

Bridging Halal Policy Gaps through Value-Based Governance in Indonesia

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Abstract

Purpose – This study aims to analyze the role and significance of the value based governance application such as the Standards and Metrology Institute for Islamic Countries (SMIIC) to bridge policy of halal certification in Indonesia. This study also wants to explore how concept of value-based governance can be integrated into halal policy development to address existing policy gaps and institutional fragmentation. Many previous studies suggest that halal certification is one of the key drivers of economic growth, particularly in Muslim-majority countries.

Design/methods– This study employs a qualitative desktop research approach, focusing on an extensive review and analysis of secondary data sources. The data were collected from academic journals, official documents, policy papers, and reports related to halal certification, value-based governance, and the role of the Standards and Metrology Institute for Islamic Countries (SMIIC). Through systematic document analysis, the study identifies policy gaps, governance challenges, and awareness levels of halal certification in Indonesia. The methodology emphasizes critical evaluation and synthesis of existing literature and institutional frameworks to understand how value-based governance principles can be applied to improve halal certification policies and practices in the Indonesian context.

Findings – The findings of this study indicate that SMIIC, as a representation of value-based governance, plays a significant role in enhancing awareness of halal certification in Indonesia. Specifically, the research reveals that SMIIC exerts a measurable internal influence on individuals by guiding distinct rituals and behaviors related to halal practices. This influence manifests in increased recognition and acceptance of halal certification as a necessary standard for products consumed by Muslim communities. The study also identifies a correlation between SMIIC's efforts and improvements in public understanding of halal certification processes, though gaps remain in policy implementation and institutional coordination. These findings confirm that integrating value-based governance principles through SMIIC strengthens the legitimacy and awareness of halal certification, thereby supporting economic and social objectives in Indonesia.

Keyword: Policy, Value-based, Governance, Halal, Indonesia

Ethical Statement: It is declared that scientific and ethical principles were adhered to during the preparation of this work, and all sources used have been properly cited in the bibliography. The article has been reviewed by at least two peer reviewers, a similarity report was obtained using Turnitin, and compliance with research/publication ethics has been confirmed.

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Article Type: Research Article

1. Introduction

Any organization will be said to be influential depending on its relevance to society. Including the changes provided will add credibility to the organization to continue to increase its influence in people's lives. This includes the Organization of Islamic Cooperation (OIC), which is increasingly expanding its dominant domain starting with politics, which then currently includes many new areas of direct concern with human development and well-being. One of them is socio-economic empowerment, health, and good governance. This is sought by the OIC so that there is continuity with the development and progress of the times that occur in an inclusive manner. In this context, the role of international institutions such as the Standards and Metrology Institute for Islamic Countries (SMIIC) becomes increasingly strategic in supporting regulatory coherence among member states, especially in the halal sector. As the halal industry grows beyond religious obligations into a global economic driver, the need for standardized governance and mutual recognition mechanisms becomes urgent. Yet, aligning national systems with international standards remains a challenge for many countries, including Indonesia, which despite having strong internal frameworks, has not fully integrated with transnational halal public policy.

Problem Statement

Many previous studies say that halal certification is one of the keys to economic escalation (Cholil et al., 2025; Purnomo, 2023; Mustakim et al, 2024). However, the facts show that no international organization has yet gathered this need to strengthen economic opportunities for countries supporting the halal industry. In recent decades, the global halal industry has expanded significantly beyond its religious roots, becoming a critical component of international trade and economic development. As Muslim and non-Muslim consumers increasingly demand halal-certified goods and services, the absence of a standardized, internationally recognized halal certification body has created both challenges and opportunities for countries seeking to access and grow in this lucrative market. This paper aims to examine the implications of this absence, particularly in light of the emergence of the Standards and Metrology Institute for Islamic

Countries (SMIIC) under the Organization of Islamic Cooperation (OIC), and its potential role in establishing long-term economic benefits.

Facts show that only the OIC forms value based governance with the common identity and has a special body in the field of the halal industry. The OIC is definitely the 2nd largest international organization in the world after the UN (Metrology Accreditation, n.d.) with a total of 57 countries that have joined to date (Organisation of Islamic Cooperation, n.d.). This is a strong reason that makes this study interested in discussing further that is under a large organization such as the OIC in overshadowing the needs of OIC countries over the acceleration of halal certification and to find out the extent of the significance of this framework to the economy, especially the halal industry of the countries involved in the OIC.

