

Halal Certification Business Ecosystem in Indonesia: A Stakeholder and Process Analysis

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ABSTRACT

Purpose— This study aims to analyze the halal certification system in Indonesia by identifying key stakeholders, regulatory frameworks, and institutional interactions. It conceptualizes the system as a dynamic business ecosystem shaped by regulatory bodies, religious authorities, and implementing institutions.

Design/methods/approach – A qualitative document analysis was conducted on laws, government regulations, and agency decrees. Additionally, Business Process Model and Notation (BPMN) was used to visualize the halal certification workflow under regular and self-declare schemes.

Findings—The analysis reveals that Indonesia's halal certification operates as a multi-actor business ecosystem involving regulators (BPJPH), scholars (MUI and KFPH), and implementers (LPH and LP3H). The introduction of the self-declare scheme has expanded access for micro and small enterprises but added complexity in coordination and quality assurance.

Research implications/limitations— This study is limited to document-based analysis without empirical validation. Future research should explore regional implementation, stakeholder coordination, and public trust in simplified certification pathways.

Originality/value— By framing halal certification as a business ecosystem, this study shifts the discussion beyond compliance-based perspectives. It offers a conceptual model that captures institutional interdependencies, regulatory transformation, and stakeholder roles. The findings provide insights for policymakers and practitioners in strengthening halal governance and positioning Indonesia as a global halal leader.

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Introduction

The implementation of halal certification in Indonesia has undergone significant transformation since its early regulatory roots in 1976 (Durrotul et al., 2019). Initially, regulations merely required the labeling of products containing pork and its derivatives, coordinated under the Ministry of Health. A more structured system emerged in 1985 through a joint decree with the Ministry of Religious Affairs, mandating producers to disclose product ingredients and processes to obtain halal labeling.

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A critical institutional milestone occurred in 1988 with the establishment of LPPOM-MUI, the Indonesian Council of Ulama's food and drug assessment institute, which assumed authority for halal inspection and certification. This institutional role was reinforced over the years, particularly through collaboration with the Ministry of Religious Affairs and the National Agency for Drug and Food Control (BPOM). The enactment of Law No. 33 of 2014 on Halal Product Assurance (UU JPH) marked a regulatory turning point by transferring certification authority from MUI to the newly established Halal Product Assurance Agency (BPJPH), thereby decentralizing the ecosystem and introducing new actors, including Halal Inspection Agencies (LPH), Halal Product Process Assistants (P3H), and their coordinating institutions (LP3H) (Chao, 2021; Malahayatie et al., 2024).

As the system evolves, it now involves a wide range of stakeholders, including regulators, religious authorities, private businesses, educational institutions, and civil society. This complexity brings both opportunities and challenges in coordination, standardization, and public trust (Lutfi, 2025). Given Indonesia's aspiration to lead the global halal industry (Azam & Abdullah, 2020; Wekke et al., 2024), it is crucial to examine how the current halal certification system functions as a business ecosystem. Therefore, this study aims to explore stakeholder roles, institutional interdependencies, and certification processes using regulatory review and business process modeling.

Theoretical approaches to halal certification have predominantly centered on regulatory compliance, religious authority, or consumer behavior. However, these perspectives often overlook the interactive nature of institutions and the relational dynamics among actors. Framing halal certification as a *business ecosystem* provides a more holistic lens that captures how value is co-created by regulators, scholars, and operational entities (Noordin et al., 2014). This perspective aligns with broader shifts in institutional governance, where certification systems are no longer viewed as linear, hierarchical mechanisms but as collaborative, adaptive networks.

Moreover, the dual-track certification model in Indonesia—comprising both regular and self-declare schemes—necessitates a deeper understanding of how different actors interact across regulatory levels and regions. The decentralized nature of implementation, especially involving LP3H and P3H for micro and small enterprises, raises questions about consistency, accountability, and coordination. By applying the business ecosystem framework, this study addresses these gaps and offers a conceptual structure that is both descriptive and prescriptive, informing future governance strategies and policy refinement.

In this context, the present study seeks to map the roles of core actors in the halal certification ecosystem, analyze the certification processes under current legal frameworks, and illustrate the structural interrelations between stakeholders. Through document analysis and process modeling, this research contributes to a more integrated understanding of halal certification governance, with practical implications for strengthening Indonesia's institutional readiness and international competitiveness in the halal industry.

Methods

This study employs a qualitative research design using document analysis as the primary method of data collection and interpretation. Document analysis allows for a systematic evaluation of written sources such as laws, ministerial regulations, government decrees, and institutional guidelines that shape halal certification in Indonesia. These documents were obtained from official sources, including the Ministry of Religious Affairs and BPJPH. As a method, document analysis is widely used to investigate policy frameworks and institutional structures without requiring direct interaction with research participants (Bowen, 2009).

