



THE ROLE OF HALAL LOGISTICS IN THE DEVELOPMENT OF INDONESIA'S NATIONAL ECONOMY

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Abstract

The Qur'an and Hadith as sources of Muslim law have made it clear that halal products are very important to be used by Muslims in Indonesia, therefore halal nowadays, many Indonesian people are interested in using it so halal products in Indonesia have become a sector that contributes greatly to the Indonesian economy. In addition to providing halal products that are good for those who consume them, they also provide economic value to the people in Indonesia who have a halal product business. Halal does not only concern product content but also relates to the halal logistics system and the halal supply chain. Literature study is used as a research method to gather insights from various national and international sources. Method collection data through secondary data obtained from various scientific works such as journals, articles, e-books, and the internet. Based on the results of the study, halal logistics is a logistics system based on segregation between halal and non-halal products. The purpose of separating halal and non-halal products is to avoid contamination of goods, avoid errors in handling goods, and ensure the consistency of halal handling as expected by Muslims. In addition to product halalness, the development of halal logistics also includes policies, infrastructure, facilities, and institutions. In addition, competency in human resources is also required in each process and information technology for monitoring the halal product flow.

Keywords: Halal Logistics, Indonesia's National Economy

I. INTRODUCTION

Indonesia is a country with great potential to develop halal logistics for the development of the national economy. Of course, this great potential is an implication of the large number of Muslim populations in Indonesia. In 2022 it is estimated that the total expenditure of global Muslims in 2022 will grow by 9.1%, originating from 6 (six) real sectors of the Islamic economy, namely the halal food and beverage sector, modest fashion, cosmetics, pharmaceuticals, media and recreation, and travel. This growth is

expected to reach US\$2.8 trillion in 2025 or an increase of 7.5% (State of the Global Islamic Economy Report, 2022).

Halal products are food and beverage products that are suitable for consumption by the Muslim community and are labeled halal on their packaging. In practice, the delivery of these food and beverage products to consumers requires a good and quality management system. The management system that regulates the distribution and storage of this product is called the halal logistics system. The halal logistics system is part of supply chain management in the halal food industry (Reza, 2021).

The Halal Food Industry has been seen as a key sector driving the Islamic Economy where it has more companies than any other sector including Islamic Finance, Halal Travel, Modest Fashion, Halal Media and Recreation, and Halal Pharmaceuticals and Cosmetics. More and more halal-certified products are being offered, starting from the ever-increasing demand for halal mozzarella, to the ever-increasing demand for Muslim-friendly resorts (SGIE, 2018). American and European countries have a significant role in global Islamic economy, both as producers and consumers. Among the member states of the European Union, France, Germany and Sweden are the three countries with the most significant Muslim populations in absolute terms. The practice of halal logistics has grown significantly due to demand from the halal food industry. The halal industry has experienced increased growth due to the growth in the global Muslim population along with the popularity of halal food for non-Muslim consumers. These results tend to increase market demand for halal products. Asian and Middle Eastern countries such as Malaysia, Indonesia, Saudi Arabia, even non-Muslim majority countries such as Singapore and Australia have initiatives to take over halal-based businesses and halal logistics. All these countries realize the importance of logistics lawful.

The trend of halal logistics is increasing because halal logistics can provide guarantees beyond products to provide better guarantees to consumers (Fathi, Zailani, & Iranmanesh, 2016). To increase economic growth in Indonesia as a halal food producer, the government has issued Law Number 33 of 2014 concerning Guarantees for Halal Products as a reference for business actors in making halal food (Hasanah, 2021). This is all for the development of the national economy in Indonesia Indonesia. To increase economic growth in Indonesia as a halal food producer, the government has issued Law

Number 33 of 2014 concerning Guarantees for Halal Products as a reference for business actors in making halal food. This is all for the development of the national economy in Indonesia. And halal logistics does have a strategic role in improving the national economy.

The halal logistics system must guarantee that the products that reach consumers are still guaranteed to be halal during the process of logistics activities, both in the raw material warehouse, at the factory, in the finished goods warehouse, means of transportation, packaging, retail and up to the consumer end. In the context of a supply chain management system, the halal product process includes activities: storage of raw materials, production, processing and packaging, storage of finished goods, and product distribution to the final consumer. The process of halal products requires that the location, place and equipment for processing halal products must be separated from the location, place and equipment for processing, storage, packaging, distribution, sales and presentation of non-halal products. Halal activities will control the halal logistics process. The halalness of a product is inseparable from where and how a product originates and is processed/produced (Euis Saribano, Okin Purba, Lira Agushinta, 2019). From the description above, in this study focusing more on the halal logistics was related with Indonesia's national economy.

