

The effect of the halal industry on the export of Indonesian halal products

Ivvana Sechan^{1,*}, Dwi Nur'aini Ihsan², Prilla Kurnia Ningsih³
Syarif Hidayatullah State Islamic University of Jakarta, Indonesia^{1,2,3}
Corresponding e-mail: ivvana.sechan18@mhs.uinjkt.ac.id*

ABSTRACT

Purpose — *To analyze the influence of the halal industry on the development of exports of halal products in Indonesia.*

Method — *The type of data used in this research is quantitative and from secondary data sources. The research data was obtained from data from the Ministry of Industry and the Ministry of Trade of the Republic of Indonesia in the form of reports on the halal industry in Indonesia and exports of halal products in Indonesia for the 2015–2021 period.*

Result — *The results of this study indicate that the halal quality of food and beverages, including export activities, has a major impact that can boost the economy. Muslim fashion has not had much of an impact on Indonesia's halal export growth due to intense competition from other countries and a lack of domestic fashion designers. Halal pharmaceutical and cosmetic products have a major impact on expanding exports of Indonesian halal products. As a result, this industry has a great opportunity to enter the world's halal cosmetic and pharmaceutical industries.*

Contribution — *The halal industry's potential can be maximized even further in order to boost export value and reserve foreign exchange, making it one of the forces boosting Indonesia's economic growth.*

Keywords: *halal, halal products, halal industry, exports*

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INTRODUCTION

Currently, the trend of the halal industry is becoming a hot topic of conversation in the global community. Indonesia is ranked fourth in the overall GIEI ranking in the State of Global Islamic Economy (SGIE) Report 2021-2022 (Dinar Standard, 2021). The halal industry sectors such as halal food and baverage, Muslim fashion, pharmaceuticals, and cosmetics also experienced an increase in ranking from the previous year, but some other halal industry sectors such as halal tourism and media still need to be developed to match the performance of other halal industry sectors. The development of these sectors can become an opportunity for the halal industry in certain areas (Sukoso et al., 2020).

Table 1. Top 15 Global Islamic Economy Indicator Score

ISLAMIC FINANCE		HALAL FOOD		MUSLIM-FRIENDLY TRAVEL	
1.	Malaysia	1.	Malaysia	1.	Malaysia
2.	Arab Saudi	2.	Indonesia	2.	Singapore
3.	Bahrain	3.	Turkey	3.	Turkey
4.	Kuwait	4.	Rusia	4.	Bahrain
5.	United Arab Emirates	5.	United Arab Emirates	5.	United Arab Emirates
6.	Indonesia	6.	Kazakhstan	6.	Tunisia
7.	Iran	7.	Singapore	7.	Saudi Arabia
8.	Oman	8.	Saudi Arabia	8.	Kuwait
9.	Qatar	9.	South Afrika	9.	Kazakhstan
10.	Jordan	10.	Australia	10.	Morocco
MODEST FASHION		PHARMA AND COSMETICS		MEDIA AND RECREATION	
1.	United Arab Emirates	1.	Singapore	1.	Malaysia
2.	Turkey	2.	Malaysia	2.	Singapore
3.	Indonesia	3.	Netherlands	3.	United Arab Emirates
4.	China	4.	Belgium	4.	China
5.	Spain	5.	France	5.	Turkey
6.	Itali	6.	Egypt	6.	United Kingdom
7.	Singapore	7.	Turkey	7.	Netherlands
8.	France	8.	United Arab Emirates	8.	Belgium
9.	Malaysia	9.	Indonesia	9.	Germany
10.	Germany	10.	United Kingdom	10.	United States

Source: State Of The Global Islamic Economy Report (2022)

The halal industry is a potential and prospective sector to be developed in the current era. The halal industry represents the purchasing power of the Muslim community in terms of products and lifestyle needs that are most structurally influenced by Islamic values. Along with its development, the halal industry sector has penetrated various industrial sectors, ranging from halal food and

beverages, Muslim fashion, halal pharmaceuticals and cosmetics, halal tourism, Islamic-themed media and recreation, and Islamic finance (Fathoni, 2020).

