

MODELLING HALAL GOVERNANCE IN MALAYSIA: TOWARDS A CREDIBLE AND ADAPTIVE CONCEPTUAL FRAMEWORK FOR GLOBAL POSITIONING

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ABSTRACT

The halal industry has become a central pillar of Malaysia's socio-economic and religious landscape, firmly positioning the nation as a global player in the halal economy. Yet, persistent concerns about certification integrity, transparency and regulatory fragmentation continue to challenge its credibility. Allegations of certification fraud, overlapping institutional authorities, and challenges in gaining international recognition have reignited debates on the system's adequacy and the competitiveness of Malaysia's halal governance framework.

This study adopts a conceptual and systematic literature review approach, synthesising academic literature, policy documents and institutional reports on halal governance, regulation and certification. Drawing insights from the experiences of Indonesia, the Gulf Cooperation Council (GCC) and selected Western contexts, this paper explores alternative approaches to modelling halal governance in Malaysia through the lens of governance theory and sectoral practice. It identifies five possible frameworks, namely Shariah-based, corporate, trustee/regulatory, stakeholder and hybrid

model followed by a critical assessment of their respective merits and limitations. Rather than advocating a single universal model, the study advances a context-responsive hybrid framework that integrates Shariah legitimacy with administrative efficiency, stakeholder accountability, and public trust.

By situating Malaysia's experience against comparative governance practices abroad, the paper underscores the urgency of continuous institutional reform and adaptive innovation. Ultimately, it argues that Malaysia's long-term global leadership in the halal domain depends not only on the credibility of its certification regime but also on embedding transparency, professionalism and technological advancement into its governance architecture.

Keywords: Halal Governance, Regulatory Reform, Institutional Trust, Shariah Integrity, Federalism, JAKIM, Shariah-based

1. INTRODUCTION

The halal industry has emerged as one of the fastest-expanding sectors in the global economy, extending beyond food to encompass finance, pharmaceuticals, cosmetics, logistics and tourism. With the global Muslim population projected to reach approximately 2.2 billion by 2030 and having grown from around 1.7 billion to 2.0 billion between 2010 and 2020, the demand for halal goods and services continues to intensify. This expansion has, in turn, led to intense competition among nations to be recognized as global halal hubs. (Pew Research Centre, 2025).

Within this landscape, Malaysia – anchored by the Department of Islamic Development Malaysia (JAKIM) has positioned itself as a leading actor in the global halal economy. Its halal certification framework has evolved into a widely respected system, supported by government branding initiatives, export strategies and institutional stewardship, particularly through the Halal Development Corporation (HDC). Academic scholarship has examined critical dimensions of halal supply chains and certification practices (Ab Talib et al., 2015). The authoritative standing of Malaysia's halal certification is most visibly reflected in industry analyses and strategic reports produced by official bodies such as HDC. Supported by

federal and state-level initiatives, the halal sector has become a significant contributor to Malaysia's export performance and a cornerstone of its national branding and international positioning strategy (HDC, 2021).

Notwithstanding these achievements, both scholarly and policy debates continue to point to underlying governance tensions within Malaysia's halal assurance ecosystem. Earlier studies and comparative analyses have drawn attention to challenges such as logo misuse, procedural delays and variations in enforcement practices across jurisdictions - issues that have, at various points, shaped stakeholder perceptions of the system's robustness and credibility (Iberahim, et al., 2012; Riaz & Chaudry, 2018). These concerns raise an important question: to what extent does the current halal governance framework remain fit for purpose in an increasingly complex and globalised environment? These concerns are further amplified within the context of increasingly complex global supply chains, where regulators are required to continuously reconcile rigorous Shariah compliance with operational efficiency and international competitiveness (Alam & Sayuti, 2011).

In this context, governance extends beyond administrative management. It is about how authority is exercised, standards are upheld and trust is sustained among diverse stakeholders (Rhodes, 1996). Sound halal governance thus requires a careful equilibrium between Shariah legitimacy, institutional autonomy, efficiency and accountability.

Against this backdrop, the paper addresses a central question: Which model of governance best suited to safeguarding the credibility and integrity of Malaysia's halal industry?

Drawing on insights from public administration and corporate governance theory, as well as comparative experiences across jurisdictions, the study identifies five possible models of halal governance:

- Shariah-based authority
- Corporate/industry-led system
- Trustee or regulatory model
- Stakeholder participation model
- Hybrid approach

Through a critical analysis of each model, the paper argues that Malaysia's continued leadership in the global halal economy necessitates a reassessment of its existing governance arrangements.

The remainder of the paper is structured as follows: the next section conceptualises halal governance and outlines its theoretical foundations. This is followed by a discussion of key crises of confidence and institutional challenges within Malaysia's current system. Subsequent sections analyse the five alternative governance models and draw lessons from international experiences. The paper concludes with outlining reform directions aimed at sustaining Malaysia's leadership within the evolving global halal landscape. In doing so, the study contributes to the broader discourse on faith-based governance in contemporary regulatory systems.

