

Halal Certification Implementation Strategies for Fashion Product

Abrista Devi and Kholil M. Nawawi

Islamic Economic Department, Ibn Khaldun University, Jl KH Sholeh Iskandar KM.2, Kedung Badak, Tanah Sereal, Kota Bogor, Jawa Barat, Indonesia
{abristasmart, kholiluika3}@gmail.com

Keywords: *Halal* Certification, Islamic Fashion, SWOT, Analytic Network Process.

Abstract: The aim of this study is to explore the strategies of Halal certification implementation for fashion product using SWOT (Strength, Weakness, Opportunity, and Treat) approach and Analytic Network Process (ANP) method analysis. This study also tries to find the main strategy that can be implemented to encourage the implementation of Halal certification for fashion product in Indonesia. The findings of this study indicate that the increasing of Muslim trust is being the highest priority of strength, additional cost for micro and small business as the highest weakness, increasing the competitiveness and profit as the highest level of opportunity and the last one is culture contamination perception as the main treat of halal certification implementation for fashion product. In order to reach the goal, all those priority criteria need to be considered properly by taking synergy among stakeholders and promotion. This element of strategy takes the highest priority of strategy cluster. The government must have a synergy with relevant parties such as ministry of religious affairs, ministry of industry, ministry of trade, and some other ministries. The synergy also must be made with Indonesian ulama council, halal community, campus organization, and practitioners of Modest fashion as well to deliver education and socialization regarding the importance of halal certification for fashion product.

1 INTRODUCTION

Central Intelligence Agency has been reported that Indonesia is the five biggest populations in the world, with the total number of population based on statistic data is 258,316,051 of people (CIA, 2016). Indonesia population is dominated with Muslim people with the number of Muslim people is about 85% or 219,568,643 people. In 2010, Indonesia was being the largest Muslims population in the world, and it is expected to be increased by 2030. The need of Muslims fashion in Indonesia is increasing as well as the increasing of Muslims populations itself. According to the report of State of the Global Islamic Economy Report in 2016/2017, it is about \$243 billion Muslim spend on apparel and footwear and estimated about \$44 billion revenues from modest fashion clothing purchased by Muslim women. In 2015, Indonesia was the third country with the biggest number of *hijab* (Islamic fashion) consumption in the world after Turkey and United Arab Emirates (UAE), but in 2016 Indonesia is not in the top 10 of modest fashions any longer.

Indonesia with the biggest Muslim populations is estimated to have *halal* modest fashion as the biggest contribution of Global Islamic Economy Indicators. Another analysis has been captured by the number of volume of millennial interaction recorded by country and sector, where Indonesia has the highest rank of this indicator. Global Islamic Economy Indicators 2016/2017 indicates that 54% of Indonesia millennial interactions related to the Modest Fashion sector. This data obviously would be the basis data to indicate that Indonesia has the highest demand of the modest fashion product.

Halal fashion product is being a new issue recently after some of business fashion owner state their product is secured from unlawful (*haram*) material and also *halal* to be used. Some literature review put *halal* as one indicator of product attribute (Verbeke, 2005; Mohayidin and Kamarulzaman, 2014; Yunos et al., 2014). Verbeke (2005) stated that *halal* is a part of product attribute which refers to the nature, origin, and process method from raw material until ready to consume. In order to produce the product, *halal* aspect is needed to ensure that producer keeps concern on animal welfare and its

sustainability issues into account, such as the quality of material is clearly declared through the label or package of the product.

Al Jallad (2008) conveyed in his study that *halal* and *haram* assurance not only implemented to product, but also can be implemented to speech, manner, the way to get dressing, etc. Elasar (2016) also confirmed that the *halal* industry has expanded into lifestyle involve *halal* travel, service & hospitality and fashion. In order to identify whether the product consumed *halal* or *haram*, it is required the legal label which is issued by government. The studies conducted by Abdul et al. (2009) in Malaysia, only 64.9 percent of SMEs which have been observed own *halal* certification and 44.3 percent of these entrepreneurs are muslims. The study conducted by Verbeke (2005) stated that religion and *halal* certification have a significant correlation, while *halal* certification and venturing internationally have not.

