



The Comparison of Halal Product Supervision Systems in Indonesia and Malaysia: Analysis of Legal Framework, Procedures, and Implementation Effectiveness

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Abstract: This study aims to compare the halal product monitoring systems in Indonesia and Malaysia, focusing on the legal framework, responsible institutions, and certification and supervision procedures. As two countries with a majority Muslim population, Indonesia and Malaysia have an important role in ensuring the halal status of products circulating in the domestic and international markets. In Indonesia, halal supervision is regulated in Law No. 33 of 2014 concerning Halal Product Assurance, which establishes the Halal Product Assurance Agency (BPJPH) as the main authority. Meanwhile, Malaysia relies on the Malaysian Department of Islamic Development (JAKIM), which has been internationally recognized as a halal certification authority. The study found that although the two countries have similar standards and regulations, there are significant differences in the implementation of supervision, technology integration, and international recognition. Malaysia excels in implementing an integrated and efficient system, while Indonesia still faces challenges in implementing comprehensive regulations. The findings of this study are expected to be recommendations to improve the effectiveness of halal product monitoring, especially in Indonesia, by taking lessons from the system implemented in Malaysia.

Kata Kunci: Halal Product Monitoring, Halal Certification, Legal Framework, BPJPH, JAKIM

INTRODUCTION

In the context of globalization and the increasing awareness of the importance of halal products, Indonesia and Malaysia, as the two countries with the largest Muslim populations in the world, play a significant role in the supervision and certification of halal products. These two countries not only have different regulations but also unique approaches in ensuring that products circulating in the market meet halal standards. In Indonesia, halal supervision is regulated by the Food, Drug, and Cosmetic Assessment Institute of the Indonesian Ulema Council (LPPOM MUI), which is responsible for providing halal certification and ensuring that products in circulation comply with Islamic law (Lubis & Syibromalisi, 2023). Meanwhile, Malaysia relies on the Department of Islamic Development Malaysia (JAKIM) as the main institution responsible for managing halal certification, with full support from the government that integrates halal policies into the national economic development strategy (Choi & Jeong, 2019; Arif et al, 2026).

The difference in the regulatory structure and implementation of halal certification in the two countries reflects distinct social and economic contexts. In Malaysia, the government has developed a clear and integrated legal framework to support the halal industry, including the Halal Trade Act of 2011, which provides legal legitimacy for halal practices (Ibrahim *et al.*, 2023). On the other hand, Indonesia, despite having enacted the Halal Product Assurance Law in 2014, still faces challenges in the implementation and consistency of regulations across various regions, which are often influenced by local factors (Fadloli *et al.*, 2023). This indicates that although both countries have the same goal of ensuring the halal status of products, the methods and effectiveness of the oversight implemented may differ significantly.

This study aims to compare the halal product monitoring systems in Indonesia and Malaysia, with a focus on regulatory structures, challenges faced, and their impact on the halal industry in each country. By understanding the differences and similarities in the approaches of both countries, it is expected that more effective strategies can be identified to improve the quality and assurance of halal products in the global market (Sani, 2023). This research will also explore how cooperation between the two countries can strengthen their positions in the international halal industry, considering the significant potential each country has in meeting the global demand for high-quality halal products (Ningtyas *et al.*, 2022). In this case, the originality of this research work is based on the comparative and integrated analysis of the halal product monitoring systems in both Indonesia and Malaysia in terms of examining regulatory structures, roles, implementation practices, and levels of success in different socio-economic and governance environments. In other words, this research work is distinct from past research studies in terms of analyzing halal certification in regulatory structures from a more practical perspective of success in various governance environments across both nations. In this case, this research work provides a unique dimension in terms of exploring opportunities for collaboration in regulatory structures for halal certification in the halal industries of both Indonesia and Malaysia in order to increase regulatory success in comparison to past approaches in these nations. In this case, this piece of research work provides new dimensions in terms of exploring the reality of success in halal certification in regulatory structures through increased global competitiveness in both nations.

LITERATURE REVIEW

This literature review aims to compare the halal product monitoring systems in Indonesia and Malaysia, focusing on the regulatory structure, challenges faced, and their impacts on the halal industry in each country. In this context, both countries have different approaches to regulating and overseeing halal products, reflecting their unique social, economic, and cultural conditions.

Regulatory Framework and Institutional Structure in Indonesia

In Indonesia, the oversight for halal products is done dually by the institutional frameworks of the Food, Drug, and Cosmetics Assessment Institute of the Indonesian Ulema Council, commonly referred to as LPPOM MUI, and the Halal Product Guarantee Agency known as BPJPH. LPPOM MUI is at the core of carrying out assessment duties in granting halal certification, while BPJPH functions at the state level, coordinating policies related to the assurance of halal products (Sadiyah & Erawati, 2024). The structure reflects the effort of Indonesia to combine religious authority with governmental oversight in guaranteeing compliance with halal requirements.