In addition to regulatory review, this study utilizes Business Process Model and Notation (BPMN) to map the operational workflow of halal certification. BPMN is a standardized graphical modeling language designed to represent business processes clearly and systematically (Chinosi & Trombetta, 2012). Through BPMN diagrams, the study visualizes the sequence of activities, interactions among key stakeholders, and decision points involved in both the regular and self-declare certification pathways.

The combined approach of document analysis and process modeling allows for a more integrated understanding of the halal certification ecosystem. While the document review identifies the formal legal and institutional arrangements, the BPMN diagrams clarify how these arrangements are implemented in practice. Furthermore, by applying an ecosystem perspective, the study conceptualizes the halal certification system as a network of interrelated actors contributing to value creation and regulatory compliance (Noordin et al., 2014).

It should be noted that this study is limited to normative and procedural insights derived from official documentation. Empirical validation through interviews, case studies, or stakeholder surveys was not conducted. Future research may build on these findings by incorporating field data to assess implementation challenges and stakeholder perceptions across different regions and certification schemes.

Result

The implementation of Halal Product Assurance (*Jaminan Produk Halal* – JPH) in Indonesia, as stated in the Law No 33 of 2014, the Law No 11 of 2021, Government Regulation in Lieu of Law (Perppu) No. 2 of 2022, and Law No 6 of 2023, serves two primary objectives (Dewi et al., 2023). First, it aims to provide a sense of comfort, safety, security, and assurance for the public in consuming and using halal products. This reflects the state's commitment to protecting consumers, particularly Muslim communities, by ensuring that products circulating in the market meet established halal standards. Second, JPH also seeks to enhance the added value for business actors by encouraging the production and sale of halal-certified products. By promoting halal compliance, businesses can access broader markets, strengthen consumer trust, and increase their competitiveness both domestically and globally.

By analyzing the regulatory framework including laws, government regulations, presidential regulations, and decrees issued by heads of government agencies, this paper presents a stakeholder analysis, process analysis, and a synthesized overview of the resulting business ecosystem of halal certification in Indonesia.

Stakeholders

In this section, several key stakeholders have been identified as the primary elements shaping the business ecosystem of halal certification in Indonesia.

Customers

The ultimate beneficiaries of the halal certification ecosystem are individual end-users who consume halal products. However, from a supply chain perspective, the system also serves inbound customers, which are organizations that use halal-certified products as ingredients or components in the production of their own goods or services, particularly those that has halal certification or aspire to be certified.

Business Entities

The term 'businesses' in this study refers to any organization that produces goods or services eligible for halal certification. In Indonesia, the Ministerial Decree of the Ministry of Religious Affairs No. 748 of 2021 identifies 15 categories of products, including goods and

services, that require halal certification. The manufactured goods include food, beverages, pharmaceuticals, chemicals, cosmetics, consumer goods, biological products, and genetically modified products. Meanwhile the services include slaughtering, packaging, processing, storage, distribution, retail, and food services.

The Halal Product Assurance Agency (BPJPH)

The Halal Product Assurance Agency (BPJPH) is a government body established under Law No. 33 of 2014 on Halal Product Assurance (UU JPH) to manage and coordinate the national halal certification system. BPJPH holds the authority to formulate halal assurance policies, set operational standards, accredit Halal Inspection Agencies (Lembaga Pemeriksa Halal – LPH), register halal auditors, and issue or revoke halal certificates and labels. It also manages the registration of foreign halal certificates and conducts public outreach to promote halal awareness. Positioned under the Ministry of Religious Affairs, BPJPH plays a central role in bridging regulatory functions and religious compliance mechanisms within Indonesia's halal ecosystem.

In fulfilling its mandate, BPJPH collaborates with various institutions, including government ministries, LPHs, and the Indonesian Council of Scholars (Majelis Ulama Indonesia – MUI). While LPHs are responsible for conducting technical inspections and halal product testing, MUI provides the final religious determination through halal fatwas. BPJPH then issues the halal certificate based on MUI's decision. Through this integrated framework, BPJPH serves as the administrative backbone of the halal certification process, ensuring transparency, legal consistency, and accessibility for businesses seeking halal compliance (Dewi et al., 2023).

Halal Inspection Agency (LPH)

According to Law No.33 of 2014, the Halal Inspection Agency (*Lembaga Pemeriksa Halal – LPH*) is an institution authorized to inspect and/or test the halal status of products as part of the national halal certification system. Established by either government bodies, community-based Islamic organizations, or higher education institutions, LPHs are required to be accredited by the BPJPH, and must meet specific operational standards, including having a dedicated office, access to laboratory facilities, and a minimum of three certified Halal Auditors.

Halal Auditors play a central role in the LPH, conducting thorough examinations of product ingredients, processing methods, slaughter systems, production sites, equipment, storage, distribution, and overall halal assurance systems implemented by businesses (Mohammad Yusuf et al., 2022). Their findings are compiled into inspection reports submitted by the LPH to BPJPH and subsequently forwarded to the Indonesian Council of Scholars (MUI) for the issuance of a halal fatwa. As such, LPHs and their auditors serve as the technical backbone of halal verification, bridging regulatory requirements with religious compliance under the framework of Law No. 33 of 2014.