2. CONCEPTUALISING HALAL GOVERNANCE

The notion of halal governance has attracted growing attention within both scholarly and policy-oriented discourse. Nevertheless, its definition remains fluid and contingent on specific regulatory frameworks, cultural settings and institutional contexts. Broadly understood, halal governance encompasses the constellation of structures, practices and mechanisms through which halal principles, grounded in Islamic law (Shariah), are interpreted, implemented, enforced and monitored across economic and institutional domains (Matulidi, Jaafar & Bakar, 2016; Mohd Safian et al., 2020). As such, it extends well beyond certification or procedural compliance to encompass wider concerns of legitimacy, accountability, coordination and trust among the diverse actors operating within the halal ecosystem.

From a theoretical standpoint, halal governance is situated at the intersection between public governance, corporate governance and normative religious authority. It encompasses not only formal state regulation but also private sector actors, non-state religious entities and diverse stakeholder networks that collectively shape how halal principles are operationalised, implemented and enforced across economic systems. In this broader conception, halal governance reflects multi-level institutional arrangements where government agencies, certification bodies, industry participants and consumers interact to uphold halal integrity and compliance within the market and regulatory environment

(Matulidi, Jaafar, & Bakar, 2016). The multiplicity of these actors and their often-overlapping jurisdictions renders halal governance particularly complex and at times, contested.

2.1. Governance as a Framework of Authority and Accountability

Governance, in its broadest sense, refers to the manner in which authority is exercised in the management of a country's economic and social resources, including the processes through which governments are selected, held accountable, and replaced, as well as the capacity of institutions to formulate and implement effective policies (World Bank, 1992; Rhodes, 1996). Within the halal context, governance extends this idea to the ethical, procedural and institutional standards that ensure compliance with Islamic law (Shariah) while responsive to market dynamics and technological change.

Good governance principles often associated with values such as transparency, accountability, participation and rule of law; provide the foundation upon which trust in halal certification systems is established (UNDP, 1997). When these principles are compromised, for instance through bureaucratic opacity, political interference, or conflicts of interest, the credibility of the halal system itself becomes vulnerable.

2.2. Integrating Shariah Legitimacy with Modern Institutional Practice

A distinctive feature of halal governance lies in its dual source of legitimacy. On the one hand, religious legitimacy is rooted in adherence to Islamic law (Shariah) and on the other, institutional legitimacy is grounded in formalised quality assurance systems that meet consumer expectations and market requirements. Halal certification thus serves not only to assure theological compliance; that products and processes conform to Islamic dietary and ethical norms but also simultaneously operates through structured institutional processes that provide consistency, transparency, and reliability in competitive economic contexts. This institutional dimension is essential in reinforcing consumer confidence and facilitating broader market acceptance (Riaz & Chaudry, 2003).

This duality highlights a persistent governance challenge within Islamic regulatory systems: reconciling the imperatives of divine law with the practical requirements of human administration. The challenge extends beyond questions of *ijtihad* (interpretative reasoning) but also involves the organisational structures, institutional capacities and governance mechanisms needed to translate Shariah principles into effective operational practices within modern economic and regulatory environments. This concern is well documented in the literature on Shariah governance, which examines how religious norms are institutionalised within modern regulatory and economic settings (Al-Azdi et al., 2024). A well-functioning halal governance system must therefore integrate Shariah-based decision-making with professional management, supported by legal frameworks, technological tools and global trade practices.

2.3. The Ecosystem Perspective

Conceptually, halal governance can be visualised as an ecosystem rather than a rigid hierarchical structure. It comprises a network of interdependent institutions, including government agencies, standard-setting bodies, certification authorities, private industry, academic institutions and civil society organisations. Each performs a complementary function in sustaining the integrity and the credibility of the halal system.

This ecosystem perspective of halal governance acknowledges that maintaining halal integrity depends not only on the establishment of formal rules and standards but also on the way these rules are implemented, coordinated and enforced across the broader halal ecosystem. This involves continuous interactions among public regulators, private sector actors, certification bodies, and other stakeholders throughout the supply chain (e.g., as reflected in emerging conceptual models of halal ecosystem governance) (Cheumar & Abdullah, 2025). Fragmentation or duplication of role such as overlapping jurisdictions between federal and state religious authorities can weaken the system's coherence and giving rise to disputes over jurisdictional authority, legitimacy, or authenticity. Recent studies have also highlighted the increasing role of digitalisation, governance

transparency, and global standard harmonisation in strengthening halal assurance systems (Khan et al., 2022; Abdul Rahman et al., 2026; Muharni et al., 2025).