Despite the presence of a legal basis and support in place, there exist some issues identified in the implementation of halal supervision, as identified by some studies. These include the lack of consistency in supervision for each region that is affected in some manner by the capacity and availability of resources in each region. Micro, Small, and Medium Enterprises (MSMEs) are also experiencing hardships in the implementation of halal supervision by virtue of their financial limitations and lack of awareness and availability of halal information (Destyana *et al.*, 2024). In addition to such matters, the lack of awareness among stakeholders regarding

the strategic benefits of halal certification has led to the presence of a large number of halal-less goods in the market despite increasing awareness and demand for halal goods (Uula, 2024).

Halal Product Monitoring System in Malaysia

However, in the case of Malaysia, a better-organized and centralized halal product surveillance system has been established by the Department of Islamic Development Malaysia (JAKIM) in the country. In JAKIM's hands is overall power regarding halal certification, formulation of halal standards, as well as halal compliance in the country. This makes a streamlined process for the implementation of halal standards in the country possible (Najmi *et al.*, 2023). This is also facilitated by the fact that the country's halal regulatory framework is a key part of their national economic development.

The formulation of a legal system and especially the Halal Trade Act 2011 gives a legal platform with force and effect to the halal process in Malaysia (Mutmainah *et al.*, 2022). This implies a good platform for all stakeholders to coordinate and interact properly with each other. In this regard, Malaysia has managed to develop a comprehensive halal system with all its benefits and implications to promote innovation and expansion in Malaysia. In fact, various studies have indicated that all these benefits have made Malaysia a leader in the halal industry globally (Akbarizan *et al.*, 2023).

Comparative Analysis and Industry Implications

Comparative research highlights that the presence of an enormous market potential in Indonesia's large Muslim population and its increasingly expansive halal consumer base is coupled with weaknesses in supervision, regulatory consistency, and certification accessibility,

which may negatively affect Indonesia's optimum development in its halal industry (Md Salleh *et al.*, 2020). Indeed, the composite nature of institutional coordination and an imbalance in implementation in various regions often reduces the effectiveness of the monitoring mechanism on halal products.

Contrarily, the more organized regulatory framework in Malaysia, together with strict policy support, has enabled the development of a halal industry ecosystem which has competitive prowess on the international level (Destyana *et al.*, 2024). This develops the notion that clarity regarding institutions, support from the state, as well as enforcement mechanisms, play important roles in improving the performance in halal industry operations.

Opportunities for Collaboration and Best Practices

The current literature also stresses a possible synergy or knowledge transfer from both Indonesian and Malaysian experiences. Indonesian experience in regulatory integration supervision, for instance, has been beneficial, and the country can learn from it too. The Indonesian market presents a great chance for expansion of international Halal supply chains, as derived from the Indonesian production capacities, which were identified as a stronger market influence compared to those of Malaysia (Mubarok & Imam, 2020).

In conclusion, despite the differences in the supervision of halal products in Indonesia and Malaysia, it is evident that the two countries are committed to enhancing the standards of halal products in response to the rising demand for halal products in the global market. Collaboration between the two countries can be an imperative move in the establishing of the competitive halal industry in the global market (Gilalo *et al.*, 2020).

METHODS

This study employs a qualitative descriptive method with a comparative approach to analyze the differences and similarities in the halal product supervision systems in Indonesia and Malaysia. Data sources include primary data from legal regulations and official reports from BPJPH (Indonesia) and JAKIM (Malaysia), as well as secondary data from academic journals, books, and previous studies. Data collection is conducted through literature review and document analysis, focusing on regulatory frameworks, certification procedures, and policy implementation effectiveness. The analysis uses comparative and qualitative techniques to identify key challenges and opportunities for improving Indonesia's halal supervision system by learning from Malaysia's best practices.

RESULTS AND DISCUSSION

Comparative Overview of Halal Product Supervision in Indonesia and Malaysia

A comparative study on the Halal product supervision in Indonesia and Malaysia presents enormous differences but at the same time considerable similarities in the halal assurance systems being implemented by the two countries. Both Indonesia and Malaysia have the same basic goal of ensuring that the products consumed by Muslims are in compliance with Islamic law. However, the institutional arrangements, regulatory mechanisms, and strategies for implementation adopted by each of the countries reflect differing governance structures and policy priorities. These make important differences in the effectiveness of halal supervision and the development of the halal industry at the national and global levels.

Institutional Frameworks and Certification Authorities

In Indonesia, the one more in charge of halal accreditation is LPPOM MUI, but to be more specific, it includes the Food, Drug and Cosmetics Assessment Institute of the

Indonesian Ulema Council. Over some time, it has taken on the function of the acknowledged halal certification body tasked with verifying whether or not a product complies with halal standards. LPPOM MUI functions through religious authority and technical assessment, taking center-stage regarding the determination of a product as being halal or otherwise through auditing and processes touching on fatwa. Over the last couple of years, the institutional landscape has changed involving state agencies, reflecting Indonesia's effort to formalize halal assurance within a wider legal and administrative framework.