II. LITERATURE REVIEW

Definition of Halal Logistics

Halal in Islamic law means permissible, and often refers to the food and drink that is permissible for Muslims to eat and drink according to Islamic law. Halal also refers to other products such as pharmaceuticals and cosmetics. Moreover, the concept of halal refers to a true Islamic lifestyle. Furthermore, all halal products must be in good condition and guaranteed cleanliness or hygiene, quality (nutrition), and safety (Sazeli Abdul Mu'ti, 2019). Logistics is an integrated system that coordinates the entire process within an organization or company in preparing or delivering products/goods to consumers. Economic growth in the world and the expanding concept of free trade means that halal logistics must be implemented because halal products are very important for Muslims in

Indonesia and are also very important for the development of the national economy in Indonesia. (Martono Ricky Virona, 2018).

Halal logistics is a factor that plays an important role in the product supply chain system, both halal food and beverages. The development of a halal logistics system can improve the quality of storage, transportation, customer satisfaction, and business benefits. Factors that play an important role in development of halal logistics namely integrity of halal products, segregation of product feasibility, and feasibility of the logistics system. The concept of product integrity is influenced by product traceability, asset specification, quality control, trust and commitment. Product traceability is useful for ensuring the transparency of product shipments carried out by companies providing logistics and quality control services, as well as ensuring that the product is halal and not contaminated with non-halal products (Ashari, Reza, 2021).

Halal logistics can be interpreted as logistics activities which include aspects of warehousing, distribution and retail based on Islamic law (Sharia). Halal logistics will ensure that all halal products are packaged, handled, stored and distributed in a permissible manner from producer to consumer. All halal products must be in good condition and guarantee cleanliness, quality (nutrition), and safety (not contaminated with non-halal products and ingredients) before consumption (Jaafar, 2011). Halal Logistics is a new phenomenon, driven by the halal industry to expand from halal sources to consumer purchasing points to ensure the integrity of halal products for end consumer markets and exports, besides that the research results show that conventional logistics handling for halal products provides sufficient guarantees for Muslim consumers in Indonesia. Muslim and non-Muslim countries (Santoso Ivan Rahmat, 2020).

Halal logistics is also described as managing the halal network with the aim of extending halal integrity from source to point of consumption (Tieman, 2013). For the application of the halal logistics concept, supply chain partners must be familiar with halal standards and be able to differentiate halal and haram products, because it is important to separate products to avoid cross-contamination accurately.

III. RESEARCH METHODS

Research is founded as a process of collecting and analyzing data which is carried out systematically and logically to achieve certain goals this research attempts to develop knowledge, develop and test theories (Sudaryono, 2016). In research of this article, the authors used a type of library research. This research is an activity related to library data collection methods (Mahmud, 2011). According to Abdul Rahman Sholeh, library research is research that uses methods to obtain information data by placing existing facilities in the library, such as books, magazines, documents, records of historical stories. Almost all types of research require literature study. Library research as well as utilizing library resources to obtain research data. This research only uses library research and does not require field research (Zed Mestika, 2008).

IV. RESULTS AND DISCUSSION

Halal Destination Logistics

The goal of halal logistics is to ensure that halal products are stored and transported safely and efficiently. The need to start more logistics services based on the concept of halal is very important in meeting the needs of the increasing demand by customers so that the development of the national economy can increase with the role of halal logistics in Indonesia. The purpose of logistics is to ensure customers can enjoy, use or consume the product at the right time, the right amount, the right description, and in good condition. Therefore, logistics management involves a series of activities, namely: transportation, storage and warehousing, inventory management, material management, product scheduling and customer service (Talib & Hamid, 2014).

Halal Benefits Logistics

One of the benefits of halal logistics is the success of a halal industry, that the success of the halal industry depends on the ability of logistics service management to ensure the integrity of halal products. All halal products must comply with sharia law which states that products must be safe, harmless and healthy, from origin to final consumption. Transportation and logistics are the main elements that ensure halal products remain halal when they reach consumers. The basic principle of halal transportation is to

ensure the physical separation of halal cargo from non-halal cargo in transportation. This is to avoid possible cross-contamination, avoid possible errors, and ensure transportation system meet the expectations of various Muslim consumers around the world (Qurtubi and Abdul Jalal, 2017).

