

Delphi Method for Prioritizing Halal Industry Development Strategies in Indonesia

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This study aims to determine the priority of halal Industrial Strategy in Indonesia with the Delphi qualitative method. The data used are the results of interviews with academics, practitioners and Islamic economics in general. The total number of expert respondents is 11 experts. Based on the results of the study, in general, of the 8 Strategy variables, all variables have been agreed upon by experts to determine the development strategy of the halal industry in Indonesia. Meanwhile, the order of the most important variables of the Halal Industry Strategy in Indonesia are: (1) Strengthening Regulation & Policies, (2) Building Halal Life Style (3) Strengthening HR Capacity, (4) Holistic Halal Value Chain, (4) Scaling Up Halal Fund and Product Innovation, (4) Sharia Financial Literacy and Inclusion, (7) Halal Research Development, (8) Strengthening Industry and Capacity.

Keywords: Halal industry; Delphi; Indonesia; Halal Development

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Halal and Sustainability

1.1.

INTRODUCTION

The halal industry refers to sectors of the economy that produce goods and services that comply with Islamic law (Sharia). Halal, which means "permissible" in Arabic, encompasses a wide range of aspects of life, including food, beverages, pharmaceuticals, cosmetics, finance, and more.

In the context of food and beverages, halal products are those that are prepared, processed, and produced according to Islamic dietary laws. This includes the prohibition of certain ingredients such as pork and alcohol, as well as adherence to specific methods of slaughter for meat products.

In addition to food, the halal industry extends to other sectors such as finance, where halal financial products comply with Islamic principles regarding interest (riba) and unethical investments. Halal cosmetics and pharmaceuticals also adhere to guidelines to ensure they do not contain any ingredients that are prohibited in Islam.

The halal industry has grown significantly in recent years due to increasing demand from Muslim consumers worldwide who seek products that align with their religious beliefs and values. As a result, many companies and businesses have begun catering to this market, leading to the development of a diverse range of halal-certified products and services.

The halal industry faces several challenges in its development, including: Standardization and Certification (Abdallah et al., 2021). One of the primary challenges is the lack of standardized regulations and certification processes across different countries and regions. This inconsistency can lead to confusion among consumers and businesses, hindering the growth of the halal industry.

Second challenge is about compliance and Integrity (Bakar et al., 2018). Ensuring that products and services labeled as halal truly comply with Islamic dietary laws and ethical standards can be challenging. There have been instances of fraud and mislabeling, which undermine consumer trust and the integrity of the halal industry.

The other is about Supply Chain Management (Antonio et al., 2020). Maintaining a halal supply chain from sourcing raw materials to manufacturing and distribution can be complex, especially for multinational companies operating in diverse regions with varying regulations and standards.

Next about Awareness and Education (Septiani & Ridlwan, 2020). Many consumers, particularly in non-

Muslim-majority countries, may not fully understand the concept of halal or its significance. There is a need for greater awareness and education to foster understanding and acceptance of halal products and services.

Other challenge in halal industry development is on market access. Some countries have strict import regulations for halal products, making it difficult for businesses to access certain markets. Overcoming regulatory barriers and trade restrictions are essential for the global expansion of the halal industry.

Technological Advancements also one of the important thing in halal industry development (Lubis et al., 2016). Keeping up with technological advances in food processing, manufacturing, and distribution while ensuring compliance with halal requirements can pose challenges for businesses in the halal industry.

Last but not least is on consumer Preferences and Trends. The preferences and trends of Muslim consumers are constantly evolving, creating a need for innovation and adaptation within the halal industry to meet changing demands.

Addressing these challenges requires collaboration among stakeholders, including governments, regulatory bodies, industry associations, businesses, and consumers, to develop robust standards, improve transparency, and promote the growth and integrity of the halal industry.

