should become a mechanism for continuous improvement, risk management, consumer protection, organizational development, and international competitiveness. Such integration would enable Indonesia to convert its demographic and market advantages into a sustainable competitive position while remaining grounded in *halālan ṭayyiban*, *maqāṣid al-syarī'ah*, and the broader objectives of Islamic economic law.

Juridical, Institutional, Managerial, and Economic Barriers to Optimizing Halal Quality Management and MSME Certification

The optimization of halal industry quality management is an essential component of Indonesia's Islamic economic development. Halal certification no longer functions solely as evidence of religious compliance but also as an instrument of consumer protection, quality assurance, risk management, and industrial competitiveness. Its effectiveness therefore depends on the interaction of juridical, institutional, managerial, and economic factors.

From a juridical perspective, Indonesia has established a relatively comprehensive legal framework through Law Number 33 of 2014 concerning Halal Product Assurance, as amended by Law Number 6 of 2023, and Government Regulation Number 42 of 2024, which replaced Government Regulation Number 39 of 2021. These regulations demonstrate the Government's commitment to simplifying certification procedures and expanding access for micro, small, and medium enterprises (MSMEs). Nevertheless, regulatory completeness has not automatically ensured effective implementation. Administrative uncertainty, inconsistent procedures, limited institutional capacity, and inadequate coordination continue to hinder certification services. In line with Soekanto's theory, legal effectiveness is influenced not only by legal substance but also by implementing authorities, facilities, society, and legal culture (Soekanto, 2019).

Institutional barriers are reflected in the complex governance structure involving the Halal Product Assurance Organizing Agency (BPJPH), Halal Inspection Bodies (LPHs), the Indonesian Ulema Council, regional governments, universities, halal process assistants, and business actors. This arrangement represents collaborative governance, but coordination among institutions remains uneven. Regional disparities in institutional capacity, the limited distribution of auditors and LPHs, and insufficient integration of information systems often result in slower certification processes. These weaknesses indicate that the principles of Total

Quality Management, particularly stakeholder involvement, service orientation, evidence-based decision-making, and continuous improvement, have not been fully institutionalized.

At the enterprise level, managerial limitations constitute another major barrier. Many MSMEs operate without adequately documented quality management systems. Records concerning raw materials, suppliers, production processes, storage, sanitation, distribution, and quality control are often incomplete. As a result, businesses experience difficulties in fulfilling the technical and administrative requirements of halal certification.

The Halal Product Assurance System (SJPH) requires comprehensive control from material procurement to production, distribution, and marketing. Certification should therefore be understood as part of an organizational quality culture rather than as a one-time administrative procedure. Its successful implementation depends on management commitment, documented procedures, employee competence, internal monitoring, corrective action, and regular evaluation. Documentation readiness and management commitment are among the principal factors determining certification success (Nurdiansyah, 2023).

Limited halal literacy also affects managerial readiness. Some business actors still perceive certification as a legal burden rather than as a strategic investment. In fact, halal certification can strengthen product quality, consumer confidence, operational consistency, market access, and business sustainability. This condition reflects a gap between legal substance and legal culture. Although Indonesia has developed regulations and institutions, business awareness of halal quality management remains uneven.

Economic constraints further limit MSME participation. Certification costs, facility improvements, product testing, document preparation, halal supervisor training, and digital system adoption may be burdensome for businesses with limited capital. Government programs such as the Free Halal Certification Program (SEHATI) and the self-declare mechanism have expanded access for eligible micro and small enterprises. However, their implementation still depends on quota availability, digital literacy, regional accessibility, and the availability of competent halal process assistants.

Certification expenditure should therefore be considered a long-term investment rather than merely an additional cost. When integrated with quality management, halal certification can improve operational performance, consumer trust, market access, and business reputation. However, certification alone cannot guarantee competitiveness. MSMEs also require financing, technical mentoring, production capacity development, digitalization, marketing support, and access to domestic and international markets.

Digital transformation provides an opportunity to improve certification efficiency, transparency, and accountability. Electronic systems can facilitate registration, document verification, monitoring, and certificate issuance. Digital traceability can also document the movement of raw materials and products throughout the supply chain, thereby strengthening audits, supervision, and corrective action. Nevertheless, the effectiveness of digital services depends on internet infrastructure, system integration, user competence, and technical assistance for MSMEs.

International recognition is equally important. Indonesian halal products must comply not only with national requirements but also with internationally recognized standards and mutual recognition arrangements. Cooperation between BPJPH and foreign halal certification bodies can reduce technical barriers, strengthen certification credibility, and expand export opportunities for Indonesian MSMEs.

The identified barriers are systemic rather than independent. Juridical factors provide legal certainty, institutional factors determine implementation effectiveness, managerial factors influence enterprise compliance, and economic factors determine business capacity to meet certification requirements. Weakness in one dimension reduces the effectiveness of the entire system.

