

Management Strategy in Developing the Halal Industry in the Era of Globalization

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Abstract	The halal industry has grown rapidly, becoming an important sector in the global market with a scope that includes food, pharmaceutical, cosmetic, and tourism products. This creates opportunities and challenges, especially in maintaining the authenticity and quality of halal products throughout the supply chain. This article aims to examine management strategies in the halal industry that are from the perspective of Islamic economics with materials consisting of halal ingredients, both substances, how to obtain and process them, and are carried out in the halal industry area, where all industrial lots must be allocated for halal products, have halal facilities and infrastructure, and have a halal management team and analyze the various challenges faced, and identify opportunities that can support the development of this sector. The research method used is a literature study of 20 recent journal articles on halal industry management by collecting relevant journal articles from various sources. The study results show that certification, technological innovation, and halal supply chains are important components that must be optimized. Thus, a comprehensive management approach is needed to sustain the halal industry's growth.	
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1. INTRODUCTION

Indonesia is a country with abundant natural resources. Abundant natural resources have great potential in the development and progress of industries in Indonesia, such as food, clothing, board, tourism, medicine, cosmetics, and so on. Industry is part of production activities. Therefore, a product is greatly influenced by its industrial processes. Indonesia is a country with a majority Muslim population. In Islamic teachings, it is taught that a Muslim must consume and use halal goods and be the farthest from something that is syubhat (a vague state of halal or haram). (Sulistiani, 2018)

Islam is a religion embraced by the majority of the Indonesian population; based on demographic data, the Muslim population in Indonesia reaches 229.62 million people (Matuki HS, 2020). In Islam, it is explained how we consume something as the word of Allah in Surah An-Nahl Verse 114:



Meaning: Then eat what is lawful and good from the sustenance that Allah has given you, and give thanks for Allah's favor if you worship only Him.

The verse above explains eating halal food, but in this verse, what is eaten is not only halal food, but the food must also be good, healthy, and not harmful to the health of the body. The halal concept in question is not only seen from the raw materials or substances but also from the environmental factors and quality of the processing of the products that will be produced so that they are not harmful to consumers. To keep the halal industry consistent in development, good management is needed so that the halal industry remains strong and develops according to the desired target. (Saad, 2021)

Therefore, the number of Indonesia's Muslim population affects the standards of the halal industry sector from various aspects. The increasing interest in the halal industry is part of Muslims' commitment. The halal industry is a process of goods processing activities based on Sharia guarantees so that the products produced are good, healthy, safe, and not harmful because they are halal to be consumed, enjoyed, or used. (Salam, et.al., 2019)

The halal industry is one of the fastest-growing sectors, driven by the increasing demand for halal products among Muslim and non-Muslim consumers. According to the Global Islamic Economy Report, the world's halal market is worth more than 2 trillion US dollars, including food and beverages, pharmaceuticals, cosmetics, and tourism. Halal certification is recognized as a sign of quality that assures consumers of the authenticity and quality of products. This industry provides great economic opportunities and demands effective management to maintain strict halal standards.

However, to maintain consumer trust and the sustainability of the industry, effective management is needed, especially in terms of certification, halal supply chain, and human resource management that understands halal principles. Therefore, this article aims to examine management strategies in the halal industry, the challenges faced, and opportunities that can support the development of this sector.

Halal industry management is a discipline that focuses on the management and development of industries that comply with halal principles by Islamic Sharia provisions. In recent decades, the halal industry sector has experienced rapid growth, driven by increasing consumer demand for products and services that are not only of quality but also by religious values. In addition to food and beverages, the halal industry now includes various other sectors, such as cosmetics, pharmaceuticals, fashion, tourism, and financial services. This makes halal industry management increasingly complex and strategic, requiring a holistic approach from planning and production to distribution by halal standards.

Challenges in halal industry management include a deep understanding of halal regulations, certification processes, and the ability to manage supply chains by halal principles. In addition, there is also a demand to optimize the industry's efficiency and competitiveness to compete globally, especially with the increasing competitiveness of the world halal market. Through proper management, the halal

industry has great potential to become a leading sector in Muslim-majority countries and other countries that respond to the global trend of halal products. (Fetyh Tanala Hida et.al.)

2. METHODS

This study uses a qualitative approach through a literature review from various previous studies, which is the method used in this study related to halal industry management. The selected articles provide in-depth insights into various aspects of the halal industry, such as supply chains, technological innovations, certifications, and marketing strategies. Secondary data from the journal article was then analyzed to identify management strategies that can be applied in the halal industry sector and highlight the challenges affecting the development of this industry.