Halal Product Process Assistance Institutions (LP3H)

The institutionalization of support mechanisms for micro and small enterprises (UMK) in Indonesia's halal certification framework is reflected in the establishment of Halal Product Process Assistance Institutions (*Lembaga Pendamping Proses Produk Halal – LP3H*). While the acronym LP3H is not directly stated in Minister of Religious Affairs Regulation No. 20 of 2021, the regulation delineates the role of eligible institutions—namely Islamic mass organizations, Islamic religious institutions with legal entity status, and accredited higher education institutions—in coordinating and supervising Halal Product Process Assistants (P3H). These institutions are required to meet specific administrative and competency-based criteria, including the provision of organizational structures, expert personnel in halal assurance, and formal registration with the Halal Product Assurance Agency (BPJPH).

LP3H serve as intermediaries that operationalize the self-declare halal certification scheme, particularly targeted at empowering micro and small-scale producers. Their responsibilities include recruiting, training, and deploying P3H; overseeing verification and validation of halal claims made by businesses; and ensuring compliance with halal assurance standards. By institutionalizing the role of LP3H, the regulatory framework enhances accessibility, fosters community-based participation, and strengthens the capacity of local actors in contributing to the national halal assurance system. This structure reflects a strategic shift toward decentralized yet standardized halal governance, supporting Indonesia's broader agenda to develop an inclusive and globally competitive halal industry.

MUI

The Indonesian Council of Scholars (*Majelis Ulama Indonesia* – MUI) plays a pivotal role as the authoritative body responsible for issuing religious rulings (fatwas) on the halal status of products. While technical inspections and administrative processes are carried out by BPJPH LPH, MUI is the sole institution mandated to provide the religious judgment required to validate whether a product complies with Islamic law. This religious legitimacy is an essential component of the halal certification process, as stipulated in Law No. 33 of 2014 and its implementing regulations.

Following the submission of inspection reports by the LPH to BPJPH, the documents are forwarded to MUI for a formal fatwa session, during which religious scholars assess the product based on shariah-compliant criteria. Only after MUI issues a written halal fatwa can BPJPH proceed with the issuance of the official halal certificate. This process underscores MUI's exclusive religious authority in ensuring the integrity and legitimacy of halal labelling in Indonesia. In addition to fatwa issuance, MUI may also be involved in the development of halal standards and the provision of religious training to halal auditors and related personnel, thereby reinforcing its central role in safeguarding shariah conformity within the national halal certification system.

The Halal Product Fatwa Committee (KFPH)

The Halal Product Fatwa Committee (*Komite Fatwa Produk Halal* – KFPH) was formally introduced through Government Regulation in Lieu of Law (Perppu) No. 2 of 2022 as part of the revised legal framework on halal product assurance in Indonesia. Unlike the previous system under Law No. 33 of 2014, in which the issuance of halal fatwas was the sole responsibility of the MUI, the 2022 regulation establishes a state-recognized committee to carry out this religious adjudication function. KFPH is tasked with reviewing and issuing formal fatwas on the halal status of products based on documentation submitted by the BP-JPH including inspection results from LPH.

This shift reflects an institutional restructuring aimed at enhancing accountability, transparency, and standardization in halal certification. The committee comprises Islamic scholars with recognized expertise in Islamic jurisprudence (*fiqh*), appointed in accordance with the new regulatory framework. Its role is critical in ensuring the religious legitimacy of halal certificates, as BPJPH can only issue such certificates upon receiving a written halal fatwa from this committee. The establishment of the KFPH also signifies a broader effort by the Indonesian government to institutionalize religious functions within the state's halal certification regime, while maintaining alignment with Islamic principles.

Halal Certification Facilitator

The facilitation of halal certification in Indonesia is primarily designed to support micro and small enterprises (UMK) through an alternative certification mechanism known as the self-declare pathway. This model enables eligible businesses to obtain halal certification without undergoing formal inspection by Halal Inspection Agencies, provided their products meet specific criteria related to low risk, simplicity of production, and verified halal

ingredients. This approach significantly reduces the administrative and financial burden on UMK, while still ensuring compliance with national halal standards.

Training Institutions of Halal Assurance System

In accordance with Government Regulation No. 39 of 2021, the effectiveness and integrity of Indonesia's halal certification system depend on the competence of key human resources, particularly halal auditors and halal supervisors. The regulation stipulates that all Halal Inspection Agencies (LPH) must employ halal auditors who have been trained and certified based on standards recognized by the Halal Product Assurance Agency (BPJPH). These auditors are responsible for conducting assessments of product materials, production methods, and facility compliance during the certification process. Similarly, halal-certified businesses are required to appoint a halal supervisor who ensures continuous internal compliance with halal standards throughout the production process.