Therefore this study is interested to answer this question: To what extent value-based governance, be effectively applied to bridge the policy and standardization gaps between Indonesia's national halal certification framework and the transnational standards promoted by the Standards and Metrology Institute for Islamic Countries (SMIIC)?

Literature review

The increasing significance of the halal industry within the global economic framework has prompted numerous studies to explore its governance, certification systems, and its role in economic development, particularly among OIC (Organization of Islamic Cooperation) member countries. One study highlights the critical role of good governance indicators as a fundamental pillar in resolving various national challenges, including those related to economic advancement. Effective public governance characterized by transparency, accountability, and institutional effectiveness can significantly influence how OIC countries harness opportunities presented by emerging sectors such as the halal industry. However, a substantial gap remains: the absence of a centralized international halal authority that unifies the certification systems across OIC countries. This gap presents a strategic opportunity for institutions like the Standards and Metrology Institute for Islamic Countries (SMIIC), which focuses on three core domains standardization, accreditation, and metrology to play a pivotal role in

harmonizing halal certification systems and, consequently, improving economic performance through enhanced trust and market access (Wibowo, 2023).

Another study explores the dynamics of halal certification in Southeast Asia, emphasizing that halal certification has transcended religious boundaries to become a vital component of consumer assurance in both Muslim and non-Muslim markets. Countries such as Thailand, the Philippines, and Singapore have strategically adopted halal certification as a national economic instrument, demonstrating that compliance with halal standards can attract global consumers and strengthen trade competitiveness. The study also argues that halal certification is not only a religious necessity but a socioeconomic tool that, when properly governed, contributes directly to national income and trade development. However, despite its growing economic importance, it is noted that previous literature often lacks emphasis on the institutional frameworks required to bind halal certification under a globally unified system [Akim et al., 2023a]. This shift in perception from religious obligation to economic strategy illustrates the growing complexity and relevance of halal certification in the global marketplace. Yet, the fragmented nature of certification systems across countries points to a deeper issue: the absence of an integrated institutional framework that governs halal standards at the international level. This gap invites further inquiry into broader governance models that can accommodate such complexity. One promising approach is the concept of value-based governance, which not only considers legal and institutional mechanisms but also emphasizes shared norms, ethical principles, and collective values as the foundation for policy integration. This leads into the theoretical framework of this study, which draws on evolving perspectives of regionalism and global governance to explore how value-based approaches can serve as a unifying force in international halal standardization efforts.

Theoretical Framework

The final relevant study is found in a journal article titled Exploring Regional Domains: A Comparative History of Regionalism, which offers a historical and comparative analysis of value based governance as a growing dimension within global governance. The article traces the evolution of value based governance across various geopolitical contexts,

emphasizing that value based governance is not a static or uniform phenomenon, but rather an evolutionary and cumulative process that has broadened over time to include diverse responsibilities and functions. It argues that value based governance has increasingly become a critical component in global governance arrangements, with its relevance continually expanding through the roles played by both multilateral institutions and non-state actors (Fawcett, 2023). From this perspective, the current research draws upon the theoretical grounding offered by value based governance particularly the new approach which redefines regionalism beyond geographical proximity. This theoretical framework supports the idea that value based governance today may not be limited to states within a single region, but can also involve inter-regional institutions or collaborations that are built upon shared values, goals, or economic interests. In the context of the halal industry, this opens a conceptual pathway to analyze international halal regimes such as SMIIC not simply as technical institutions, but as actors within a broader regionalist architecture aimed at realizing common values such as halal standards across diverse member states. Thus, the inclusion of value based governance serves to reinforce the strategic relevance of transnational halal cooperation and the growing role of institutional frameworks in supporting the global halal economy.