The halal food and beverage sector is by far the largest segment of the Islamic economy in Indonesia. During the COVID-19 pandemic, the expenditure of the Muslim community in Indonesia decreased by 6.44% due to strict movement restrictions, so that the income of the Muslim community in Indonesia decreased. The consumption of the Muslim community for the halal food and beverage industry sector in Indonesia increased by USD 204 billion, or 14.64% (Indonesia Halal Lifestyle Center, 2022).

The Muslim fashion industry in Indonesia has experienced tremendous growth in the last 10 years with the emergence of Muslim fashion brands such as Dian Pelangi and Ria Miranda, which can help change customer perceptions of Muslim fashion clothing in the context of fashion. The Muslim fashion industry has a lot of potential to expand internationally, especially to other Southeast Asian markets that have similar Muslim fashion preferences. Muslim fashion consumption is expected to increase by USD 23.28 billion in 2025, or around 8.34% (Indonesia Halal Lifestyle Center, 2022).

Halal pharmaceuticals and cosmetics in Indonesia are developing with investment from companies with long-term vision and halal certification (State of the Global Islamic Economy Report, 2019). The consumption of halal pharmaceuticals and cosmetics is estimated to increase by USD 7.59 billion, or around 12.62%, in 2025 (Indonesia Halal Lifestyle Center, 2022).

The halal tourism sector in Indonesia contributed 6.1% to the country's GDP in 2019. The halal tourism industry in Indonesia is one of the worst affected by the COVID-19 pandemic. In March 2020, restrictions on all foreigners entering Indonesia were imposed. Recovery is expected to occur gradually along with the easing of restrictions, especially for domestic tourism. It is estimated that in 2025 it will increase by USD 8.03 billion, or around 18.96% (Indonesia Halal Lifestyle Center, 2022).

The halal media and recreation industry is currently a potential creative economy sub-sector. The GDP growth rate for the film, animation, and video sub-sector increased rapidly in line with the increase in national film production and audiences. The potential for films is growing with many streaming service applications (Indonesian Ministry of National Planning, 2019). The amount of consumption by the Muslim community regarding the halal media and recreation sector in Indonesia is estimated to increase by USD 31.82 billion in 2025 with a percentage of 8.95% (Indonesia Halal Lifestyle Center, 2022).

The Islamic finance industry sector is the opening gate for the halal industry in Indonesia. Since the establishment of Bank Muamalat Indonesia in 1992, the Islamic finance sector has seen quite positive developments. Since Muamalat Indonesia in 1992, the Islamic finance sector has seen quite positive developments. Islamic financial assets continue to experience growth every year (Fathoni, 2020). The market opportunity for Indonesia is estimated to increase by USD 31.82 billion in 2025 (Indonesia Halal Lifestyle Center, 2022).

The government, through the Ministry of Industry, is targeting three priority sectors to be developed as a focus for halal industrial products that can be exported, namely halal food and beverages, Muslim fashion, and halal pharmaceuticals and cosmetics (Perindustrian, 2021). To increase the export commodity of halal products widely, high commodity production is needed, accompanied by an increase in the quality of halal products. Setting prices according to the quality of halal products and being able to compete with other products globally also affects the increase in the export value of the halal industry in Indonesia. If the halal industry in Indonesia can compete in the world market, then Indonesia can become the center of the world's halal industry (Fathoni, 2020).

The difference between this research and (Qoni'ah (2022); Nisponi (2021); Saputri (2020); Nurdin et al., (2019); Hasan & Hamdi (2022); Ernawati (2019)) research is that her research discusses the influence of the halal industry as a whole, while in this study it discusses the halal industry specifically, such as halal food and beverages, Muslim fashion, and halal pharmaceuticals and cosmetics, which can affect the development of exports in Indonesia.

METHOD

This type of research is quantitative, and the analytical method used is multiple linear regression analysis using SPSS 23 software. The data source used in this research is secondary data. Secondary data is gathered from records, books, magazines, articles, government reports, books as theory, magazines, and other sources (Sujarweni, 2021). The secondary data used in this research comes from the Ministry of Trade of the Republic of Indonesia and the Ministry of Industry of the Republic of Indonesia in the form of reports on the halal industry in Indonesia and exports of halal products in Indonesia for the 2015–2021 period.