To meet these regulatory demands, individuals aspiring to serve as halal auditors or supervisors must complete formal training programs and pass competency assessments approved by BPJPH. The training may be organized directly by BPJPH or delivered through training institutes that are officially recognized by the agency. These institutes provide structured programs tailored to the roles and responsibilities of halal auditors and supervisors, covering both technical and religious dimensions of halal assurance. This structured approach to capacity building ensures that the personnel involved in halal assurance meet national standards for competency, thereby reinforcing both the credibility and scalability of Indonesia's halal certification framework.

Process Analysis of Halal Certification

Given the institutional roles outlined above, the halal certification process in Indonesia operates under two main schemes: the regular scheme and the self-declare scheme (Fig.1). The regular scheme is the standard pathway for most businesses and involves a comprehensive process that includes document submission, inspection by a Halal Inspection Agency (LPH), religious adjudication through a halal fatwa, and final certification issued by the Halal Product Assurance Agency (BPJPH). This pathway is mandatory for businesses outside the micro and small enterprise category or for those whose products involve high-risk materials, such as meat and its derivatives (Aziz et al., 2021).

In contrast, the self-declare scheme is reserved exclusively for eligible micro and small enterprises that produce low-risk products, such as food and beverages that do not contain meat or complex derivatives as their main ingredients (Arifin, 2023; Hasan et al., 2024). Under this scheme, businesses are allowed to declare the halal status of their products without undergoing the standard inspection process. However, the declaration must be supported by verification and validation conducted by certified Halal Product Process Assistants (P3H), under the coordination of authorized institutions (LP3H). Both schemes ultimately lead to halal certification issued by BPJPH, but they differ in terms of procedural rigor, oversight mechanisms, and the types of businesses they serve. This dual-track system reflects Indonesia's commitment to maintaining halal integrity while promoting inclusivity and regulatory efficiency, particularly for small-scale businesses.

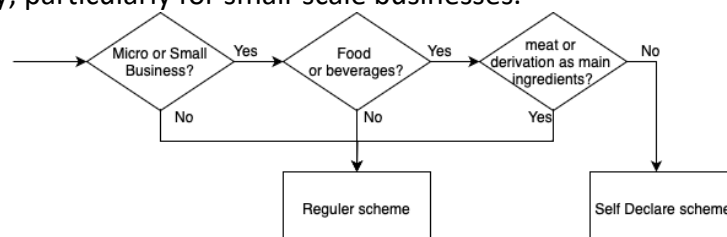


Figure 1 Classification of Halal Certification Scheme

The halal certification process under the regular scheme is explicitly outlined in Government Regulation in Lieu of Law (*Perppu*) No. 2 of 2022, which serves as a revision of Law No. 33 of 2014 on the Halal Product Assurance System. This process involves three primary actors: the LPH, which conducts the audit; the MUI, which issues the final fatwa or decision on halal status; and the BPJPH under Ministry of Regulation Affairs, which oversees and verifies each stage of the process to ensure procedural compliance. The following figure illustrates the Business Process Model and Notation (BPMN) representation of the halal certification process under the regular scheme, highlighting the key actors, sequential activities, and decision points involved.

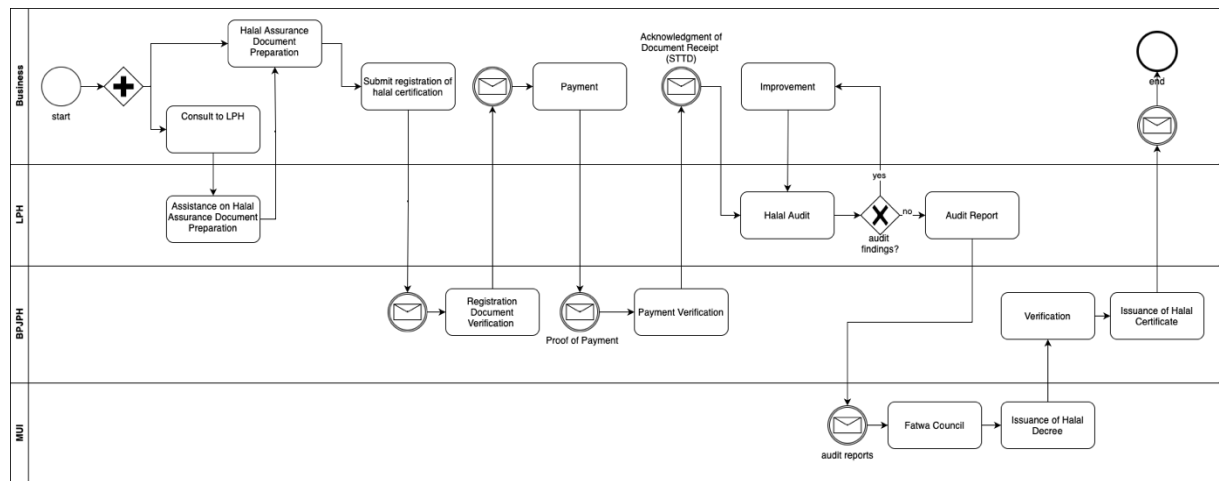


Figure 2 BPMN of Regular Halal Certification

The foundation for halal certification under the self-declare scheme was first established in Law No. 11 of 2020, which states that halal certification for micro and small enterprises may be granted based on a declaration made by the business. The procedural details were later outlined in Ministry of Religious Affairs Regulation No. 20 of 2021 and further refined in Government Regulation in Lieu of Law (*Perppu*) No. 2 of 2022.