2.4. Dimensions of Effective Halal Governance

Drawing on governance theory and sectoral-specific studies, four key dimensions emerge as central to effective halal governance:

- **Institutional Clarity** – Clearly delineated roles and mandates among federal, state and private actors prevent regulatory overlap and administrative ambiguity.
- **Transparency and Accountability** – Open decision-making processes and supported by clear audit and oversight mechanisms, build public confidence and mitigate risks of malpractice.
- **Capacity and Professionalism** – Skilled personnel, adequate resources and the adoption of appropriate technological systems are essential to maintain consistency and credibility of certification processes.
- **Stakeholder Engagement** – meaningful inclusion of industry players, scholars, and consumers ensures legitimacy and responsiveness to evolving market needs.
- These dimensions are mutually reinforcing. Neglecting any one of them can undermine the stability of the entire governance framework. For instance, a technically robust certification regime may nonetheless suffer a loss of credibility if it lacks transparency or eroding stakeholder trust.

2.5. Towards a Working Definition

In light of the foregoing discussion, halal governance may be defined as:

“The system of authority, processes and relationships through which halal principles are interpreted, implemented and monitored in accordance with Shariah and modern institutional norms, ensuring trust, transparency, and accountability across all stakeholders.”

This definition captures both the religious foundation and institutional dynamics of halal administration. It positions halal governance not merely as a technical exercise in certification, but as a comprehensive system of ethical regulation embedded within broader social and economic governance structures.

3. THE CRISIS OF CONFIDENCE AND INSTITUTIONAL CHALLENGES IN MALAYSIA'S HALAL GOVERNANCE

Malaysia's halal governance system, once widely regarded as the global benchmark for excellence, has in recent years faced increasing scrutiny and scepticism. While the country remains a pioneer in developing comprehensive halal standards and certification mechanisms, recurring controversies and institutional weaknesses have eroded public confidence and posed questions about the system's credibility, transparency, and competitiveness. These developments have prompted renewed debate over whether the existing governance architecture remains fit for purpose in an increasingly complex and globalised halal economy.

3.1. Erosion of Public Trust

The halal certification regime in Malaysia has traditionally functioned as a symbol of integrity and assurance for Muslim consumers, both domestically and internationally. However, several high-profile incidents of fraudulent labelling, misuse of halal logos and alleged weaknesses within certification processes have contributed to a growing sense of distrust.

Reports of non-halal products being sold under purported halal labels, coupled with fragmented enforcement among agencies, have amplified perceptions of weak oversight in Malaysia's halal ecosystem. Research highlights inconsistent enforcement practices and misuse of halal logos as ongoing challenges that undermine consumer trust and regulatory credibility (Iberahim, et al., 2012; studies on halal logo misuse; cases of fraudulent products reported in enforcement operations); Bakar, 2018; Bakar, et al., 2019). In the current era of heightened social media visibility, even isolated lapses can rapidly escalate into reactions and widespread public debate. Consequently, the halal brand once closely

associated with Malaysian reliability, faces a reputational risk that could undermine decades of institutional development.

Public trust constitutes the cornerstone of halal governance. Once lost, it cannot be easily restored through procedural or administrative reform alone; it requires demonstrable accountability, professional competence and ethical integrity on the part of the institutions involved.

3.2. Fragmentation of Authority and Overlapping Jurisdictions

A major structural issue lies in the fragmented nature of Malaysia's halal governance system. The Department of Islamic Development Malaysia (JAKIM) functions as the principal federal authority for certification, yet state religious councils (JAIN/MAIN) also hold jurisdiction over religious affairs under the Federal Constitution. This duality of authority often leads to overlapping mandates, inconsistent enforcement and prolonged approval timelines.

While JAKIM's role as the federal certifying body is internationally recognised, its limited enforcement powers at the state level create operational gaps. In some cases, businesses face multiple layers of approval, leading to confusion, delays and inefficiencies (Talib & Hamid, 2014). The absence of a clearly delineated division of labour between federal and state agencies not only burdens industry players but also weakens the coherence of the overall governance framework.

In this regard, calls for institutional reform including proposals for a single, consolidated or harmonised halal authority reflect a growing recognition that structural fragmentation undermines both administrative efficiency and regulatory credibility.

3.3. Bureaucratic Inefficiency and Resource Constraints

Beyond jurisdictional complexities, earlier studies highlighted administrative inefficiencies in Malaysia's halal certification process, particularly with respect to procedural delays, documentation inconsistencies and manpower limitations (Alam & Sayuti, 2011).

In response, significant reforms have been introduced. JAKIM, in collaboration with the Halal Development Corporation (HDC), has implemented procedural standardisation and digitalisation initiatives most notably the Malaysia Halal Portal, MYeHalal system and the Halal Certification 2.0 programme which aim to streamline certification timelines and enhance service delivery.

Nevertheless, despite these advances, implementation challenges remain, particularly in achieving seamless integration across federal, state and supporting agencies. Existing digital platforms, while improving efficiency at specific stages, have yet to deliver fully integrated end-to-end traceability and real-time monitoring across the entire halal value chain. As a result, coordination gaps are particularly evident, especially in complex or cross-sectoral certification cases.