According to the Indonesia's law number 33 year 2014 about *Halal Product Guarantee (Jaminan Produk Halal / JPH)*, the material and the process of clothes and shoes production in fashion industry must be *halal* detected. Unfortunately, *halal* certification for fashion product is just a new idea and hasn't been supported by the existing of assessment agency. Hence the communication source and message conveyed with respect to the credence quality have to be trustworthy and believable (Verbeke, 2005).

Not all muslim entrepreneurs own *halal* certification for their fashion product (Abdul, 2009). Obviously, it is ironic, when the 85% of Muslim population in Indonesia don't have the guarantee to have *halal* modest fashion product. Sociologically, it is normal if the Muslim customer seek a *halal* guarantee from the producer, businessman, and government regarding to the *halal* certification provision of the modest fashion product. Therefore, the objective of this study is exploring the appropriate strategies to implement *halal* certification for modest fashion product by considering internal and external condition.

2 METHODS

In order to gather the primary data of fashion product *halal* certifications strategies, the main source of data that conducted in this research comes from empirical in-depth interviews with 7 experts consists of 2 experts from Indonesian *Ulama* Council (MUI), 4 experts from academia, and 1

experts from modest fashion player. Those experts are known have good understanding about the problem studied using an open-ended questionnaire. Interviews between interviewer and informant are conducted face to face. The interview transcripts used are to be based upon no less than one hour of interviewing time in order to address the problems being studied. The obtained-interview result will be structured using SWOT (strength, weakness, opportunity, and treat) approach, and explore the elements of each aspect in order to find the best strategy to implement *halal* certification for fashion product in Indonesia. A second meeting (interview) with experts and practitioners is required to synthesize the aspect/element, and create a priority scale. In this step, the interviewer uses a pair-wise questionnaire to obtain the ratio scale of the problems based upon the model discussed in the first step of the interview. This study employs an Analytic Network Process (ANP) analysis method in three steps. Tanjung and Devi (2013) stated there are three steps conducted using ANP method namely, problems decomposition, pair-wise questionnaire, and synthesis/analysis.

3 RESULTS AND DISCUSSION

3.1 Decomposition of Problems and Strategies

The controversy of *halal* fashion appeared after one of Indonesia's Muslim fashion companies 'Zoya' brand in their social media account has claimed that Zoya has been awarded the first *Halal* certification for *hijab* from Indonesian *Ulama* Council. The claim of *halal hijab* was discussed by most people in social media, involve questioning about why *hijab* is needed to be categorized as *halal* or not.

Using textile product which is contained pork gelatin would cause a big problem for Muslim, especially when they use it for prayer. Although that certain gelatin is *istihalah* (from the *fiqh* point of view is defined as changing the nature of the defiled or forbidden substance in name, properties, and characteristics (Kamali, 2011) from pork, it will not change the substance of *fiqh* from *haram* to *Halal*. Therefore, the controversies to exclaim *halal* certification for fashion product is urgently need some strategies.

Decomposition of ANP model which has been conducted from in-depth interview to some expert generates some strategies to implement *halal* certification for fashion product. The first strategy is

having a synergy among stakeholders. The government have to synergy with relevant parties such as ministry of religious affairs, ministry of industry, ministry of trade, ministry of cooperatives and small and medium enterprises, ministry of tourism, Indonesian Ulama council, *halal* community, campus organization, and practitioners from Muslim fashion industry. They have an important role to deliver education and socialization regarding to the importance of *halal* certification for fashion product. Second strategy is elevating domestic design in order to be more recognized by international citizen. The third is establishing the funding facility from the government to help small micro enterprises (especially for Islamic fashion enterprises) to promote and distribute their product. This strategy is aimed to reinforce the middle-class fashion industry competitiveness development, so that *halal* product will be dominant than others. The forth is the existence of government regulation to constrict importer in serving textile raw material by developing bonded logistic center (*Pusat Logistik Berikat / PLB*). The fifth is having an intensive promotion to foreign countries by emerging Islamic fashion exhibition internationally in order to introduce local brand to the world and be *well-known* product. The sixth is increasing and developing human resource that has good knowledge in Islamic fashion (modest design, substantive of *fiqh*, and fashion technology).

