

DEVELOPMENT OF ISLAMIC ECONOMY

LESSON LEARNED FROM VARIOUS COUNTRIES



Editors

Hidayatulloh | Budi Setiawan | Andi Sri Wahyuni

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**Welcoming Speech
Prof. Muliaman D. Hadad, Ph.D.**

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Welcoming Speech

Vice Board of Trustees of Islamic Economic Society (MES)



In the decades leading up to the present, global Islamic economics has experienced significant growth, especially in regions with large Muslim populations, such as Indonesia. Despite these challenges, the Islamic economy continues to demonstrate resilience due to its inherent principles of risk sharing and asset-backed transactions.

Islamic economics has the opportunity to showcase its potential as a sustainable and inclusive system. Sharia-compliant finance plays a significant role in fostering economic recovery and addressing disparities exacerbated during the current financial crisis, by emphasizing ethical investments and equitable wealth distribution. It is essential for policymakers and stakeholders to collaborate in developing regulatory frameworks and sharing best practices that support and unleash the potential of Islamic economic systems in many countries.

The sharing of real best practices through a book chapter within the context of the Islamic economy can yield significant benefits and contribute to its global growth. By identifying challenges, opportunities, and implementing strategies across various countries and industries, such a chapter provides a structured platform for knowledge exchange. Policymakers, practitioners, and scholars can gain insights into successful practices and avoid potential challenges by reading these chapters.

The dissemination of success strategies employed in developing a Sharia economy enables countries to leverage existing best practices and tailor them to their distinctive economic and cultural landscapes. Furthermore, enhancing literacy and incorporating the Islamic economy aligns with the objectives of MES Indonesia, aimed at nurturing the economic development of the Islamic ecosystem.

Prof. Muliaman D. Hadad, Ph.D.

Vice Board of Trustees of Islamic Economic Society (MES)

From the desk of editors

Dear Readers,

I am pleased to introduce the first book chapter of Islamic Economic Society (*Masyarakat Ekonomi Syariah / MES*) Chapter Hungary on behalf of the editors. *MES* is a non-profit organization dedicated to the development and acceleration of the Islamic economic and financial system in Indonesia. *MES*, at the age of 22, carries the theme of Acceleration, Collaboration, Contribution, and is expected to accelerate the development of an inclusive Islamic economic and financial system through the collaboration of various stakeholders. The objective of the chapter is to feature the real-world practice and success strategy in developing and accelerating the Islamic economy in many countries from multiple industries.

This book chapter includes 12 articles by involving authors from Ethiopia, Indonesia, Iraq, Malaysia, Pakistan, and Hungary. The variety topics including halal tourism in Ethiopia, Indonesia and Somali Region, halal cosmetic and pharmaceutical industries, halal as a quality perspective, halal product, halal certification and management systems in industries, Blockchain application in the Islamic economy, legal pluralism of Indonesian civil law in case of dual banking system, Sharia hotel, family business sustainability from the largest Muslim population country in the world, Islamic banking role on Iraqi economic development, corporate governance and sustainable improvement of Islamic banking performance in Iraq, and customer trust in saving decisions in Indonesian Islamic bank.

We specifically thank the Editorial Board Members: Prof. Dr. Abdul Hamid Habbe, Prof. Dr. Euis Amalia, and Prof. Dr. M. Arief Mufraini for providing quality review. Sincere suggestions from readers are greatly

appreciated to improve the writing quality of the next book chapter's edition. We gratefully acknowledge MES Foundation in shepherding the book through the publication process. We hope that readers will gain a deeper understanding of Islamic economics from a global perspective after reading this book chapter.

Wishing you a useful reading experience!

Editors

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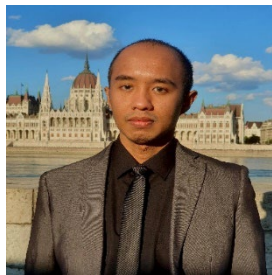
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Significance of Halal Product, Halal Certification and Management Systems in Industries and their Challenges

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Abstract

The halal principle is of utmost importance within the Muslim global economy, and halal certification has become increasingly crucial for food and pharmaceutical industries operating in Muslim-majority countries or targeting Muslim consumers globally. The growing concern about safety, hygiene, and quality of food and drinks has enhanced the global appeal of halal products. These products have been made in accordance with Islamic dietary laws and are becoming more prevalent among Muslim and other religious consumers. This study examines the obstacles Malaysia had also confronted in trying to implement halal food and products, and how halal certification may serve as a valuable advertising tool for companies, despite some consumer skepticism. It also investigates the references to Muslim consumers' wisdom about halal food and products, discovering that halal certification and awareness positively influence purchase intentions. Furthermore, the study provides a framework for investigating factors such as track and trace, and capital adequacy, quality control, trust, and responsibility that affect the authenticity of the halal food chain and Islamic market research. It is noted that halal and Islamic marketing reaches farther than food to other market segments such as medicine and cosmetics. The article explores the role of the Importance of Halal Certification and Management Systems in Industries and the obstacles that businesses

face in obtaining halal certification and navigating the complex landscape of halal regulations and standards.

Keywords: Halal awareness, Halal food Supply Chain, Islamic marketing, Halal food, Halal pharmaceutical

INTRODUCTION

Malaysia's drive towards becoming a developed country has resulted in the diversification of its economy, with halal food and the industry of products emerging as crucial sectors for economic growth. As Malaysia works towards establishing a halal hub, educating consumers about the importance of halal and sharia compliance remains a vital task. The Malaysian government has committed to within a few generations, the Halal Hub will turn into a reality as part of the Third Industrial Master Plan. While government efforts towards this goal have been in progress since 2006, there is still a lot of work to be done to enlighten Muslim consumers about the halal and sharia compliance of what they consume and wear. One of the key sectors in this effort is the halal food and products industry, which has evolved from simply meeting religious needs. In Malaysia's quest to become a halal hub, approximately 60% of Muslims are expected to become a notable national and global economic factor (Ali & Ahmad, 2023).

According to MIDA, the government has implemented special incentives for halal food products. Businesses that make investments in the production of halal food and have already acquired halal certification from the Malaysian Department are qualified for a five-year 100% investment. The issue of logos and halal certificates for products manufactured beyond Malaysia and retailed, on the other hand, remains a significant obstacle to Malaysia's ambition of becoming a halal hub. This problem is compounded by the utter lack of a halal hub authority. While the importance of health traceability has been recognized for improving food product quality and safety, there has been some opposition to it (Mattevi & Jones, 2016). Further studies are needed to investigate the significance of halal traceability from an industrial aspect (Abd Rahman et al., 2017).

Muslims place a high value on and are very keen on Halal food. All Muslims are required to consume halal food (Anggit & Albari, 2012). According to data from Global Islamic Economic Countries, the trend of Halal trade in five industrial sectors is continuing, including Islamic