Moreover, capacity constraints continue to surface in specialised non-food sectors such as pharmaceuticals, logistics and cosmetics, where halal assessment requires advanced technical and scientific expertise. Several studies note that reliance on outsourced auditors or contract-based officers while necessary to meet demand raises ongoing concerns regarding audit consistency, standard interpretation and quality assurance (Fischer, 2011; Kamali, 2010; Tieman, 2017; Zailani et al., 2017). These challenges do not negate through reforms but underscore the need for sustained investment in specialised human capital and institutional capacity to support Malaysia's expanding global halal ambitions.

Beyond jurisdictional complexities, earlier studies highlighted bureaucratic inefficiencies in Malaysia's halal certification process, particularly in relation to lengthy approval procedures, inconsistent documentation requirements, and manpower constraints (Alam & Sayuti, 2011; Ab Talib, et al., 2015). Since then, however, substantial reforms have been introduced, including the strengthening of JAKIM's institutional role, the standardisation of halal procedures, and the adoption of digital certification systems aimed at improving efficiency and transparency. Despite these improvements, recent scholarship suggests that administrative capacity challenges have not been entirely eliminated, especially as halal certification expands

into non-food sectors and increasingly complex global supply chains (Tieman, 2017; Zailani et al., 2017). These findings indicate that while Malaysia's halal governance framework has evolved significantly, operational pressures continue to emerge in response to scale, sectoral diversification, and internationalisation.

While JAKIM and the Halal Development Corporation (HDC) have invested in digital platforms such as the Malaysia Halal Portal and MYeHalal system, integration across agencies remains incomplete. The result is a patchwork of information systems that fail to deliver end-to-end traceability and real-time monitoring.

Furthermore, limited technical expertise in halal auditing, particularly in non-food sectors such as pharmaceuticals, cosmetics, and logistics continues to constrain Malaysia's ability to extend its certification influence globally (Talib & Hamid, 2014; Tieman, 2017; Zailani et al., 2017). In some cases, the reliance on outsourced auditors or contract-based inspection officers has raised concerns regarding audit consistency, quality control, and the depth of Shariah assurance, potentially affecting stakeholder confidence in halal certification outcomes (Fischer, 2011; Kamali, 2010).

3.4. Challenges of Global Recognition and Mutual Acceptance

Despite Malaysia's early leadership, its halal certification framework still faces challenges in gaining full international acceptance. Competing certification authorities in Indonesia, the GCC countries and parts of Europe have developed their distinct standards and procedural requirements, some of which differ from JAKIM's procedures and interpretations of Shariah.

This lack of harmonisation not only complicates export processes for Malaysian firms but also undermines Malaysia's aspiration to function as a global halal hub. As noted by Riaz & Chaudry (2018), the absence of unified international standards and robust mutual recognition mechanisms often necessitates additional validation of certification obtained in one jurisdiction when halal-certified products cross national borders.

Moreover, geopolitical considerations and differing schools of Islamic jurisprudence schools (mazhab) often influence recognition decisions, making harmonisation even more difficult. Sustaining Malaysia's leadership, therefore requires not only theological credibility but also strategic engagement in international standard-setting, diplomacy, and technical harmonisation.

3.5. Governance Integrity and Perception of Commercialisation

Another concern relates to the perception that halal certification has become excessively commercialised. As the economic value of halal certification grows, critics argue that financial considerations such as certification fees, consultancy arrangements and service contracts risk overshadowing the religious and ethical foundations of halal governance.

Such perceptions, whether fully substantiated or not, can undermine institutional legitimacy and erode confidence among consumers and international stakeholder. Critics argue that when certification fees, service contracts, and consultancy arrangements dominate decision-making, the spiritual and ethical essence of halal risks being compromised (Bakar et al., 2019). This perception, even if not entirely accurate, can damage institutional reputation and erode confidence among consumers and international partners.

Maintaining governance integrity therefore requires not only compliance with procedural standards but also a demonstrated commitment to ethical stewardship, public interest and the maqasid al-shariah (objectives of Islamic law).

3.6. The Imperative for Institutional Renewal

Taken together, these challenges ranging from fragmentation and inefficiency to trust deficits and global recognition issues point to the need for comprehensive institutional renewal. While Malaysia's halal governance system is grounded in sound foundations, has grown increasingly complex and reactive, often responding to crises rather than anticipating them.

Moving forward, Malaysia's halal governance must evolve from a predominantly regulatory-centric towards a more systemic and collaborative model—one that unites religious legitimacy, administrative professionalism, and technological innovation. Strengthening horizontal coordination among federal, state, and private actors, enhancing transparency in decision-making, and leveraging digital governance tools are essential steps in restoring confidence and sustaining Malaysia's leadership position in the global halal economy.