While the general flow of halal certification remains consistent, the self-declare scheme introduces simplifications and adjustments in several key areas. Notably, it eliminates the requirement for a formal halal audit. Instead, the process relies on the verification and validation of the self-declaration submitted by the business. This task is not carried out by certified halal auditors, but by personnel with a different qualification known as P3H. P3H is specifically designated for the self-declare scheme and operates under LP3H.

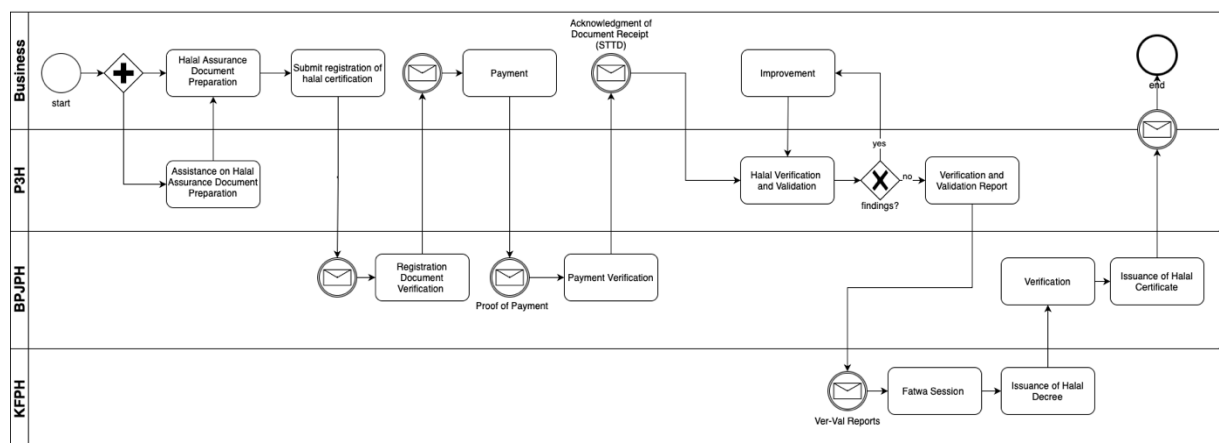


Figure 3 BPMN of Self-Declare Halal Certification

Business Ecosystem of Halal Certification

Building upon the analysis of stakeholders and processes, this study extends the understanding of the halal certification system by applying a business ecosystem perspective (Noordin et al., 2014). Within this framework, we propose that the halal certification ecosystem comprises three core and interconnected elements—regulators, scholars, and implementing bodies—that interact dynamically to ensure the system’s functionality and legitimacy

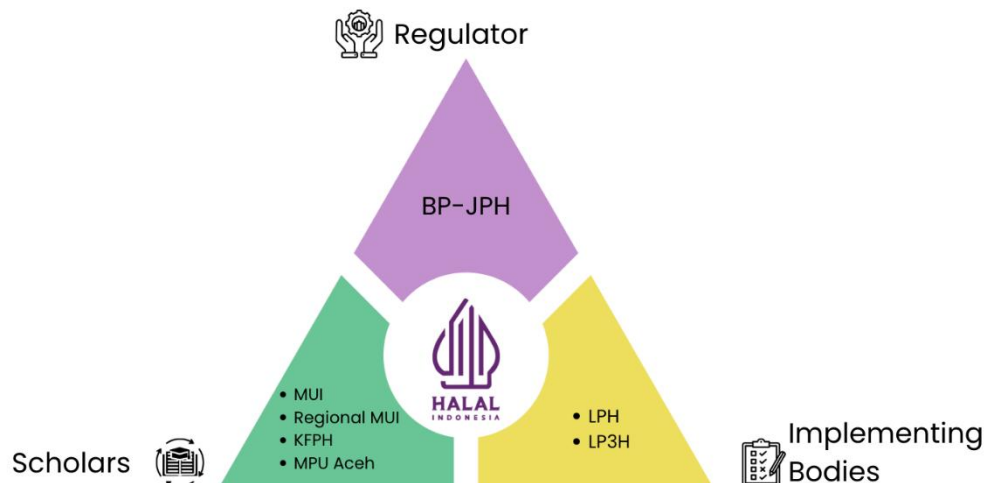


Figure 4 Business Ecosystem of Halal Certification in Indonesia

The Regulator

In Indonesia’s halal certification ecosystem, the primary regulatory role is held by the *Badan Penyelenggara Jaminan Produk Halal* (BPJPH), established under the Ministry of Religious Affairs in accordance with Law No. 33 of 2014 on Halal Product Assurance. As the central regulator, BPJPH is mandated to formulate and implement national policies on halal certification, coordinate with stakeholders, and manage the overall administration of halal assurance processes.