Indonesia, as a country with a majority Muslim population, has enormous potential and opportunities in developing the halal industry. However, according to the Global Islamic Economy Report 2022/2023, Indonesia is ranked 3rd, still lagging behind Malaysia which is in the first position, from various indicators (GIER, 2023). This is a big challenge for Indonesia to develop the halal industry both in terms of quality and quantity.

This research will try to find relevant strategies and solutions within the framework of developing the halal industry in Indonesia. With this, it is hoped that the government and other related halal stakeholders can optimize their potential so as to achieve better development of the halal industry sector in Indonesia.

DATA AND METHODOLOGY

This study aims to determine the priority of halal Industrial Strategy in Indonesia with the Delphi qualitative method. The data used are the results of interviews with academics, practitioners and Islamic economics in general. The total number of expert respondents is 11 experts. The *software* application used as a tool is Microsoft Excel. The method used is the

Delphi technique which is a qualitative method based on interviews with experts.

The Delphi method is a group process that involves interaction between a researcher and a group of experts related to a specific topic, and through the help of a questionnaire. This method is used to find common ground on future trends using a structured information gathering process. This method is useful when the opinions and judgments of experts and practitioners are needed in solving problems.

This research will use 3 statistical indicators that are most widely used in the application of the Delphi method, namely the *mean* value (average), standard deviation value, and *interquartile range* or IR value. The first measure of convergence assessment is when the answers or assessments of all respondents have a standard deviation value of less than 1.5 (<1.5). The standard deviation notation formula as already known is as follows.

$$s = \sqrt{\frac{\sum(x_i - \bar{x})^2}{n-1}} \quad \text{or} \quad r \sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}}$$

where:

x = respondent A's answer to the instrument n

\bar{x} = average of respondents' answers to the instrument n

The next measure of consensus or convergence assessment is when the answers or assessments from all respondents have an *Interquartile Range* (interquartile range) or IR value of less than 2.5 (<2.5). The calculation of the IR value is the difference between the upper quartile and the lower quartile (IR = Q3 - Q1), where the quartile value formula is as follows.

$$Q_1 = \frac{x_{(\frac{n-1}{4})} + x_{(\frac{n+3}{4})}}{2}$$

$$Q_2 = x_{(\frac{2(n+1)}{4})}$$

$$Q_3 = \frac{x_{(\frac{3n+1}{4})} + x_{(\frac{3n+5}{4})}}{2}$$

The measurement to declare convergence or the level of consensus on all variables is when the standard deviation value is <1.5 and the *interquartile range* value is <2.5. If one of the indicators does not meet the requirements, then the variable is declared not converging or not agreed upon (divergent). Meanwhile, for variables that have reached the requirements, the next step is to rank with the highest average value for each variable that reaches consensus (convergent).

RESULTS AND DISCUSSION

Based on literature studies, there are at least 8 Halal Industry Strategies in Indonesia, namely: (1) Strengthening Regulation & Policies, (2) Strengthening HR Capacity (3) Holistic Halal Value Chain (4) Scaling Up Halal Fund & Product Innovation (5) Sharia Financial Literacy & Inclusion, (6) Strengthening Industry & Capacity (7) Halal Research Development, (8) Building Halal Life Style.

Of the 8 elements of the Indonesian Halal Industry Strategy above, the following are the complete answers in the form of weights given by the 11 expert respondents.

Table 1. Results of Expert Respondents' Answers

HALAL INDUSTRY STRATEGY	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11
Strengthening Regulation & Policies	9	5	9	9	7	9	9	8	9	9	8
Strengthening HR Capacity	7	6	9	7	9	8	7	7	9	7	7
Holistic Halal Value Chain	9	6	7	8	5	8	7	8	9	7	7
Scaling Up Halal Fund & Product Innovation	8	8	7	7	7	7	7	8	8	6	8
Sharia Financial Literacy & Inclusion	7	5	9	7	7	9	7	7	8	8	7
Strengthening Industry & Capacity	6	6	7	5	5	7	7	7	9	8	7
Halal Research Development	9	5	7	5	7	7	7	8	9	8	8
Building Halal Life Style	9	5	9	7	9	9	8	8	9	7	9

In the application of the Delphi method, there are 3 statistical indicators that are most widely used, namely the *mean* (average) value, standard deviation value, and *interquartile range* or IR value. Based on the results of data

processing that has been carried out, the calculation of the priority of the Halal Industry Strategy in Indonesia is as attached in the following table.