In order to achieve the goal, some criteria of four aspects need to be considered. There are strength, weakness, opportunity and treat. Strength aspect involves of the increasing of Muslim trust and being a trendsetter. By implementing *halal* label for fashion product, societies have no doubts to promote and wear fashion product, especially use it for *worship*. Indonesia also will be the pioneer for *halal* fashion product in the world by considering of each production aspect and *sharia* compliance design. The weakness aspect involves of the rates charged which is entailed for *halal* certification will burden additional cost especially for small micro enterprises and there is no sanction if the industry do not attached *halal* label in their product.

The opportunity aspect involves of the increasing of competitiveness and profit in Islamic fashion business because of the large number of Muslim population and the increasing of world Muslim awareness regarding to consume *halal* product. Despite of increasing the competitiveness and profit, another opportunity is *Halal* certification will lead the businessman/women easily to export their product to various countries especially to the

countries that has special concern regarding to *halal* product. The treats aspect consists of *halal* label which is attached in the fashion product will emerge unrest to the society and culture contamination perception. The existence of *Islamphobia* assumption will emerge the perception of Arabic culture and will eliminate Indonesia culture.

3.2 Synthesis Results

The results obtained show a statistical consensus of the experts and practitioners in relation to criteria of strength, weakness, opportunity and treat and strategies of *halal* certification for fashion product. Statistical consensus is addressed to identify the most priority element in order to reach the best implemented strategy.

The finding of strength cluster shows that the need to increase Muslims trust to *halal* product is escalated (it takes the highest score 55.03%). Being a trendsetter is less priority (38.16%). This is evidenced from interview with Islamic fashion entrepreneur(s) and expert of *fiqh* who become respondents of this research, who proposed the importance of attaching *halal* label for fashion product. Moreover, textile material is often used in daily activity especially for worship. Therefore, Muslim consumers need a guarantee from the producers that the clothes or shoes they wear for worship is not contaminated with forbidden materials. So that, *halal label* implementation for fashion is considered increasing the trust of Muslim society and there is no doubt for them to use textile product. This finding is supported by Verbeke (2005); Quantaniah et al. (2013); Baharuddin et al. (2015) stated that when the word of *halal* is labeled to the product, it means that producer want to communicate to the customer and tell them that their products have been fulfilled *sharia* quality. Therefore, the customer is expected to be trustworthy and believable.

Moreover, it is understandable that by implementing *halal* certification to the product will cause to the emerging of additional cost to the producers. This problem takes the highest priority (48.79%) of the weakness cluster. It means that fashion producers need to pay extra cost for launching their product to get Muslim's trust. This finding is supported by Abdul (2009) where the process of getting *halal* certification is tedious and stringent. Therefore, the impact of this condition is some muslim entrepreneurs just remain focus on how do they can meet the quality standard of the

product rather than have to process *halal* label as attribute of the product.

Somehow, the difference of weight value between these two elements is insignificant. There is no sanction to the producers who doesn't attach the *halal* label to their product make the *halal* label is only being the complement of marketing (it takes the second priority 47.71%). It can be seen from the case of food industry, not little industries who don't attach *halal* label to their product but the product is still be consumed by Muslim customer (Abdul, 2009). Some Muslims felt unsettled to the issue of *halal* product, but another are apathy. The lack of Muslim awareness to the *halal* product assign that the *halal* certificate is not important to the most Muslim society in a country (Salman and Siddiqui, 2011; Rajagopal et al., 2011, Rahim et al., 2013; Yunos et al., 2013; Ahmad et al., 2013). The same condition is predicted would happen as well for fashion product.