Therefore, accelerating MSME halal certification requires an integrated halal quality management framework. This framework should combine regulatory harmonization, institutional coordination, SJPH implementation, human resource development, digital traceability, financing, business assistance, and continuous supervision. Under this approach, halal certification becomes more than evidence of legal compliance. It functions as a mechanism for quality improvement, consumer protection, organizational development, and global competitiveness. Such integration can strengthen Indonesia's position in the global halal value chain and support its transformation into a sustainable global halal industry hub.

Reconstructing Halal Industry Quality Management Based on the Global Islamic Economy Indicator and Strengthening MSME Halal Certification

Indonesia's position as the country with a large Muslim population and domestic halal market has not automatically established it as a global halal industry hub. This condition indicates a structural gap between domestic market potential and the capacity of national industries to produce halal goods and services that satisfy internationally recognized quality standards. Halal industry development must therefore move beyond administrative

certification toward an integrated quality management system that connects Islamic principles, regulatory governance, industrial capability, and the competitiveness indicators contained in the Global Islamic Economy Indicator (GIEI).

From the perspective of Islamic law, quality management is closely related to the principle of *itqan*, which emphasizes professionalism, precision, responsibility, and excellence in performing an activity. Within the halal industry, *itqan* requires quality assurance throughout the entire product life cycle, including raw material procurement, supplier selection, production, storage, distribution, and marketing. Halal quality management therefore constitutes an application of *maqāṣid al-syarī'ah*, particularly the protection of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), and property (*ḥifẓ al-māl*), as well as the broader promotion of public welfare.

This normative orientation is consistent with the concept of progressive law. Rahardjo (2009) argues that law should function as an instrument for achieving social welfare and substantive justice rather than merely maintaining formal compliance. Accordingly, halal industry regulation should not be limited to determining certification procedures. It should also encourage consumer protection, enterprise development, industrial innovation, and sustainable economic competitiveness. The legal framework must therefore remain responsive to digital transformation, international trade, and changing global halal standards.

From the perspective of international economic law, national regulation must also respond to global market dynamics without neglecting domestic interests (Juwana, 2017). Halal certification consequently performs a dual function. It protects consumers by ensuring compliance with Islamic requirements while also operating as a trade instrument that supports product credibility and export competitiveness. This relationship justifies the use of the GIEI as an evaluative framework for reconstructing Indonesia's halal quality management system.

The GIEI evaluates the development of the Islamic economy across sectors such as halal food, Islamic finance, Muslim-friendly travel, pharmaceuticals, cosmetics, media, and modest fashion, together with the supporting institutional ecosystem. Its indicators enable Indonesia to identify sectoral strengths, structural weaknesses, and policy priorities within the national halal economy. However, the GIEI should not be treated merely as an international ranking. It should be used as a diagnostic instrument for evaluating whether regulation, certification, innovation, financing, institutional capacity, and market performance operate as an integrated system.

Based on this analysis, the proposed reconstruction is formulated as an Integrated Halal Quality Management Model consisting of five interrelated dimensions. First, the normative and regulatory dimension integrates *halālān ṭayyiban*, *maqāṣid al-syarī'ah*, and *itqan* with national halal product assurance regulations. This dimension establishes Islamic legal values as the ethical foundation of quality management while ensuring legal certainty, consumer protection, and conformity with international trade requirements. The current regulatory reference should be Government Regulation Number 42 of 2024, which replaced Government Regulation Number 39 of 2021.

Second, the quality assurance dimension positions the Halal Product Assurance System, or Sistem Jaminan Produk Halal (SJPH), as part of organizational quality management. Documented procedures, supplier control, material traceability, employee training, internal audits, corrective actions, risk management, and continuous evaluation must support certification. Under this approach, the success of halal certification is not measured solely by the issuance of a certificate but also by the enterprise's ability to maintain consistent compliance and product quality.

Third, the institutional governance dimension strengthens coordination among the Halal Product Assurance Organizing Agency (BPJPH), Halal Inspection Bodies, the Indonesian Ulema Council, ministries, regional governments, universities, Islamic organizations, halal process assistants, and business associations. BPJPH should not function only as a certificate-issuing authority. It should serve as the principal coordinator of the national halal ecosystem by developing integrated standards, information systems, supervision mechanisms, and institutional partnerships. This collaborative structure reflects the principles of good halal governance, including transparency, accountability, participation, efficiency, and legal certainty.

Fourth, the MSME empowerment dimension addresses the financial, administrative, managerial, and technical constraints encountered by micro, small, and medium enterprises. Certification accessibility should be strengthened through procedural simplification, financial assistance, technical mentoring, halal literacy programs, and quality management training. However, facilitation should not end after certification has been obtained. MSMEs also require support in production improvement, packaging, innovation, Islamic financing, digital marketing, and access to domestic and international markets.

Fifth, the technology and market integration dimension connects digital certification services, product traceability, halal supply chains, industrial innovation, and international market access. Digital systems should document each critical stage of production and facilitate registration, verification, monitoring, and corrective action. They should also support mutual recognition arrangements with foreign halal certification institutions. This integration can reduce administrative barriers, improve auditability, strengthen consumer confidence, and expand export opportunities.