BPJPH functions not only as a policy-maker but also as a supervisory and licensing authority. It is responsible for registering halal certification applications, issuing halal certificates, accrediting Halal Inspection Bodies (LPH), and approving Halal Supervisors and Halal Product Process Assistants (P3H). In both the regular and self-declare certification schemes, BPJPH serves as the entry point and final decision-maker, ensuring procedural compliance and harmonization with national and international halal standards.

Furthermore, BPJPH plays a key role in facilitating coordination between the religious authority (MUI) and the implementing bodies (LPH and LP3H), thus maintaining the integrity and consistency of the halal certification framework. It also engages in public education and outreach, aiming to increase awareness of halal compliance, particularly among micro and small enterprises. In summary, BPJPH’s position as the **regulator** reflects its pivotal governance function in maintaining the credibility, transparency, and accessibility of Indonesia’s halal assurance system.

The Scholars

In the halal certification ecosystem, scholars serve as the central source of religious legitimacy. Their primary responsibility is to ensure that the products, materials, and processes subjected to certification adhere to the principles of Islamic law. This is primarily achieved through the issuance of halal fatwas, which are formal religious rulings based on Islamic jurisprudence. These fatwas act as normative guidelines for regulators and

implementing bodies, providing a doctrinal foundation that informs all technical and procedural decisions within the certification process.

The role of scholars goes beyond simple endorsement. They engage in interpreting complex jurisprudential issues, evaluating the permissibility of specific ingredients and production technologies, and providing rulings on newly emerging products. Their judgments carry religious authority and are essential to maintaining public trust in the halal label, particularly in a diverse and increasingly globalized food and consumer goods market.

In Indonesia, the network of scholars involved in the halal certification process spans multiple institutional levels. The *Majelis Ulama Indonesia* (MUI) at the national level has historically been the primary body for issuing halal fatwas and continues to be a central actor in standard-setting and religious interpretation. However, the role of scholars is not confined to the national level. At the sub-national scale, provincial and municipal branches of MUI also participate in supporting halal-related decisions, particularly in facilitating regional implementation and addressing locally specific inquiries.

In the special autonomous region of Aceh, where Islamic law has a formal role in governance, the *Majelis Permusyawaratan Ulama* (MPU) Aceh holds the authority to issue halal fatwas independently, reinforcing the localized application of religious norms. Additionally, the state has established the *Komite Fatwa Produk Halal* (KFPH), a halal product fatwa committee under BPJPH, to provide structured religious consultation and collective fatwa issuance, integrating the function of scholars more formally into the halal assurance framework.

Together, these scholarly institutions ensure that halal certification in Indonesia remains grounded in authentic and contextually relevant Islamic principles. Their involvement not only upholds religious integrity but also bridges the gap between modern industrial practices and classical jurisprudence, making the system both credible and adaptable.

The Implementing bodies

The final key element in the halal certification ecosystem is the implementing bodies, represented by institutions responsible for the technical assessment and validation of a product's compliance with halal standards. These implementing bodies play a crucial operational role in the certification process, ensuring that the claims made by businesses—whether in regular or self-declare schemes—are supported by verifiable evidence and conform to the standards outlined by the regulator and religious authorities.

Two main types of institutions fulfill the implementation function in Indonesia: Halal Inspection Agency (LPH) and *Halal Product Process Assistance Institution* (LP3H). LPHs are formally accredited Halal Inspection Bodies that conduct thorough assessments under the regular halal certification scheme (Lestari et al., 2023). Their responsibilities include auditing production facilities, analyzing supply chains, reviewing ingredient traceability, and preparing verification reports. These reports are submitted to the regulator, BPJPH, and then referred to MUI or other authorized bodies for fatwa issuance. LPHs must employ qualified halal auditors who have received training and certification recognized by BPJPH, ensuring the technical competence and consistency of inspections across sectors (Ansyah et al., 2024).

In contrast, LP3H operates primarily within the self-declare halal certification scheme, which is designed to accommodate micro and small enterprises that meet specific eligibility criteria. Under this simplified scheme, the halal audit is replaced by verification and validation of the business owner's self-declaration. This task is performed by specially trained personnel known as *Pendamping Proses Produk Halal* (P3H), who are affiliated with LP3H. Unlike halal auditors, P3H do not require formal auditor certification but must still possess sufficient training in halal assurance procedures as mandated by BPJPH. Their role is to assist businesses

in preparing documentation, ensure the fulfillment of halal requirements, and submit verified applications to BPJPH for certification issuance.