The Role of Halal Logistics in Economic Development National Halal Logistics as Need

Muslims in the world certainly need halal products, therefore halal logistics is a necessity for Muslims in the world with the existence of a halal industry or halal products, Muslims in Indonesia can use halal products. Halal logistics certainly has an important role in halal products in Indonesia because with the existence of halal logistics it can ensure the availability of halal products in the right quantity and quality, at the right time and at affordable prices (Zaroni, 2019). The development of the need for halal products is increasing so that the business opportunities for halal products are increasingly attractive and competitive. This happens because there are several opinions that allow for this opportunity and enthusiasts of halal products are not only Muslim countries but also countries with a non-Muslim majority (eco-friendly) so that the demand for halal food on the world market is increasing (Erny Rachmawati, 2019). Halal logistics plays an important role in economic trade because it provides added value to products and services through the creation of place utility, time utility, and quantity utility values.

The Role of Halal Logistics in Development Economy

In recent years, the demand for halal products has increased, not only because of the large Muslim population in Indonesia and awareness of carrying out religious teachings, but also driven by several factors, including: free markets, cross-border trade, and economic improvements lawful around the world. Related to the increasing demand for halal products, it also encourages the importance of halal logistics. As part of the supply chain management for halal products, halal logistics plays an important role in the process of storing, transporting and distributing halal products to consumers. The halal logistics system must guarantee that products are guaranteed to be halal during the process of logistics activities, both in warehouses, depots, terminals, means of transportation, and

packaging. The growth of the sharia economy is also getting stronger, supported by several main drivers, including the large Muslim population, increasing awareness of Islamic ethical values related to the consumption of halal and thoyyib products, and the increasing number of national strategies and programs dedicated to the development of products and services lawful.

With this huge market potential, other countries have made Indonesia the main market target for their halal products. So now is the time for national halal industry players to become major players in the global halal industry, no longer just being the target market for halal products (Ministry of Industry of the Republic of Indonesia, 2022). Halal logistics has the potential to be developed in the national economy, especially since Indonesia is a country with a majority Muslim population in the world. This has become one of the strengths for Indonesia to become a leading global halal logistics company. Many sectors have potential and have great opportunities to contribute to Indonesia's current economic growth (Dewi Utari, 2022).

Halal logistics is important to be implemented in Indonesia and it is time for Indonesia to develop halal logistics standards. The government's role in encouraging and facilitating the implementation of halal logistics is very much needed. Halal logistics continues to show positive growth every year. This growth certainly makes a positive contribution to the national economy. This contribution can be seen through the Gross Domestic Product (GDP). This contribution to GDP is reflected in the consumption of the Indonesian people as well as export and import activities of halal products (Muhammad Anwar Fatoni and Tasya Hadi Syahputri, 2020).

Halal Logistic Challenge in Indonesia

Some of the challenges currently facing the halal industry in Indonesia: First, the government, the halal industry in Indonesia faces challenges from the government's role in realizing Indonesia as the world's halal center in 2024. The challenges include the not optimal role of the government in socializing the halal industry to the public, halal product certification, company halal certification and dissemination of consumer protection, as well as the role government in regulating halal logistics obligations (Yuli & Wojtyla, 2020). Second, organization, the challenges in this aspect are the lack of halal-certified

organizations or companies, promotion challenges, information sharing, halal raw materials, low competitiveness of local products, challenges in the production process (halal value chain management), challenges in halal control and challenges in the logistics process. Third, development, one of the biggest challenges for the Halal industry is development which must be recognized by international standards and halal accreditation, especially in the food sector (Azam & Abdullah, 2020). Fourth, existing resources, Indonesia as a country that has the requirements to become a developed country should continue to work with innovation, capture prospects and utilize all existing resources in the country both natural resources, human resources and technological resources. Thus, the halal industry in Indonesia can provide higher added value for consumers (Yudha, 2020). Fifth, the challenge that comes from the community as consumers is the low public response to halal-certified products (Warto & Arif, 2020). Communities have different standards for halal products, low public understanding of the urgency of developing the halal industry.

V. CONCLUSION

From the description above, it can be concluded that halal logistics is the application of the principles of *halalan toyyiban* throughout supply chain activities. All activities starting from the source of supply, storage, transportation, manufacturing, handling, and distribution must comply with the concept of *halalan toyyiban*. The aim of halal logistics is to guarantee the halalness of products along the flow in the supply chain. Halal logistics is developing due to the increasing level of consumer awareness, in addition to the halal product, the logistics process and supply chain is also halal. One of the benefits of halal logistics is the success of a halal industry, that the success of the halal industry depends on the ability of logistics service management to ensure the integrity of halal products.

The implementation of halal logistics is carried out to provide convenience for customers and is a trend and a necessity, because it can add value to a product. In addition, halal guarantees in logistics have high market prospects in terms of sharia and business terms especially in Indonesia's national economy. Therefore, besides being able to protect the people from products that are not necessarily halal, it can also increase the business

value of a product and in order to maintain the supply chain of halal products from upstream to the final consumer, so that people become safe in consuming halal products.

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