RESULT AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Halal food and baverage (X1)	84	186102291.56	496622493.68	322487248.043 1	67288497.58689
Muslim fashion (X2)	84	397939031.90	941071747.80	650207500.982 1	102369167.2251 2
Halal Pharmacy and Cosmetics (X3)	84	54161475.12	99146257.94	78755851.2140	9300032.78705
Export of Halal Products (Y)	84	53339329.74	122180519.51	96018719.0043	11942946.50207
Valid N (listwise)	84				

Source : IBM SPSS Statistics 23

Classic Assumption Test

Classical assumption testing is carried out to provide certainty so that the regression coefficients are unbiased, consistent, and have accuracy in estimation. The classic assumption test in this study consists of:

Normality Test

The normality test aims to determine whether the residual values are normally distributed or not. Based on table 3, it can be concluded that the normality test results data are known to have a significant value of $0.200 > 0.05$. So it can be concluded that the residual values are normally distributed.

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		84
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	9354960.229174 27
Most Extreme Differences	Absolute	.046
	Positive	.039

	Negative	-.046
Test Statistic		.046
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Source : IBM SPSS Statistics 23

Multicollinearity Test

The multicollinearity test is needed to determine whether there are independent variables that have similarities among the independent variables in a model (Sujarweni, 2015). The limit of the tolerance value > 0.1 or the VIF value is less than 10, so multicollinearity does not occur (Ghozali, 2018).

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Halal Food and Beverage (X1)	.705	1.418
	Muslim Fashion (X2)	.744	1.345
	Halal Pharmacy and Cosmetics (X3)	.697	1.434

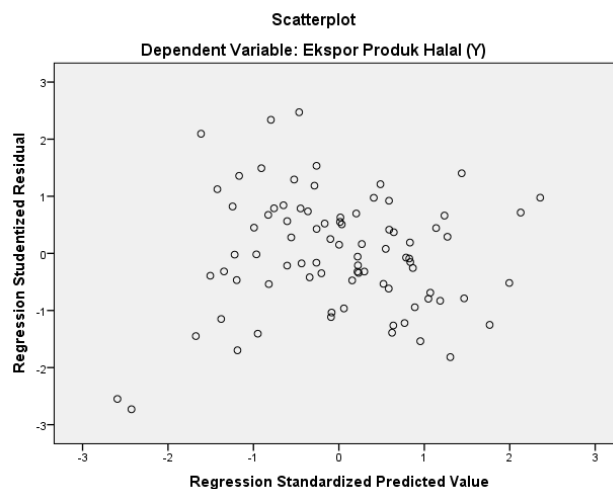
Source : IBM SPSS Statistics 23

Based on the table data above, it can be concluded that the tolerance value for halal food and beverage variables (X1) is 0.705, Muslim fashion (X2) is 0.744, and halal pharmaceuticals and cosmetics (X3) is 0.697. There is no multicollinearity because the tolerance value is > 0.10 . and the VIF value for the variables halal food and beverage (X1), Muslim fashion (X2), and halal pharmaceuticals and cosmetics (X3) above shows a value less than 10, which means that there is no multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another (Ghozali, 2018). A good regression model is one in which there is no heteroscedasticity. Most cross-sectional data contain heteroscedasticity situations because this data collects data that represents various sizes (small, medium, and large).

Image 1. Heteroscedasticity Test



Source : IBM SPSS Statistics 23

Based on the scatterplot image above, it is explained that these patterns spread above and below the number 0 on the Y axis and there is no clear pattern (wavy, widens then narrows), so it can be concluded that there is no sign of heteroscedasticity.

Autocorrelation Test

The autocorrelation test in a model aims to determine whether there is a correlation between the confounding variables in a certain period with the previous variables (Ghozali, 2018). A good regression model is a regression model that is free from autocorrelation. If $(4 - d) > dU$ then the null hypothesis is accepted, which means there is no autocorrelation.

Table 5. Autocorrelation Test Durbin Watson

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.622 ^a	.386	.363	9528751.43567	.386	16.795	3	80	.000	1.067

Source : IBM SPSS Statistics 23

Based on table 5, it is known that the Durbin-Watson value is 1.067. Furthermore, this value will be compared with the Durbin Watson table value at

5% significance with the formula $(k ; N)$. The number of independents is 3 or "k" = 3, while the number of samples "N" = 84, then $(k ; N) = (3 ; 84)$. We then look at this figure in the Durbin Watson table value distribution. Then found a dL value of 1.5723 and a dU of 1.7199. One of the autocorrelation criteria is $(4 - d) > dU$, then $(4 - 1.067) > 1.7199$. It can be concluded that this data does not occur autocorrelation, thus the multiple linear regression analysis to test the research hypothesis can be continued.