Together, LPH and LP3H form the operational backbone of the halal certification process. They translate regulatory and religious standards into verifiable, on-the-ground assessments, bridging the gap between policy and practice. Their collaboration with BPJPH and MUI helps to ensure that the certification process is both technically sound and religiously valid, while also remaining accessible to businesses of different sizes and capacities.

Discussion

With the mapping of process flow and modeling of business ecosystem above, there are some emerging topics that needs to be highlighted.

Dynamics of Current Business Ecosystem

The business ecosystem of halal certification in Indonesia demonstrates a dynamic interplay between regulatory, religious, and operational actors, each contributing distinct yet interdependent roles. This ecosystem is not static; rather, it continues to evolve in response to legal reforms, institutional development, and socio-economic demands. The transformation initiated by Law No. 33 of 2014 and its subsequent implementing regulations has shifted the halal assurance system from a primarily religious-based initiative to a nationally governed, multi-actor system (Hudaefi & Jaswir, 2019; Wekke et al., 2024).

A defining feature of this ecosystem is its multi-level stakeholder structure, where central government agencies, such as BPJPH, act as regulators; religious authorities like MUI issue normative guidelines; and implementing bodies such as LPH and LP3H conduct verification activities. These actors operate within both centralized and decentralized frameworks, with regional MUIs and local halal inspection bodies also playing important roles, especially in supporting micro and small enterprises.

The introduction of the self-declare scheme has further influenced the ecosystem by enabling broader participation from small-scale producers. While this increases inclusivity and accessibility, it also adds layers of complexity in terms of quality assurance, role coordination, and monitoring capacity. The involvement of educational institutions in training halal auditors and supervisors, as well as the growing participation of civil society organizations in advocacy and public awareness, reflect the widening scope of ecosystem contributors.

Moreover, the halal certification ecosystem is shaped by a blend of regulatory authority and religious legitimacy, which requires continuous alignment between formal legal instruments and religious fatwas (Hudaefi & Jaswir, 2019; Yakub & Zein, 2022). This dual legitimacy adds to the system's credibility but also introduces potential friction in interpretation, implementation, and policy adjustments. In addition, the rising global demand for halal-certified products has pressured the ecosystem to meet international standards and market expectations, prompting discussions around harmonization, digitalization, and efficiency.

In sum, the dynamics of the halal certification business ecosystem in Indonesia are characterized by increasing institutional complexity, expanding stakeholder involvement, and ongoing adaptation to both domestic needs and global market shifts. Understanding these dynamics is essential for strengthening coordination, improving governance, and ensuring the long-term credibility and scalability of Indonesia's halal certification system

Stakeholders' Role and The Challenges of Coordination

Within the halal certification ecosystem, each stakeholder plays a specialized role that collectively supports the functioning of the system. The BPJPH serves as the central regulator, responsible for policy formulation, certification issuance, accreditation of inspection bodies, and general oversight. Its role is instrumental in translating regulatory mandates into operational procedures and ensuring that certification schemes are implemented consistently across the country.

The MUI, along with its provincial and municipal branches, acts as the religious authority that provides halal fatwas, an essential component for legitimizing the halal status of a product. The KFPH under BPJPH also plays a strategic role in harmonizing fatwa discussions within the formal government framework. These institutions ensure that halal certification aligns with Islamic jurisprudence while also responding to evolving food technology and production practices.

LPH and P3H affiliated with LP3H represent the operational arm of the system. Their tasks include verifying business compliance through audits or validation, depending on the certification scheme. Educational institutions are involved in developing human resources, especially in training halal auditors and supervisors, while civil society organizations contribute to awareness-building and community engagement (Ansyah et al., 2024).

Despite clearly defined roles, the ecosystem faces persistent coordination challenges. One such challenge is the alignment of religious interpretations from MUI with administrative procedures managed by BPJPH, particularly as the latter assumes a more central regulatory role. In some cases, overlapping functions or jurisdictional ambiguity between national and regional actors can lead to inefficiencies or delays in certification processes.

Furthermore, the dual-track nature of the system, comprising both regular and self-declare schemes, requires different forms of supervision, documentation, and validation, which complicates coordination between implementing bodies (LPH and LP3H). Variations in capacity among regional institutions, such as differences in the availability of qualified auditors or trained P3H personnel, also affect the consistency and reliability of the certification process (Hasan et al., 2024).

As the ecosystem becomes more inclusive and responsive to market demands, it is essential to strengthen stakeholder coordination through clearer role delineation, capacity building, and improved communication mechanisms. Institutional integration and alignment, both vertically (national to local) and horizontally (across agencies), will be critical in enhancing the overall efficiency and credibility of Indonesia's halal certification framework.