The main opportunity of implementing *halal* certification for fashion product is expected to increase the competitiveness in global fashion industries (it takes the highest priority 63.77%). Indonesia would be a leader for Islamic fashion in the world. We highly believe that *halal* certification implementation for fashion product will generate more profit to the producers. Yunos et al. (2013) through his study confirmed that *halal* label will help business owner to promote their product and obviously will lead to income. This evidence also was proven by Baharuddin et al. (2015) regarding the *halal* label will emerge the profit for the entrepreneurs. Till to date, there is no country in this world that is implementing *halal* certification for fashion product, even Arabic countries.

As one of the world's most diverse countries, Indonesia has diversity of cultures, ethnicities, religions and languages. It is estimated that Indonesia has over 300 ethnic groups, 750 languages and dialects and 5 recognized religions. Therefore, no doubt that Indonesian people are highly appreciated to their culture and feel proud of it. However, this diversity seems not applicable to Muslim. Islamic fashion is often called (known) as Arabic fashion. Some people are worried that Indonesia's culture will be contaminated with Arabic culture if Islamic fashion designers apply and recognize their product as Islamic fashion. Culture contamination perception takes the highest priority (59.35%) of the treat cluster.

Clothing code (particularly the headscarf) is one of the most visible and origin sign of Muslimah (women muslim), but in a western context it is still

being a controversy. There are a number of reasons for this, some are based on misunderstanding, some on politics, and some just on the incongruity of the Islamic and current Western dress codes (Boulanouar, 2006). It is also supported by the research conducted by Roald (2001) and El Guindi (1999) stated that the emphasis on political Islamic though in contemporary research on Muslims might also be attributable to the fact that religion in a Western context tends to be considered as belonging to the personal sphere, which might make it difficult for researchers reared in such a tradition to wholly grasp the idea of Islam as "a comprehensive system". Jameelah (1978) stated that all the relevant things to Islamic view are backward, primitive, or even irrelevant to the freedom.

The finding of strategy cluster is in-line with in-depth interview result to some Islamic fashion business owner. They argued that in order to improve Islamic fashion industries in Indonesia, the government need to have a synergy with relevant parties such as ministry of religious affairs, ministry of industry, ministry of trade, ministry of cooperatives and small and medium enterprises, ministry of tourism, Indonesian ulama council, *halal* community, campus organization, and Islamic fashion industry (it takes the highest priority 18.49%). This synergy is considered to improve not only the implementation of *halal* certification for Islamic fashion but also improve the promotion that coverage to local and international scope.

This finding is fully supported by study conducted by Darby and Karni (1973) that *halal* is a credence quality attribute, a product characteristic that cannot be evaluated or ascertained by the individual consumer, even upon or after consuming the good. Therefore, in order to reach this goal, it highly needs the serious role from the government to implement *halal* certification for fashion product. Zakaria (2008); Kamali (2011) also explained that government departments, universities, and other relevant institutions should coordinate their efforts more effectively to concern on the development of *halal* industry, and also evolve in response to the new *halal* issue.

4 CONCLUSIONS

Halal certification for fashion product is considered could raise Muslim trust for fashion product. On the contrary, *halal* certification is considered could generate the additional cost to some fashion-players. But in another side, *halal* certification is also

considered could generate more income to the modest fashion producers. Culture contamination perception takes the highest priority of treat cluster; therefore, Islamic fashion producers and government need to consider properly regarding to the society perception, especially for Indonesian people. By implementing *halal* certification for fashion product, it is normally that the government, especially (Indonesian Ulama Council/MUI) will face pro and cons from the society. Finally, synergy among stakeholders to socialize and educate people with *halal* fashion product and promotion take the highest priority of the strategy. The implementation of *halal* certification for *halal* fashion product is urgently needed as guidance for consumers and producers in producing *halal* product. Therefore, there should be a mutual agreement among decision-makers in supporting the existence of *halal* certification for fashion product in Indonesia.