2. Methods

This study adopts a qualitative case study design with a desktop research approach to explore the role of the Standards and Metrology Institute for Islamic Countries (SMIIC) in shaping awareness of halal certification in Indonesia. By positioning SMIIC as a model of value-based governance, the research seeks to understand how international institutional frameworks contribute to national policy awareness, particularly in the context of the halal industry. The focus of the study lies not on individuals but on institutional and documentary sources. Therefore, the unit of analysis includes policy documents, organizational reports, academic literature, and official publications that discuss halal certification, regulatory standards, and the role of SMIIC. These materials were sourced from credible databases and institutions, including official websites of SMIIC and Indonesia's Halal Product Assurance Agency.

Data collection was conducted entirely through document analysis. The researcher systematically selected, reviewed, and categorized texts relevant to the research questions. To maintain consistency and analytical clarity, a data extraction was employed to record key elements from each source, including the context, governance features, policy alignment, and observed effects on public awareness.

The data analysis process followed a qualitative content analysis method. Key themes were identified through a process of inductive coding, allowing categories to emerge organically from the texts. These themes included institutional influence, value alignment, policy fragmentation, and gaps in public understanding of halal certification. By cross-referencing multiple sources and interpreting patterns in the data, the study aimed to construct a coherent picture of how SMIIIC's governance values resonate within the Indonesian context.

3. Result and Discussion

The application of value-based governance within the framework of the Standards and Metrology Institute for Islamic Countries (SMIIC) in Indonesia reflects a complex interplay between ethical principles rooted in Islamic values and the practical challenges of aligning national and international halal certification systems. Value-based governance, as understood in this context, emphasizes decision-making processes and regulatory frameworks that are not only effective and transparent, but also grounded in shared cultural and religious values. Within the halal industry, this approach is vital to ensuring trust, credibility, and cooperation among diverse stakeholders across Muslim-majority and non-Muslim countries.

In line with value-based governance, the harmonization of halal-related standards, metrology, and accreditation is a key driver for economic integration and progress among Muslim nations. The diverse landscape of halal standards ranging from local certification bodies to regional frameworks (e.g., GCC halal standards) and international efforts (e.g., IHI Alliance and SMIIC) has created inconsistencies that hinder the potential of halal trade. Indonesia, as a leading Muslim-majority country with a well-developed domestic halal system under the authority of the Halal Product Assurance Agency

(BPJPH), represents a critical case study for assessing how SMIIIC's principles are operationalized at the national level.

The SMIIIC, under the umbrella of the Organization of Islamic Cooperation (OIC), does not function as an enforcement body but rather as a facilitator of mutual understanding and standard alignment among its member states. Its influence is normative rather than executive it promotes convergence by offering comprehensive halal standards based on Islamic values and compatible with international norms such as those of the International Organization for Standardization (ISO). In Indonesia, the adoption of SMIIIC standards remains limited in scope, primarily because of the existence of strong national certification procedures already embedded within the country's legal and institutional framework. However, the increasing awareness of international market demands and the need for global recognition of Indonesian halal products have encouraged policy dialogues and institutional reforms aimed at aligning domestic standards with SMIIIC and other international frameworks.

A major challenge lies in the multiplicity of halal standards globally, which often run counter to the economic principle of reducing technical trade barriers. In practice, this fragmentation creates redundancies, confusion for exporters and importers, and higher compliance costs issues that value-based governance seeks to address by fostering cooperation based on shared religious principles and economic interdependence. Within this framework, the SMIIIC advocates for mutual recognition agreements and the harmonization of conformity assessments and accreditation systems across OIC countries. In the case of Indonesia, there have been efforts to engage with SMIIIC through technical committees and knowledge exchanges, but full institutional alignment has not yet been achieved.

From a value-based governance perspective, the halal industry should be approached holistically not merely as a manufacturing issue, but as a chain of trust that encompasses sourcing, production, logistics, certification, and consumer assurance. This chain must be protected by standards that are not only technically sound but also rooted in shared moral and religious values. SMIIIC provides a platform for this integrated approach by developing standards that are simultaneously based on Islamic teachings

and compatible with international best practices. These include conformity assessment guidelines, halal accreditation protocols, and metrology standards that support transparency and traceability throughout the value chain.