4. ALTERNATIVE MODELS OF HALAL GOVERNANCE: COMPARATIVE PERSPECTIVES

In responding to the challenges confronting Malaysia's halal governance, several conceptual and practical models can be examined. No single approach can universally fit all contexts; rather, each model presents distinct advantages and limitations depending on institutional context, regulatory capacity, and stakeholder expectations (Bonne & Verbeke, 2008; Setiawan et al., 2026; Khan et al., 2022) depending on a country's institutional history, regulatory traditions and market dynamics. Drawing from governance theory and comparative international experience, five broad models can be identified: the Shariah-based model, corporate model, trustee/regulatory model, stakeholder model, and hybrid model.

Taken together, these frameworks provide alternative lenses through which to rethink how halal systems can be structured, coordinated and legitimised, while balancing religious authority with administrative efficiency and global credibility.

4.1. The Shariah-Based Model

The Shariah-based model emphasises the supremacy of religious authority at the core of halal governance. Under this approach, certification, monitoring and enforcement are primarily administered by Islamic institutions such as fatwa councils, religious ministries, or state-appointed ulama bodies. The model's legitimacy is anchored in divine law (*hukm syarak*), ensuring theological authenticity and moral trustworthiness, serving as its principal source of authority.

Advantages:

This model guarantees strong Shariah integrity and consistency in religious interpretation. It is particularly effective in societies where Islamic law constitutes a central pillar of governance, as in Saudi Arabia or Brunei Darussalam. By situating decision-making within religious institutions, the model reinforces public confidence that halal standards genuinely reflect Islamic principles.

Limitations:

However, a predominantly Shariah-based structure may face constraints in administrative capacity, international recognition and responsiveness to technological change and scientific developments. Its rigidity can also limit collaboration with industry and scientific experts, who are essential in addressing modern supply-chain complexities. The absence of robust auditing systems or professional management structures may hinder scalability and efficiency.

For Malaysia, while Shariah legitimacy remains non-negotiable, relying solely on a religious model could restrict innovation and global competitiveness.

4.2. The Corporate Model

At the opposite end of the spectrum lies the corporate or industry-led model, in which halal certification and regulation are primarily driven by market forces and private-sector institutions. The role of the state is minimal typically confined to accreditation, quality assurance, general food safety regulation or consumer protection.

Examples:

Countries such as Australia and New Zealand adopt variants of this model, where private halal certification bodies operate within national food standards or frameworks. Certification function is treated as a form of voluntary assurance, guided by contractual relationships between certifiers and companies rather than state-imposed regulation.

Advantages:

The corporate model offers high flexibility, efficiency and market responsiveness. It encourages innovation, competition, and

professionalisation, allowing multiple certifiers to coexist and cater to diverse market needs.

Limitations:

On the flip side, this proliferation of certifications often leads to inconsistent standards, weak theological oversight, and potential conflicts of interest when certification becomes profit-driven. In the absence of strong regulatory oversight, consumer trust may be undermined, as reflected in controversies involving poorly regulated certifiers in Western markets (Riaz & Chaudry, 2018).

In Malaysia's context, a purely corporate model would undermine the state's custodial role in protecting Shariah integrity, though its emphasis on efficiency and service quality offers lessons for reform.

4.3. The Trustee or Regulatory Model

The trustee or regulatory model combines public authority (religious legitimacy) with professional regulation. Here, the state acts as a trustee on behalf of the Muslim community, managing halal certification through statutory agencies or regulatory commissions. The model prioritises institutional accountability, transparency and rule-based administration. Governance is characterised by legal clarity, procedural consistency and institutional accountability.

Examples:

Indonesia's Badan Penyelenggara Jaminan Produk Halal (BPJPH) represents a version of this model. Established under the Halal Product Assurance Law (2014), BPJPH operates under the Ministry of Religious Affairs while coordinating with accredited certification and testing institutions.

Advantages:

This approach ensures legal clarity, central coordination, and procedural consistency. By embedding halal certification within a formal regulatory framework, it enhances public oversight and reduces the risk of commercial exploitation and strengthens regulatory credibility.

Limitations:

Nonetheless, heavy bureaucracy and procedural rigidity can slow down service delivery and reduce flexibility. Overregulation may also discourage industry participation or limit international agility. Balancing legal control with market dynamism thus remains a challenge.

For Malaysia, this model resonates with existing institutional arrangements involving JAKIM and the Halal Development Corporation (HDC), but requires greater transparency, performance measurement, performance evaluation and stakeholder engagement to function optimally.

4.4. The Stakeholder Model

The stakeholder model conceptualises that halal governance is not the sole responsibility of government or religious authorities, but a shared enterprise involving diverse actors—religious scholars, industry players, civil society, and consumers. Decision-making is participatory, guided by the principles of inclusivity, dialogue and co-governance.