Contrarily, the oversight of the halal product in the Malaysian context is centrally controlled through the Department of Islamic Development Malaysia (JAKIM). JAKIM operates as one entity with the same set of procedures and clear territorial control to ensure the certification and control of halal goods. This makes the implementation of the standardization of halal in the Malaysian government lead to a clear definition of certification free from ambiguity and enhancing public compliance with the halal symbol (Sariyah, 2023).

Regulatory Approaches and Government Support

Among the most distinct points of divergence between Indonesia and Malaysia is related to their approaches to regulation and government intervention within the halal industry. Malaysia has taken an active and comprehensive approach, treating halal industries as part of its economic development strategy. The enactment of the Halal Trade Act 2011 and Malaysian Halal Management System (MHMS) establishes a comprehensive regime regulating halal activity, covering production and distribution (Sariyah, 2023). This is because it allows proper coordination among government agencies, halal players, and halal certification bodies, hence improving government regulation enforcement.

In the case of Indonesia, despite the existence of supportive laws for halal certification, the process of implementation as well as the control of such laws tends to be region-dependent. The issue of local administrative capacity as well as local institutional coordination mainly affects the practical application of halal standards in Indonesia (Jalaluddin *et al.*, 2024). The implication of such implementation is that it may create law disparities that may hamper the efficiency of halal products control.

Challenges in Human Resources and Certification Capacity

Despite the difference in the regulatory framework, Indonesia and Malaysia share common problems related to human resource capability in the area of halal certification and supervision. In Malaysia, the dramatic increase in the number of halal businesses has created problems concerning the lack of experienced and qualified halal auditors. There are also some technical problems related to the application system of the halal certification which may cause delays in the certification process (Muhammad *et al.*, 2020).

In the case of Indonesia, human resource issues are intricately interwoven with low levels of public awareness and understanding about halal certification, especially in the Micro, Small, and Medium Enterprises (MSMEs). In fact, most MSMEs in the country consider halal certification to be expensive and complicated in terms of administrative requirements, making it less likely for these players to obtain halal certification (Mukhtasor *et al.*, 2022).

Market Influence and Global Competitiveness

Market-Wis, both Indonesia and Malaysia have a considerable degree of potential for halal product development, which is because both countries have a considerable number of Muslims and there is a growing trend for halal products around the globe. But apart from Indonesia, Malaysia has been quite successful in making

itself a hub for halal products worldwide. The initiative and proper branding by both the government and private agencies in Malaysia have made it quite prominent among global investors for halal standards worldwide (Randeree, 2019).

Indonesia, despite the enormity of its market and its diversity, still has some structural issues related to logistics, supply chain management, and distribution systems with regards to halal products. Any inefficiency in these areas could hamper Indonesia's effective competition in the international halal market, especially along the lines of exportability and conformity with standard (Ashari, 2021). The aforementioned structural issues need to be addressed to help Indonesia unlock its market potential and increase its presence in the global halal industry.

Opportunities for Cooperation and Knowledge Exchange

Nevertheless, it can be ascertained that even though Indonesia and Malaysia have different frameworks for overseeing halal products, the fact is that Indonesia and Malaysia have been very proactive about ensuring higher standards for halal materials as well as catering to the rising demand for halal commodities throughout the world. The literature acknowledges the fact that if Indonesia and Malaysia were to make better use of each other's strengths, a win-win situation could arise for these two countries. For instance, Indonesia can learn from the Malaysian governing framework for halal matters, while Malaysia can benefit from Indonesia's manufacturing prowess and extensive marketplace (Haron *et al.*, 2022).

Collaborative efforts in areas like auditor training, standardization, and integration of halal supply chains would help make both countries more competitive within the international halal industry. Not only would incorporating collaborative efforts make national halal certification a better process for consumers, but a

standardized international halal industry would be a great achievement for all involved nations.

CONCLUSION

A comparative study on halal product supervision in Indonesia and Malaysia reveals differences in approach, implementation, and international recognition of the systems applied by each country. In Indonesia, the halal supervision system regulated by BPJPH is still in the strengthening phase, with key challenges including the effective implementation of regulations, inter-agency coordination, and the application of technology to support certification and monitoring processes. Meanwhile, Malaysia, through JAKIM, has successfully developed an integrated, efficient halal supervision system that is globally recognized.

The success of Malaysia can be attributed to its longer experience, centralized approach, and the use of technology to ensure product halal certification. On the other hand, although Indonesia's system has great potential with its comprehensive regulatory framework, strategic steps are still needed to enhance oversight capacity, resource provision, and strengthen cooperation with international institutions.

By learning from the strengths of Malaysia's system, Indonesia can adopt best practices to enhance the credibility and effectiveness of halal product supervision, both domestically and internationally. Harmonizing halal standards between the two countries also presents an opportunity to strengthen their position as leaders in the global halal industry

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