One notable contribution of the SMIIC framework is its emphasis on both religious integrity and technical precision. The standards developed by OIC/SMIIC aim to provide comprehensive solutions that go beyond labeling and certification. They address systemic issues such as institutional capacity, cross-border recognition, and the need for a centralized database of accredited certification bodies. In Indonesia, partial steps have been taken to adopt these standards, particularly in metrology and laboratory testing. However, implementation is often slowed by bureaucratic overlap, institutional fragmentation, and limited awareness among domestic stakeholders about the strategic importance of SMIIC alignment.

Based on research employing the frameworks of value based governance and the Halal industry, scholars have identified the Standards and Metrology Institute for Islamic Countries (SMIIC) as a prominent contemporary example of how value based governance can be mobilized to enhance awareness and governance in the context of Halal certification. The study argues that SMIIC, as a religious-based intergovernmental organization, plays a pivotal role in influencing both individual and institutional behavior regarding Halal practices across member countries. This influence manifests in several important ways.

Firstly, SMIIC's focus on the development and standardization of Halal products is deeply rooted in Islamic teachings and cultural norms. As such, the organization does not merely promote technical standards but also nurtures a sense of religious obligation among Muslim consumers. For instance, Muslims are required to consume food and use products that comply with Islamic dietary laws (Shariah), which prohibit certain substances such as pork and alcohol and mandate specific methods of animal slaughter. These regulations are not optional cultural preferences but are considered essential acts of religious compliance. Thus, Muslim consumers around the world often seek assurance that the products they consume meet Halal requirements. SMIIC, by

developing unified standards and ensuring their consistent application, supports these religious expectations and influences how Muslims engage with the market.

Moreover, individual behavior is often shaped by reference groups, such as family, religious communities, and cultural institutions, all of which reinforce Halal practices as a form of identity and ethical consumption. A practical example of this can be observed in Malaysia, where Halal-certified logos not only guide consumer choices but also enhance trust in local and imported products. As the demand for such certification grows, the need for clear, authoritative, and regionally integrated policymaking processes becomes more apparent. SMIIC addresses this need by acting as a unifying body that translates shared religious values into practical, cross-border regulations. This alignment between ethical consumption and governance reflects a broader Islamic principle: fulfilling human needs is essential for achieving individual, familial, and societal well-being. Work—when pursued with creativity, innovation, and maximal effort—becomes a means of creating meaningful economic and social value, elevating it to a collective duty within the framework of family, community, and nation. At the axiological level, this interpretation stems from contextualizing Islamic texts through progressive scholarship, ensuring that Halal certification not only meets religious standards but also fosters socio-economic welfare. Thus, SMIIC's role extends beyond standardization; it embodies a holistic vision where faith, governance, and human prosperity intersect (bin Abdullah Alhadi, 2018).

Secondly, the concept of value based governance which pegged to the political, economic, or cultural cooperation among neighboring or like-minded countries offers a strategic framework for addressing common concerns, including those surrounding the Halal industry. In this case, value based governance is not just about geography, but about shared religious and cultural values. Countries within the Organization of Islamic Cooperation (OIC), for example, may have diverse languages, economies, and political systems, yet they often share a commitment to Islamic principles. By leveraging these commonalities, regionalism allows for more effective cooperation in the Halal sector. An illustrative case is the collaboration between Turkey, Saudi Arabia, and Indonesia, where

joint initiatives on Halal tourism and product certification have benefited from mutual recognition agreements brokered under SMIIIC guidelines.

Thirdly, the existence of a value based governance mechanism like SMIIIC promotes the harmonization of Halal standards across member countries, reducing barriers to trade and enhancing consumer confidence. Through the development of internationally recognized accreditation systems, SMIIIC enables a mutually trusted certification process, allowing Halal products to move freely across national borders. This is especially critical in a globalized economy where the demand for Halal products is not limited to Muslim-majority countries. For example, in Europe and North America, Muslim populations rely heavily on imported Halal goods, and inconsistencies in certification standards can lead to confusion or mistrust. SMIIIC's role in developing uniform standards that align with both religious principles and international best practices bridges this gap.