Examples:

The United Kingdom's halal ecosystem, though fragmented, reflects aspects of this model, as standards and legitimacy emerge through interactions among Muslim organisations, certification bodies, and consumer associations rather than a centralised state authority (Bonne & Verbeke, 2008; Fischer & Lever, 2018; Lever & Miele, 2012). Similarly, Japan's approach to halal governance is characterised by public-private collaboration, in which government agencies facilitate halal-friendly policies while relying on Muslim associations and foreign-linked certification bodies for religious legitimacy and technical guidance (Henderson, 2016; Yamaguchi, 2019).

Advantages:

This model promotes transparency, adaptability, and shared ownership. It aligns closely with the broader principles of good governance—participation, accountability, and responsiveness

(Rhodes, 1996). When stakeholders collectively deliberate on halal standards, outcomes tend to be more legitimate and reflective of societal needs.

Limitations:

Nonetheless, without strong coordination mechanisms, stakeholder pluralism may degenerate into competition, fragmentation and prolonged decision making. Divergent interpretations of Shariah or conflicting commercial interests may hinder consensus and slow implementation.

In Malaysia, structured stakeholder involvement could strengthen legitimacy and innovation, provided that authority and accountability remain clearly delineated.

4.5. The Hybrid Model

The hybrid model seeks to synthesise the strengths of the preceding frameworks into a balanced system. It integrates Shariah legitimacy with institutional professionalism, public accountability, and industry collaboration into a single governance framework. This model aligns with the realities of contemporary governance, where religious, economic and regulatory dimensions are deeply intertwined.

Examples:

Several Gulf Cooperation Council (GCC) countries and even Singapore's Majlis Ugama Islam Singapura (MUIS) exemplify hybrid systems. In Singapore, MUIS functions as a statutory body with clear authority and jurisdiction over halal certification, yet functions with corporate-style efficiency and close engagement with private industry.

Advantages:

The hybrid model offers both Shariah legitimacy and administrative professionalism functionality. It can institutionalise Shariah oversight while adopting best practices in corporate management, technology use, and international trade compliance. For Malaysia, such a model could preserve JAKIM's central theological authority role while delegating operational and technical functions to professional agencies or accredited partners.

Limitations:

The main challenge lies in balancing religious control with operational flexibility. Over-centralisation risks bureaucracy, while excessive delegation could dilute theological supervision. Therefore, effective governance implementation under the hybrid model requires robust coordination mechanisms, clear lines of accountability and strong political commitment.

4.6. Towards a Contextual-Responsive Model for Malaysia

The comparative review suggests that Malaysia's future halal governance should not rely on a singular governance template, but instead adopt a context-responsive hybrid model. Such a framework would:

- Preserve Shariah authenticity through a strong National Shariah Advisory Council.
- Delegate operational functions to professional, semi-autonomous certification bodies under JAKIM's supervision.
- Promote transparency through integrated digital systems and regular or periodic audits.
- Institutionalise stakeholder participation to ensure inclusivity and responsiveness.
- Strengthen international cooperation for mutual recognition and global harmonisation.
- In essence, Malaysia's halal governance reform should priorities integration rather than replacement building a system that harmonise faith-based legitimacy with institutional agility and global credibility.

5. TOWARDS A MALAYSIAN MODEL OF HALAL GOVERNANCE: STRATEGIC PATHWAYS AND POLICY IMPLICATIONS

Building on the preceding discussion, Malaysia's future halal governance must be conceptualised as a dynamic system—anchored in Shariah legitimacy yet responsive to the evolving demands of global

trade, technological advancement and public accountability. Rather than a wholesale institutional restructuring, what is required is a strategic renewal that strengthens coherence, professionalism and transparency without compromising theological integrity.

This section synthesises the study's findings to outline key policy directions and structural pathways towards a Malaysian model of halal governance that is both globally credible and domestically trusted. The discussion emphasises institutional coherence, Shariah legitimacy, and adaptive governance as the core pillars for sustaining Malaysia's leadership in the global halal ecosystem. The proposed Malaysian model is informed by existing studies on halal governance, institutional trust, and regulatory effectiveness (Ahmad et al., 2018; Khan et al., 2022). This aligns with findings that emphasise the importance of transparency and institutional credibility in halal governance systems (Abdul Rahman et al., 2026).

5.1. Shariah Legitimacy as the Moral Foundation of Halal Governance

Shariah legitimacy constitutes the normative and moral foundation of halal governance. Without sustained religious credibility, halal certification risks being reduced to a purely technical or commercial exercise, thereby undermining its ethical and spiritual significance. In the Malaysian context, safeguarding Shariah integrity necessitates the continued strengthening of authoritative religious institutions, particularly the National Fatwa Council and JAKIM's Halal Hub Division, in addressing emerging halal issues associated with biotechnology, synthetic food production, and digitalisation. The institutionalisation of Shariah expertise within decision-making structures, coupled with the periodic revision of Shariah guidelines to reflect contemporary industrial developments, is essential to ensure that regulatory practices remain both theologically sound and contextually relevant. Such an approach reinforces the moral compass of the halal ecosystem while insulating it from undue commercial or political pressures.