This study's descriptive analysis method was used to analyze the data. The information that has been obtained is then examined using clear investigative techniques (Prihatiningsih, 2022). Special investigation techniques are carried out by collecting the information obtained, then elaborating on and examining it to provide data to overcome the problems experienced. The data collection technique is collecting relevant journal articles from various sources and analyzing all in-depth information on management, strategies, and challenges in the halal industry.

3. FINDINGS AND DISCUSSION

3.1. Definition and Scope of the Halal Industry

The halal industry is not only limited to food and beverage products but also includes sectors such as pharmaceuticals, cosmetics, clothing, tourism, and halal logistics (Aziz, 2021); (Shafie, 2020). Halal requirements pay attention to the aspects of the raw materials used and the production process, from procurement, storage, and distribution to consumption. (Norazmi, 2019)

The halal industry needs many elements and must be maintained for the company's continuity. The first element is a halal certificate. Halal certification is a key element in halal industry management. This certification standard ensures that the products produced meet the authorized agencies' halal requirements.

Some countries have different halal standards and regulations, which require multinational companies to adjust their operations and pose a challenge for multinational companies looking to expand the range of their halal products (Ibrahim, 2022); (Bashir, 2020). According to research by (Norazmi, 2019), companies that have obtained internationally recognized halal certification have a greater chance of attracting consumers and gaining market trust and have a competitive advantage in attracting consumers, especially in countries with large Muslim populations. However, this cost and certification process is often an obstacle for small and medium-sized companies.

Second, we must also pay attention to the halal supply chain in addition to halal certification. The halal supply chain must be carefully managed to ensure no cross-contamination between halal and non-halal products. According to research by (Talib, 2020), halal supply chain management includes strict supervision of raw materials, storage, and distribution of products. Some of the main challenges in the halal supply chain include limited facilities that comply with halal standards and supervision at every stage.

Third, Technological Innovation in the Halal Industry Digitalization and technological innovation have an important role in advancing the management of the halal industry. (Alam, 2019) mentioned that technologies such as blockchain can track products from raw materials to consumers, ensuring that products remain in halal status throughout the production process. In addition, this technology can increase transparency and consumer trust in halal products.

Fourth, Human Resource Management (HR) To maintain the quality of halal products, companies need to have human resources who understand halal principles well. (Zulkifli, 2021) emphasized the importance of training for workers in this industry to understand every stage of the production process by halal standards. Effective HR management will ensure that companies can maintain and improve the quality of their halal products.

Fifth, Halal Product Marketing Strategy Halal product marketing does not only focus on the Muslim community but also the general public, who are increasingly concerned about the health and ethical aspects of the products they consume. (Hashim, 2020) show that halal products have advantages in terms of hygiene, health, and ethics, which can be used as the main attraction in marketing strategies.

Sixth, Opportunities and Challenges of Globalization for the Halal Industry Globalization opens up wider market access for the halal industry but also presents greater competition challenges. According to research by (Khan, 2020), companies need to adopt adaptive management strategies, pay attention to halal regulations in different countries, and make continuous innovations to maintain their position in the global market.

3.2. Halal Industry Management

Basic Concepts of Halal Industry Management

Management is the process of planning, organizing, directing and controlling resources to achieve certain goals effectively and efficiently. It involves managing human, financial, and material resources through various functions such as strategic planning, decision making, coordination, as well as performance evaluation. Management aims to optimize the potential of an organization or individual so that it can adapt to change and achieve sustainable success. So, halal industry management is the process of planning, organizing, implementing and supervising business management that ensures all

aspects of production, distribution and services comply with Islamic sharia principles and standards.

The halal industry covers various sectors, from food and beverages, pharmaceuticals, cosmetics, to tourism and finance. In it, halal management includes a halal certification system, employee training regarding halal standards, supply chain supervision to ensure raw materials and production processes are free from haram elements, as well as strict quality control.

The main objective of halal industry management is to ensure that the products and services offered meet halal criteria, which include cleanliness, safety and quality in accordance with Islamic religious guidelines. This process is important to maintain the trust of Muslim consumers around the world. In addition, halal industry management plays an important role in meeting global demand for halal products, which currently continues to increase along with consumer awareness of the importance of halal standards and the development of the international halal market.

In halal industry management, companies often collaborate with halal certification bodies and implement transparent practices to comply with applicable regulations in various countries. This also involves aspects of innovation and research to ensure halal products remain competitive, safe and in accordance with international health standards, so they can compete in the global market.