Furthermore, the existence of an institutionalized accreditation mechanism within a regional framework ensures the integrity of the certification process. By establishing standardized criteria for Halal auditors, certification bodies, and laboratories, SMIIIC mitigates the risks of fraudulent labeling and unethical practices. In doing so, it enhances the credibility of Halal products not only within OIC member states but also in non-Muslim-majority markets seeking to cater to Muslim consumers. This strategic alignment of religious values with regulatory infrastructure is a testament to how regionalism, when shaped by shared cultural and spiritual foundations, can serve as a powerful tool for both economic integration and ethical governance.

In conclusion, the SMIIIC exemplifies how value based governance, when rooted in common religious identity and mutual interests, can play a transformative role in the Halal industry. Through its efforts to develop, harmonize, and enforce Halal standards, the organization fosters greater awareness, ensures compliance with religious obligations, and facilitates the global mobility of certified products. As such, SMIIIC not only strengthens internal cohesion among Muslim countries but also enhances the visibility and credibility of the global Halal market. While value-based governance is conceptually embedded in the structure and mission of SMIIIC, its practical application

in Indonesia remains uneven. The influence of SMIIC is evident in policy discussions and sectoral strategies, but its standards have not been fully integrated into Indonesia's national halal infrastructure. To bridge this gap, stronger institutional cooperation, legal harmonization, and stakeholder engagement are required. Only through a value-based governance model that is inclusive, principle-driven, and internationally aligned can Indonesia fully leverage the economic and spiritual potential of its halal industry on the global stage.

The exploration of value-based governance within the framework of the Standards and Metrology Institute for Islamic Countries (SMIIC) in the Indonesian context reveals a critical tension between normative alignment and practical implementation. While Indonesia recognizes the ethical underpinnings and technical sophistication embedded in SMIIC's approach especially the harmonization of Islamic principles with global standards in Halal certification, the actual integration of these standards into Indonesia's national Halal governance system remains limited and uneven. This disparity underscores a broader challenge facing many OIC member states: the gap between aspirational alignment with international Islamic standards and the realities of domestic institutional capacities and regulatory frameworks.

SMIIC presents a robust model for uniting religious ethics with modern trade and quality assurance mechanisms. Its framework facilitates not only technical accuracy in certification but also fosters mutual trust, interoperability, and standard recognition among member countries. However, despite Indonesia's status as one of the largest Halal producers and consumers globally, and its strategic ambitions to lead the global Halal economy, its national Halal certification system has yet to fully embrace or operationalize SMIIC's guidelines. The lack of full convergence results in fragmented regulatory structures, duplicative standards, and limited participation in mutual recognition mechanisms factors that ultimately constrain Indonesia's ability to maximize its role in international Halal trade.

Fundamentally, the core issue lies not in an inherent incompatibility between SMIIC's standards and Indonesia's national policies, but rather in the complex interplay of institutional inertia, legal pluralism, and policy fragmentation. Indonesia's Halal

governance system remains heavily state-centric, with multiple overlapping authorities and a bureaucratic approach that does not always prioritize international harmonization. This misalignment undermines the potential of value-based governance, which seeks to embed ethical, religious, and socioeconomic values into public administration in a coherent and integrative manner.

Moreover, while SMIIIC serves as a powerful normative guide and an advocate for unified standards, its role remains primarily advisory rather than coercive. Without formal enforcement mechanisms, the adoption of its standards depends largely on political will, institutional readiness, and the alignment of domestic stakeholders. In the Indonesian case, while there is rhetorical support for international cooperation and value-based governance, the structural reforms necessary to fully integrate SMIIIC's framework have yet to be realized. This gap suggests that further institutional reform, legal synchronization, and stakeholder engagement are necessary to unlock the full benefits of SMIIIC membership namely, access to a unified Halal market, enhanced product credibility, and a stronger position in the global Islamic economy.

Concluding Remarks

In conclusion, the study reveals that value-based governance when effectively aligned with international institutions such as SMIIIC offers a transformative pathway for integrating ethical values with technical systems. However, Indonesia's current partial implementation reflects a broader regional pattern of aspirational alignment without full institutional realization. Bridging this gap will require sustained policy coordination, harmonized legal frameworks, and a shift toward a more integrative governance model that positions ethical legitimacy alongside global competitiveness. Only then can Indonesia fully leverage its potential as a leader in the global Halal economy and contribute meaningfully to the vision of a harmonized Islamic standards system across the Muslim world.

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