Statistical Testing

This test is used to determine whether the independent variables individually and collectively have a significant effect on the dependent variable.

Determination Coefficient Test (R^2)

The R^2 value indicates how big the proportion of the total variation of the dependent variable can be explained by the explanatory variable (Ghozali, 2018). The coefficient of determination (R^2) is used when the number of independent variables is only one variable, but if you use two or more variables, you can use Adjusted R Square to determine the magnitude of the effect of the independent variables on the dependent variable.

Table 6. Determination Coefficient Test (R^2)

Model	R	R Square	Adjusted R Square
1	.622 ^a	.386	.363

Source : IBM SPSS Statistics 23

Based on table 6 it is explained that the Adjusted R-Square value is obtained at 0.363 or 36.3%. With this it can be concluded that 36.3% of exports of halal products are influenced by halal food and beverages, Muslim fashion, and halal pharmaceuticals and cosmetics. Meanwhile, 63.7% of exports of halal products are influenced by other variables.

Simultaneous Test (Test F)

The simultaneous test is used to find out whether the independent variables jointly affect the dependent variable and to measure the accuracy of the sample

regression function in estimating the actual value through good of fit (Ghozali, 2018).

Table 7. Simultaneous Test (Test F)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	457485129172 6424.000	3	15249504305 75474.800	16.79 5	.000 ^b
	Residual	726376831382 2876.000	80	90797103922 785.950		
	Total	118386196055 49300.000	83			

Source : IBM SPSS Statistics 23

Based on table 7 above, it is known that the value of Sig. is equal to 0.000. Because the value of Sig. $0.000 < 0.05$, then according to the basis of decision making in the F test it can be concluded that the hypothesis is accepted in other words halal food and drinks (X1), Muslim fashion (X2), and halal pharmaceuticals and cosmetics (X3) have a simultaneous effect on exports halal products (Y).

Based on the output table above, it is known that F count is 16.795. The value of the F table is $(3; n-k) = (3; 84-3) = (3; 81)$ or equal to 2.72. Because the calculated F value is $16.795 > 2.72$, in the F test it can be concluded that the hypothesis is accepted or halal food and drinks (X1), Muslim fashion (X2), and halal pharmaceuticals and cosmetics (X3) have a simultaneous effect on exports of halal products (Y).

Individual Parameter Significance Test (Statistical Test t)

The statistical test shows how far the influence of one independent variable or explanatory variable individually explains the dependent variable (Ghozali, 2018). If the significance probability value is less than 0.05 (5%) then an independent variable has a significant effect on the dependent variable. The hypothesis is accepted if the significant level $(\alpha) < 0.05$ and the hypothesis is rejected if the significant level $(\alpha) < 0.05$.

Table 8. Hasil Uji Statistik t

Model		t	Sig.
1	(Constant)	3.961	.000
	Halal Food and Beverage (X1)	3.303	.001
	Muslim Fashion (X2)	.889	.376
	Halal Pharmacy and Cosmetics (X3)	3.028	.003

Source : IBM SPSS Statistics 23

Based on table 8 it is known that the Significance value (Sig.) of the Halal Food and Beverage variable (X1) is 0.001. Halal Food and Beverages (X1) has a significant effect on Exports of Halal Products (Y) in 2015-2021, the Significance (Sig.) of the Muslim Fashion variable (X2) is 0.376. This means that there is no significant influence of Muslim Fashion (X2) on Exports of Halal Products (Y). One of the factors that influence Muslim fashion does not have a significant effect, namely many fashion products that are supposed to be halal but have not taken care of halal certification so they do not yet have a halal label, and that the Significance (Sig.) of the Halal Pharmaceutical and Cosmetic variable (X2) is 0.003. This means that Halal Pharmaceuticals and Cosmetics (X3) has a significant effect on Exports of Halal Products (Y).