Halal industry management is the process of managing and supervising industrial activities that prioritize halal and tayyib (good) principles, as determined by Islamic law. The halal concept includes products that can be consumed according to sharia and the production, packaging, distribution, and sales processes that must be free from haram ingredients or contaminated by non-halal elements. Halal standards are often controlled through certification by recognized institutions, such as MUI in Indonesia or JAKIM in Malaysia.

Halal management covers the entire supply chain, from raw material selection and production to final product distribution. In the era of globalization, the halal industry has covered various sectors, such as food, cosmetics, pharmaceuticals, and tourism. The halal certification process is an important aspect of maintaining consumers' quality and trust in the products they buy.

The Importance of Halal Industry Management

Consumers, especially Muslims, are increasingly aware of the importance of halal and tayyib products. This demand creates a huge market opportunity for products and services that meet halal standards, both domestically and in the global market. With good management, the halal industry can:

- a. Increase consumer confidence: Halal certification assures consumers that the products they use are safe and Sharia-compliant.
- b. Expanding international markets: Halal products are not only in demand in Muslim-majority countries but also in Western countries that have significant Muslim populations.

- c. Increasing competitiveness: A well-managed halal industry can compete with non-halal products through quality, safety, and commitment to health.

Effective Strategies in Halal Industry Management

To be able to compete in the halal industry, companies need to implement the right management strategy. Some effective strategies in the management of the halal industry include:

- a. Adopting the Latest Technology: Technology can improve efficiency, for example, in tracking halal raw materials and ensure transparency throughout the supply chain.
- b. Collaboration with Certification Bodies: By working with certification bodies, companies can more easily understand the standards that must be met and obtain guidance in the certification process.
- c. Strong Risk Management: Managing risk by identifying areas where violations of halal standards may occur and minimizing the chances of incidents occurring.
- d. Targeted Marketing: Increase consumer awareness through marketing strategies highlighting halal values and product safety.
- e. Product innovation and market development companies in the halal industry must innovate to develop products according to consumer trends (Hashim, 2020). With the increasing interest in halal lifestyles, new products that combine halal and sustainable concepts are starting to be in demand in the global market.
- f. Increasing the capacity of human resources (Human Resources) According to research by (Zulkifli, 2021), training and development of human resources in the halal industry is important to have a deep understanding of halal principles. Ensuring that each team member understands the importance of halal standards and how to apply them in their daily work.
- g. Digitalization and automation in halal industry management can help trace the supply chain, conduct audits, and ensure product integrity (Noor, 2018). Blockchain technology, for example, can track the production process from raw materials to the final product.

Challenges in Halal Industry Management

The management of the halal industry faces several challenges that must be overcome to meet the standards and demands of the ever-evolving market. Here are some of the main challenges:

- a. The availability and transparency of halal raw materials is a major challenge, especially for products that require certain additives that may not be easily available in the halal version (Rahman, 2021). Some of these raw materials require complex verification to ensure they are halal.

- b. The halal production process not only pays attention to raw materials but also to production facilities and processes. According to (Abdullah, 2021), there is a need to separate production lines between halal and non-halal products so that cross-contamination does not occur.
- c. Halal logistics and supply chain are important components that must be managed properly. This supply chain ensures that products remain in halal conditions until they reach consumers. Logistics issues also include supervision of transportation and storage (Talib, 2020).
- d. Management and certification in every stage of the halal supply chain requires supervision and certification. Research by (Mokhtar, 2019) emphasizes the importance of training workers to understand the halal standards set.
- e. Strict Certification Process: Halal certification requires manufacturers to meet various criteria that the competent authorities have set, and this process can be complicated and time-consuming.
- f. Consistent Supervision: Ensuring that halal standards are maintained throughout the production process until the product reaches the consumer is a challenge that requires strict management and continuous supervision.
- g. Awareness and Education: The industry still needs increased awareness among businesses and consumers regarding the importance of halal products and understanding the standards and processes.

3.3. Halal Industry Opportunities in the Global Market

Demand for halal products is growing rapidly around the world, including in non-Muslim countries that now have significant Muslim populations. Based on reports from various research institutions, such as Thomson Reuters and Dinar Standard, the global halal industry has a huge market value and continues to grow yearly. The biggest opportunities for the expansion of the halal industry include:

- a. Food and Beverage: As a major sector in the halal industry, halal food and beverages remain a major focus with increasing awareness of healthy and safe food.
- b. Halal Tourism: Halal tourism has become a rapidly growing sector. Some non-Muslim countries, such as Japan and South Korea, have started accommodating Muslim tourists by providing halal facilities.
- c. Cosmetic and Pharmaceutical Products: The demand for halal cosmetics and medicines is also increasing, with consumers wanting products that are not only halal but also free from harmful chemicals.
- d. Sharia Finance: A financial system that adheres to Sharia principles has also attracted the interest of many industry players in Muslim and Western countries.