Indonesia Positioning in Global Halal Certification Industry

Indonesia's aspiration to become a global leader in the halal industry is both strategic and timely, given its status as one of the world's most populous Muslim-majority countries, and its strong domestic demand for halal-certified goods and services. The regulatory consolidation under Law No. 33 of 2014 and the establishment of BPJPH mark significant steps toward formalizing and institutionalizing halal assurance at the national level. However, positioning Indonesia as a globally competitive halal certification hub requires more than domestic regulatory strength. It also demands international credibility, interoperability, and market trust (Latif et al., 2014; Yakub & Zein, 2022).

One of the key challenges to Indonesia's international positioning lies in the recognition of its halal certificates by other countries, particularly those with established halal authorities such as Malaysia (JAKIM), Singapore (MUIS), the Gulf States, and members of the Organization of Islamic Cooperation (OIC) (Wekke et al., 2024). To achieve broader acceptance, Indonesia must ensure that its certification system aligns with internationally recognized standards, such

as those issued by the Standards and Metrology Institute for Islamic Countries (SMIIC) and the World Halal Council (WHC). This alignment includes not only religious rulings and technical standards but also audit processes, traceability systems, and accreditation procedures.

The dual structure of Indonesia's certification system, especially the simplified self-declare scheme, may face scepticism in markets with stricter conformity assessment protocols (Lutfi, 2025). While the self-declare model increases access for domestic micro and small enterprises, its adoption at the international level will depend on the robustness of validation mechanisms and transparency in compliance reporting. Moreover, Indonesia's opportunity to lead extends beyond certification issuance. It can contribute to halal-related knowledge production, such as research on halal food technology, digital traceability tools, and integrated halal supply chains. Partnerships with other halal certification bodies, participation in global halal forums, and development of international training programs for halal professionals are strategic avenues to strengthen its international role.

To that end, strengthening institutional reputation, investing in digital infrastructure for halal traceability, and building mutual recognition agreements (MRAs) with key trading partners are essential. A globally trusted halal certification system will not only support Indonesia's exports but also enhance its soft power and influence within the global Muslim economy.

Future Research

While this study provides a foundational understanding of the stakeholder roles and business dynamics within Indonesia's halal certification ecosystem, several areas merit further investigation. First, future research could explore the effectiveness of coordination mechanisms between central and regional actors, particularly in managing the dual scheme system (regular vs. self-declare). Empirical studies that examine implementation gaps at the regional level could provide valuable insights for policy refinement.

Second, as the halal certification system increasingly integrates with digital technologies, research is needed on the development and adoption of halal traceability systems, digital auditing tools, and certification databases. Such studies would support the ecosystem's move toward greater transparency and global interoperability.

Third, further inquiry into consumer trust and perception—especially regarding the simplified self-declare scheme—would help assess the public's confidence in the evolving certification landscape. Comparative studies across different provinces or international benchmarks could offer perspectives on system credibility and acceptance.

Lastly, Indonesia's international engagement and mutual recognition efforts warrant deeper investigation. Research could analyze the political, religious, and technical barriers to international halal certificate recognition, as well as the strategic pathways toward harmonization with global standards.

In sum, future research should focus on the operational, technological, sociological, and geopolitical dimensions of halal certification to support Indonesia's ambition of becoming a trusted leader in the global halal industry.

Conclusion

Indonesia's halal certification system has evolved into a complex and multi-actor business ecosystem, characterized by dynamic interactions between regulatory bodies (BPJPH), religious authorities (MUI and KFPH), and technical implementers (LPH and LP3H). The transformation from a centralized, religiously-led process to a state-regulated and decentralized framework—particularly after the enactment of Law No. 33 of 2014—has

expanded access to halal certification, especially for micro and small enterprises through the self-declare scheme.

This study highlights the unique structure of Indonesia's dual-track certification model, where regulatory compliance and religious legitimacy must be balanced across different institutional levels. While the system's inclusivity enhances accessibility, it also introduces coordination challenges related to role clarity, quality assurance, and procedural harmonization. The BPMN-based process mapping further reveals the procedural complexity and critical decision points that demand robust oversight.

By conceptualizing halal certification as a business ecosystem, this study contributes a novel analytical framework that captures stakeholder interdependencies and institutional linkages. This perspective moves beyond traditional compliance-focused narratives and instead emphasizes value co-creation, institutional alignment, and adaptive governance.

To enhance the effectiveness and international credibility of the halal certification system, future efforts should focus on strengthening coordination mechanisms, investing in human resource development, and aligning domestic standards with global halal frameworks. A credible and globally recognized halal assurance system will not only support Indonesia's domestic halal economy but also solidify its leadership role in the global halal industry.

Declarations

Author contribution statement

The lead author participated in the study's conceptualization and design, analysis, interpretation of data, and initial drafting of the paper. Each author contributed to the critical revision of the content for intellectual rigor and provided final approval for the published version. All authors are responsible for every aspect of the work.

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Data availability statement

The data supporting this study's findings are available from the corresponding author upon reasonable request. However, due to privacy and ethical considerations, the data are not publicly accessible.

Declaration of Interests Statement

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