Discussion

The Influence of the Halal Food and Beverage Industry on the Development of Exports of Halal Products

Based on the results of the research above, it can be seen that the halal food and beverage industry variable (X1) has a significant effect on the development of exports of halal products in Indonesia (Y). With a Sig. 0.001 probability 0.05, the variable of the halal food and beverage industry has a significant effect on the development of halal product exports. The results of this study are in accordance with the research of Mariya & Hakim (2018) and Ahyani et al., (2020), which explain that the potential for the halal food and beverage industry in Indonesia is experiencing significant developments that can improve the economy, one of which is export activities. Over the past few years, the Muslim community in Indonesia as a consumer for the halal food and beverage industry in 2020 amounted to USD 135 billion, and it is estimated that in 2025 the consumption of the Muslim community for the halal food and beverage industry sector in

Indonesia will increase by USD 204 billion or 14.64% (Indonesia Halal Lifestyle Center, 2022)

However, this enormous market potential has not been utilized optimally by the government to boost the Indonesian economy. Maintaining the halal quality of halal food and beverages is the main challenge to competing with other countries in the halal food and beverage industry. Therefore, the halal food and beverage industry can increase the export value of halal products, which is one of the factors driving Indonesia's economic growth (Utari et al., 2022).

The Influence of Muslim Fashion on the Development of Exports of Halal Products

Based on the results of the research above, it can be seen that the variable of the Muslim fashion industry (X2) has no significant effect on the development of exports of halal products in Indonesia. The development of the production of the Muslim fashion industry in 2019-2020 experienced a drastic decline because in 2019-2020, economic conditions in Indonesia experienced a decline due to the CO-19 pandemic. However, the results of this study are in accordance with Hasan & Hamdi (2022) where there are many challenges faced by Indonesia in order to become a global fashion mecca, including intense competition with foreign countries, the absence of halal certification that applies globally, the categorization of halal fashion, which is still united with general or conventional fashion, problems with the JPH Law, a lack of raw materials, a weak spirit of competition among the Indonesian people, and adapting to the COVID-19 pandemic.

However, the research results from Faried (2019) explain that the government's active role and community response to the development of the Islamic economy, including Muslim fashion products, have great potential for domestic businesses. One of the products of the halal industry, namely Muslim fashion, is increasing, providing an opportunity for Indonesia to become a country producing halal products, not only for its own needs but also to meet the needs of the world's halal market (Nisponi, 2021).

The Influence of Halal Pharmaceuticals and Cosmetics on the Export Development of Indonesian Halal Products

Based on the results of the research above, it can be seen that halal pharmaceuticals and cosmetics partially have a significant effect on the development of exports of halal products in Indonesia. The findings of this study

are also consistent with the findings of Utari et al., (2022), who found that halal pharmaceuticals and cosmetics are products that can be developed, given that the Muslim population in Indonesia is a high potential consumer of local halal pharmaceutical and cosmetic products. This population will greatly affect the development of the halal industry, especially cosmetics. According to their habits, most women like to use various types of cosmetics. Although, in general, it's not only women who use cosmetics, men also use certain types of cosmetics, such as powder. The number of healthcare and pharmaceutical products represents a potential lifestyle offering by the halal industry, which has shown impressive growth. Hence, there is a huge opportunity for this sector to enter the global pharmaceutical industry.

Based on data released by the Central Statistics Agency (BPS), there was a significant growth in the performance of the chemical, pharmaceutical, and halal cosmetic industries of 5.59% in the first quarter of 2020. Despite the COVID-19 pandemic, growth in the pharmaceutical and Halal cosmetics industries has contributed to the country receiving foreign exchange with export proceeds exceeding US\$ 317 million or approximately 4.44 trillion in the first semester of 2020, a 15.2% increase over the same period the previous year (Hasanah, 2021).

CONCLUSION

Halal food and beverages, Muslim fashion, and halal pharmaceuticals and cosmetics simultaneously or jointly have a significant influence on the development of exports of halal products in Indonesia. Halal food and beverages have a significant and positive impact on the development of halal product exports in Indonesia. Muslim fashion does not have a significant and negative influence on the development of exports of halal products in Indonesia. Halal pharmaceuticals and cosmetics partially have a significant and positive influence on the development of exports of halal products in Indonesia.

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