3.4. Analysis of Management Strategies in Developing the Halal Industry in the Era of Globalization

The halal industry has become a rapidly growing sector in the era of globalization, not only in food and beverage products but also in cosmetics, pharmaceuticals, fashion, and tourism. Increased public awareness of the importance of halal products and services, supported by the large Muslim population, has created an ever-increasing demand.

Therefore, the right management strategy is needed to develop the halal industry and ensure its sustainability in the global market. To identify effective management strategies in the development of the halal industry in the era of globalization, knowing the challenges and opportunities faced by the halal industry at the global level, providing recommendations on the implementation of strategies that can help companies in the halal sector to be competitive globally with the following standards:

- a. Research and Development (R&D) for halal product innovation: Halal industry companies must invest in R&D to develop new products that meet halal standards while appealing to global consumers. Innovations in raw materials, production processes, and packaging that are environmentally friendly and sustainable can be an additional attraction for consumers by building a dedicated R&D team for halal product innovation that focuses on global trends and sustainability.
- b. Certification and compliance with international halal standards Halal certificates are key elements that become benchmarks for consumers in determining safe products by Islamic values. Following internationally recognized halal standards, such as those from *The Standards and Metrology Institute for Islamic Countries (SMIIC)* or *the Halal Development Corporation (HDC)*, can increase global consumer confidence. However, the complicated, expensive, and time-consuming certification process is often an obstacle for SMEs to penetrate the international market. This requires reforms in the certification system to be more efficient and affordable.
- c. Digitalization and E-Commerce Digital technology opens up great opportunities for the halal industry to expand its market reach through e-commerce platforms, especially in the era of globalization. With digitalization, consumers can easily access halal products in various countries. A good digital marketing strategy is also important to reach a wider market segment and introduce products to the younger generation, as well as improve technological capabilities in the company's operations, from marketing to the production process, and optimize digital marketing strategies that focus on halal identity, such as through educational content on social media to expand market reach.
- d. Cooperation strategies and global partnerships of the halal industry can develop faster by forming partnerships with local and international companies with similar visions—for example, working

with suppliers of raw materials that are already halal-certified or with logistics companies to ensure that the product distribution process meets halal standards.

- e. Brand strengthening and market education by building a strong brand with inherent halal values can attract the attention of Muslim and non-Muslim consumers. In addition, market education about the benefits and advantages of halal products through campaigns or social media is very important to increase consumer understanding and loyalty to halal products.

The challenges faced in developing the halal industry are as follows:

- a. The variety of halal standards in different countries and the differences in different countries are major challenges because companies must ensure that their products comply with different regulations in each export destination country.
- b. The complexity of halal certification and the complicated, expensive, and time-consuming certification process are often obstacles for SMEs to penetrate the international market. This requires reforms in the certification system to be more efficient and affordable.
- c. The global market competition of the halal industry is now enlivened by Muslim companies and multinational companies that see great opportunities in this sector. Increasingly fierce competition requires halal companies to be more innovative and efficient in managing their business.

Therefore, the development of the halal industry in the era of globalization requires an adaptive, innovative, and technology-based management approach. In facing global challenges, companies need to prioritize internationally recognized halal certification, increase competitiveness through digitalization, and educate the market about the importance of halal products. By implementing these strategies, the halal industry can continue to grow and significantly contribute to the global market. Thus, these strategies can help the halal industry to develop and become more competitive in the era of globalization.

4. CONCLUSION

The halal industry offers huge opportunities, but it requires a careful management approach. Halal industry management is a very strategic and crucial field in developing the halal market, both local and international. With good management, the halal industry can meet consumer demand, maintain market confidence, and expand its reach globally. Amid existing challenges, there are great opportunities that can be optimized, especially with the increasing consumer interest in safe and quality halal products.

By optimizing management strategies, the halal industry has a great opportunity to continue to grow to meet the needs of Muslim consumers and general consumers who care about health, ethics, and product quality. Halal industry management requires a comprehensive approach to address existing challenges, such as complex certification, halal supply chain management, and the need for trained

human resources. Digitalization and the application of modern technologies such as blockchain can be a solution to increase transparency and efficiency in this industry.

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