5.2. Institutional Integration and Inter-Agency Coordination

Institutional fragmentation between federal and state authorities remains a persistent challenge within Malaysia's halal governance framework. Overlapping jurisdictions and uneven enforcement practices have contributed to regulatory inefficiencies and stakeholder uncertainty. Addressing this issue necessitates a more harmonised legal and administrative framework that clearly delineates the respective roles of JAKIM, state Islamic religious councils (MAIN/JAIN) and other relevant agencies. The establishment of a central coordinating mechanism, such as a National Halal Governance Council, could facilitate policy alignment, inter-agency communication and strategic oversight. Complementing this institutional reform, the development of an integrated digital governance infrastructure would support real-time data sharing, traceability, and performance monitoring across the halal value chain, thereby enhancing regulatory coherence and accountability.

5.3. Professionalisation of Halal Administration

Sustaining Malaysia's competitive advantage in the global halal economy also depends on the professionalisation of halal administration. Beyond theological compliance, halal governance increasingly demands operational efficiency, technical competence and service quality comparable to international regulatory regimes. This can be achieved through structured capacity-building programmes for halal auditors, inspectors and administrators, including formal certification and continuous professional development – are therefore essential. The adoption of performance-based evaluation metrics would further support improvements in service delivery, audit quality and stakeholder confidence. Additionally, closer collaboration between academic institutions and industry actors could strengthen research, innovation, talent development and applied research in halal science, supply chain management, and governance studies. Together, these measures would reposition halal administration as a performance-oriented institutional system.

5.4. Transparency and Public Accountability

Transparency emerges as a critical determinant of public trust in halal governance. The findings suggest that opaque certification procedures and limited public disclosure weaken institutional credibility and fuel stakeholder scepticism. Enhancing transparency, therefore, requires greater openness in certification processes, including the disclosure of audit procedures and decision rationales, subject to appropriate confidentiality safeguards. Independent oversight mechanisms, such as an ombudsman or parliamentary review process, could further enhance accountability and address potential conflicts of interest. The use of digital transparency tools, including blockchain-enabled traceability systems, also offers significant potential in enabling consumers to verify the halal status in real-time. In this sense, transparency functions not merely as a regulatory requirement but as an ethical obligation that reinforces both domestic legitimacy and international confidence.

5.5. Technological Innovation in Halal Assurance

Technological advancement is increasingly reshaping the future of halal governance. Digital technological tools such as blockchain, artificial intelligence, and the Internet of Things (IoT), offer significant new opportunities to enhance traceability, reduce fraud and improve regulatory efficiency. Accelerating the development of a national halal digital platform that integrates certification, logistics and consumer verification systems would position Malaysia at the forefront of halal technology governance. By aligning technological capabilities with Islamic governance principles, Malaysia can strengthen its role not only as a regulator but also as an innovator and standard-setter within the global halal ecosystem.

5.6. Stakeholder Participation and Co-Governance

Effective halal governance cannot be sustained through a purely top-down administrative approach. The complexity of the halal economy necessitates broader stakeholder participation,

including industry actors, scholars, civil society organisations, and consumers. Institutionalised consultation mechanisms, such as halal industry advisory councils and structured public engagement processes, can help ensure that policies remain responsive, grounded and socially legitimate. Multi-stakeholder partnerships in areas such as certification, capacity building, and market development further support a co-governance model that distributes responsibility while enhancing mutual accountability. Such participatory arrangements contribute to the transformation of halal governance into a shared moral and institutional enterprise.

5.7. International Engagement and Global Recognition

Malaysia's standing in the global halal economy is closely linked to its ability to secure international recognition of its governance framework. Active engagement with multilateral platforms, including the Standards and Metrology Institute for Islamic Countries (SMIIC) and the Organisation of Islamic Cooperation (OIC), is essential for advancing the harmonisation of halal standards. In addition, the pursuit of mutual recognition agreements with key trading partners can facilitate cross-border certification acceptance and reduce technical barriers to trade. Strategic international engagement that integrates Shariah scholarship with regulatory and technical expertise will therefore remain central to strengthening Malaysia's global halal standing.

5.8. Policy Implications

Collectively, the proposed Malaysian model of halal governance carries several important policy implications. These include the need for legislative reform to harmonise halal-related laws under a coherent legal framework, institutional realignment to clarify the respective roles of religious and operational agencies and increased investment in human capital development and digital infrastructure to promote the global marketing of Malaysia's halal brand. Embedding principles of integrity, transparency, and *maqasid al-shariah* across all governance

structures is also essential to ensuring ethical, inclusive and sustainable decision-making. Collectively, these reforms offer a pathway for restoring public trust while positioning Malaysia as a thought leader and innovator in global halal governance.

5.9. Concluding Reflection

Malaysia's experience demonstrates that halal governance is not a static construct, but an evolving system shaped by the interaction of faith, institutions, and markets. Sustaining leadership in this domain requires a renewed vision—one that integrates Shariah authority, administrative excellence, and technological innovation.