REFERENCES

- Abdul, M., Ismail, H., Hashim, H., Johari, J., 2009. SMEs and *halal* certification. *China-USA Business Review*. 8(4), 22-29.
- Ahmad, N. A., Abaidah, T. N. T., Yahya, M. H. A., 2013. A study on *halal* food awareness among muslim customers in Klang. In *4th International Conference on Business and Economic Research*. 1073-1087.
- Al-Jallad, N., 2008. The concept of al-*halal* and al-*haram* in the Arab-Muslim culture: A translational and lexicographical study. *Language Design: Journal of Theoretical and Experiment Linguistics*. 10, 77-86.
- Baharuddin, K., Kassim, N. A., Nordin, S. K., Buyong, S. Z., 2015. Understanding the *halal* concept and the importance of information on *halal* food business needed by potential Malaysian entrepreneurs. *International Journal of Academic Research in Business and Social Sciences*. Vol 5, No 2, 170-180.
- Boulanouar, A. W., 2006. The notion of modesty in muslim women's clothing: an Islamic point of view. *New Zealand Journal of Asian Studies*. Vol 8, No. 2, 134-156.
- Darby, M., Karni, E., 1973. Free competition and the optimal amount of fraud. *Journal of Law and Economics*. 16, 67-88.
- Elasarg, H., 2016. *Halal* industry: key challenges and opportunities. *Munich Personal RePEc Archive Paper*. No. 69631, posted 22 February 2016.
- El Guindi, F., 1999. *Veil: modesty, privacy and resistance. Dress, body and culture series*, Berg. Oxford and NewYork.
- Jameelah, M., 1978. *Westernization versus muslims*, Khan Publishers. Lahore.
- Jenkins, D. M., 1971. The product liability of manufacturers: An understanding and explorations. *4 Akron Law Review* (2). 135-201.
- Malboobi, M. T., Malboobi, M. A., 2012. *Halal* concept and product derived from modern biotechnology. *International workshop for Islamic Scholars on Agri-biotechnology: Sharia Compliance*.
- Mohayidin, M. G., Kamarulzaman, N. H., 2014. Consumers' preferences toward attributes of manufactured *halal* food products. *Journal of International Food & Agribusiness Marketing*. Vol 26, issue 2, 125-139.
- Kamali, M. H., 2011. Tourism and the *halal* industry: A global *shariah* perspective. *Paper presented to the World Islamic Tourism Forum 2011, organized by the Global Islamic Tourism Organization (GITO) Malaysia and the International Institute of Advanced Islamic Studies (IAIS) Malaysia, Kuala Lumpur*. 12-13 July, 2011.
- Quantaniah, N. A., Noreina, Syakinah, N., 2013. Selecting *halal* food: A comparative study of the muslim and non muslim Malaysian student consumer. *2nd International Conference on Technology Management, Business and Entrepreneurship, Mahkota Hotel Melaka Malaysia, 5th December 2013*.
- Rahim, N. F., Shafii, Z., Shahwan, S., 2013. Awareness and Perception of Muslim Consumers on Non-Food *Halal* Product. *Journal of Social and Development Sciences*. Vol 4, No 10, 478-487.
- Rajagopal, S., Ramanan, S., Visvanathan, R., Satapathy, S., 2011. *Halal* certification: implication for marketers in UAE. *Journal of Islamic Marketing*. 2(2), 138-153.
- Roald, A. S., 2001. *Women in Islam: The western experience*, Routledge. London and New York.
- Salman, F., Siddiqui, K., 2011. An exploratory study for measuring consumers awareness and perceptions towards *halal* food in Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*. 3(2), 639-653.
- State of the Global Islamic Economy Report, 2016/2017. Produced by Thomson Reuters in collaboration with Dinar Standard and supported by Dubai the Capital of Islamic Economy.
- Tanjung, H., Devi, A., 2013. *Metodologi penelitian ekonomi Islam*, PT. Gramata Publishing. Jakarta.
- Verbeke, W., 2005. Agriculture and the food industry in the information age. *European Review of Agriculture Economics*. 32(3), 347-368.
- Yunos, R. M., Mahmood, C. F. C., Mansor, N. H. A., 2014. Understanding mechanisms to promote *halal* industry - the stakeholders' views. *Procedia Social and Behavioral Sciences*. 130, 160-166.
- Zakaria, Z., 2008. Tapping into the world *halal* market: Some discussions on Malaysian law and standards. *Sharia Journal*. 16(3), 603-616.