These five dimensions operate as a continuous system. Islamic legal principles and regulations provide the normative foundation; institutional governance coordinates implementation; SJPH controls quality at the enterprise level; MSME empowerment strengthens business capacity; and technological and market integration converts compliance into competitiveness. The relationship may be expressed as follows:

“Islamic values and regulation → institutional coordination → SJPH implementation → MSME capacity building → digital and supply chain integration → national and global competitiveness.”

The performance of the proposed model should be evaluated through broader indicators than the number of certificates issued. Relevant outcomes include certification accessibility, processing efficiency, compliance continuity, product traceability, MSME productivity, consumer confidence, export readiness, halal investment, innovation, and participation in the global halal value chain. This measurement framework aligns halal quality governance with the competitiveness dimensions represented by the GIEI.

Previous research has shown that the institutionalization of halal certification can strengthen consumer confidence and improve industrial competitiveness when halal standards are consistently incorporated into organizational management (Zulfakar et al., 2014). This supports the argument that certification should be treated as an integral element of quality management rather than as an isolated administrative obligation. Nevertheless, the present study extends that argument by integrating Islamic legal values, GIEI indicators, institutional governance, MSME empowerment, digitalization, and supply chain assurance within a single conceptual framework.

The scientific contribution of this model lies in repositioning halal certification from a formal indicator of religious compliance into a mechanism for continuous quality improvement and sustainable industrial development. Its novelty is found in the integration of *maqāṣid al-*

syarī'ah, itqan, GIEI-based competitiveness, SJPH, good halal governance, and MSME empowerment. Through this reconstruction, halal industry policy can be directed not only toward increasing the number of certified products but also toward strengthening quality culture, productivity, consumer protection, innovation, and international market access.

The proposed model provides a normative and conceptual framework rather than an empirically validated final model. Further research is therefore required to test its dimensions and performance indicators across different halal sectors and categories of MSMEs. Nevertheless, it offers a structured policy framework for transforming Indonesia's domestic halal potential into sustainable global competitiveness and supporting its development as a well-governed global halal industry hub.

CONCLUSION

The development of Indonesia's national halal industry and the strengthening of halal certification for micro, small, and medium enterprises (MSMEs) cannot rely solely on administrative regulation. The findings demonstrate that the optimization of halal industry quality management is constrained by interrelated juridical, institutional, managerial, and economic barriers, including regulatory implementation gaps, weak institutional coordination, limited organizational capacity, inadequate halal literacy, restricted financing, and uneven access to certification services. To address these challenges, this study proposes an Integrated Halal Quality Management Model that combines the Global Islamic Economy Indicator (GIEI), the principles of *halālan ṭayyiban*, *maqāṣid al-syarī'ah*, and *itqan*, the Halal Product Assurance System, MSME empowerment, digital transformation, Islamic financing, and the optimization of the Halal Product Assurance Organizing Agency within a good halal governance framework. The theoretical contribution of this study lies in integrating Islamic economic law with contemporary quality management and global halal competitiveness, while its practical contribution is the provision of a governance framework for improving certification accessibility, institutional coordination, product traceability, quality culture, innovation, and halal supply chain development.

The novelty of the study lies in repositioning halal certification from a formal instrument of legal and religious compliance into a mechanism for continuous quality improvement, organizational development, consumer protection, and global competitiveness. However, the proposed model remains conceptual because it is based on normative legal and documentary analysis and has not yet been empirically tested across different halal sectors and

MSME categories. Future studies should therefore validate the model through field research, comparative analysis, and measurable indicators such as certification efficiency, compliance sustainability, MSME productivity, export readiness, and consumer confidence. Ultimately, the consistent implementation of this integrated model can transform Indonesia's substantial Islamic economic potential into a sustainable competitive advantage and strengthen its position as a global halal industry hub founded on Islamic legal values, responsible governance, sustainable development, and social welfare.

Declaration of AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work, the author(s) used Google Gemini and Mendeley to assist with language refinement, grammar checking, academic phrasing, structural coherence, and alignment with the journal template. After using this tool/service, the author(s) reviewed and edited the content as needed and take full responsibility for the integrity, accuracy, and originality of the publication's final version.

CRedit Authorship Contribution Statement

- a. E.A Chuzaemi Abidin: Conceptualization, Data Curation, Formal Analysis, Investigation, Writing Original Draft, and Writing Review & Editing.
- b. Moh Dahlan: Supervision, Validation, Project Administration, and Writing Review & Editing.
- c. Abd Syakur: Funding Acquisition, Software, Visualization, and Resources.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have influenced the research, analysis, interpretation, or writing of this manuscript. The authors confirm that the work was conducted independently, objectively, and in accordance with academic integrity standards.

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Data Availability Statement

Data supporting the findings of this study are available from the corresponding author upon reasonable request. Since this research is based on a literature review, conceptual-normative analysis, and comparative document analysis, the data consist of publicly accessible academic sources, policy documents, legal materials, and relevant scholarly references used in the analysis.

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Ethical Approval Statement

The authors confirm that this study adheres to ethical research standards. No patient-identifying information was used. If ethical approval was required, state the institution and approval number.

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