Table 2. Delphi Calculation Results Halal Industry Strategy

HALAL INDUSTRY STRATEGY	Q1	Q2	Q3	IR	STD. DEV	CONSENSUS		MEAN	RANK
						IR	STDEV		
Strengthening Regulation & Policies	8	9	9	1	1.2721	Convergent	Convergent	8.2727	1
Strengthening HR Capacity	7	7	8.5	1.5	1.0357	Convergent	Convergent	7.5455	3
Holistic Halal Value Chain	7	7	8	1	1.206	Convergent	Convergent	7.3636	4
Scaling Up Halal Fund & Product Innovation	7	7	8	1	0.6742	Convergent	Convergent	7.3636	4
Sharia Financial Literacy & Inclusion	7	7	8	1	1.1201	Convergent	Convergent	7.3636	4
Strengthening Industry & Capacity	6	7	7	1	1.1909	Convergent	Convergent	6.7273	8
Halal Research Development	7	7	8	1	1.3484	Convergent	Convergent	7.2727	7
Building Halal Life Style	7.5	9	9	1.5	1.3003	Convergent	Convergent	8.0909	2

Based on table 2, in general, of the 8 variables of the Halal Industry Strategy, all variables have been agreed upon by experts to determine the halal Industry Strategy in Indonesia. Meanwhile, the order of the most important variables of the Halal Industrial Strategy in Indonesia are: (1) Strengthening Regulation & Policies, (2) Building Halal Life Style (3) Strengthening HR Capacity, (4) Holistic Halal Value Chain, (4) Scaling Up Halal Fund & Product Innovation, (4) Sharia Financial Literacy & Inclusion, (7) Halal Research Development, (8) Strengthening Industry & Capacity.

Halal regulations are indeed one of the important priority points (Fischer, 2016; Krisharyanto et al., 2019; Aziz et al., 2021). Based on the results of the Delphi research above, the first result of the order of the most important variables in the halal industry strategy in Indonesia is Strengthening Regulation and Policy with an average value of 8.2 and a convergent-convergent consensus. These regulatory and policy variables are very important considering that the implementation of each halal industry requires an appropriate basis of rules so that they can be implemented without conflict with the norms of sharia (Hasan & Muslimin, 2019). In addition, the existence of regulations can cover the halal industry from a legal standpoint and facilitate more intensive socialization and better integration (Djatkiko, 2019).

The most priority issues in the Regulation and Policy sub-criteria are their application with an average value of 8.04 and convergent-convergent evaluation. The application of regulations and policies needs special attention because this rule has the authority to regulate how the implementation of the integrated halal industry in the field (Ab Rashid & Bojei, 2019). This application

also requires supervision from the regulator so that the development of its impact on the halal industry can be found directly (Sodikin, 2020).

CONCLUSIONS

This research aims to determine the priority of halal Industry Strategy in Indonesia with qualitative Delphi method. This is important because halal tourism has significant potential to be developed in Indonesia, a country with the largest Muslim population in the world. Based on the results of the calculation, in general, of the 8 variables of the Halal Industrial Strategy in Indonesia, all variables have been agreed upon by experts and there are no variables that are not agreed upon. From the results of calculations using the Delphi method, the 3 main priorities for determining the Halal Industry Strategy in Indonesia are (1) Strengthening Regulation & Policies, (2) Building Halal Life Style, (3) Strengthening HR Capacity.

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