The proposed hybrid, context-responsive model offers a balanced pathway forward. It preserves the sanctity of halal principles while embracing modern governance practices, ensuring that Malaysia's halal framework remains not only authentic but also adaptive, transparent, and globally relevant.

6. CONCLUSION AND POLICY RECOMMENDATIONS

The discourse on halal governance in Malaysia has evolved considerably over the past two decades. What began as a primarily theological concern rooted in Shariah compliance, it has expanded into a multidimensional governance framework encompassing regulatory, economic, and technological considerations. Malaysia's experience illustrates both the promise and the complexities of institutionalising halal as a marker of ethical governance and global competitiveness.

This paper has argued that Malaysia now stands at a critical juncture. While its halal ecosystem remains globally respected, persistent challenges such as institutional fragmentation, limited transparency, and uneven enforcement pose risks to long-term credibility. Addressing these concerns requires strategic recalibration: one that rebalances Shariah authenticity with modern principles of governance, efficiency, and accountability.

6.1. Towards a Renewed Halal Governance Paradigm

Looking ahead, Malaysia's halal governance must adopt a whole-of-system approach that bridges theological legitimacy, institutional integration and technological innovation. The proposed Malaysian model advances this integration to create synergy among these dimensions by embedding *maqasid al-shariah* (the higher objectives of Islamic law) into policy and practice, ensuring that governance outcomes are not only legally compliant but also socially beneficial, ethically grounded and economically sustainable.

Such a paradigm must embrace adaptability. As the global halal market expands into new domains such as pharmaceuticals, tourism and digital finance, Malaysia's halal governance framework must be sufficiently flexible to respond to new emerging ethical and regulatory challenges without compromising its moral foundations.

6.2. Key Policy Recommendations

To operationalise this renewed governance paradigm, several policy directions are proposed:

6.2.1. Legal Harmonisation and Governance Reform

Consolidate existing halal-related statutes and guidelines under a comprehensive Halal Governance Act to reduce duplication and clarify authority lines between federal and state institutions.

Institutionalise an independent National Halal Governance Council (NHGC) to oversee coordination, standard-setting, and dispute resolution across the halal ecosystem.

6.2.2. Professionalisation and Capacity Development

Strengthen human capital through continuous professional development, certification and ethical training for halal auditors, inspectors and administrators.

Promote collaboration between universities, industry and regulatory agencies to produce skilled halal professionals equipped with multidisciplinary knowledge and competencies.

6.2.3. Digital Transformation of Halal Administration

Develop a unified Halal Digital Ecosystem integrating blockchain, artificial intelligence (AI), and traceability tools for certification, monitoring and consumer verification.

Advance open data initiatives to enhance transparency and reduce bureaucratic delays.

6.2.4. Stakeholder Co-Governance and Public Engagement

Foster and institutionalise participatory decision-making by engaging industry associations, civil society organisations, scholars and consumers in policy formulation and review processes.

Establish structured consultation platforms to ensure inclusive and evidence-based policymaking and responsive governance.

6.2.5. Global Positioning and Mutual Recognition

Strengthen Malaysia's leadership in the Organisation of Islamic Cooperation (OIC) and Standards and Metrology Institute for Islamic Countries (SMIIC) to advance harmonised halal standards.

Pursue bilateral and regional mutual recognition agreements to expand Malaysia's halal export reach and reinforce international trust in its certification regime.

6.3. The Way Forward

Ultimately, Malaysia's standing as a global halal leader will depend not merely on regulatory sophistication, but on the integrity, credibility and coherence of its governance model. The path forward demands a conscious mixture of moral conviction, institutional discipline and technological foresight.

By grounding halal governance in Shariah ethics while embedding it within a framework of good governance — characterised by transparency, professionalism, and innovation — Malaysia can sustain its competitive edge in the evolving global halal economy.

The ambition, therefore, is not merely to manage compliance, but to embody *ihsan* (excellence) in governance: a system that serves faith, empowers industry and earns the confidence of the global ummah.

6.4. Closing Reflection

In essence, the future of Malaysia's halal governance depends on its ability to evolve without losing its soul. The challenge lies not in creating more rules, but in cultivating trust in institutions, in standards, and in the values that underpin them.

Should Malaysia succeed in this endeavour, it will not only preserve its position as a global halal reference point but also demonstrate how faith-based governance can coexist with modernity, competitiveness, and ethical stewardship. In practical terms, the findings of this study suggest that strengthening institutional coordination, enhancing transparency mechanisms, and leveraging digital technologies are critical to improving Malaysia's halal governance effectiveness. These implications are particularly relevant for policymakers, regulatory agencies, and industry stakeholders seeking to reinforce public trust and global competitiveness. Future research may build on this discussion by empirically examining stakeholder perceptions, institutional trust dynamics, and comparative governance practices across halal-producing jurisdictions.

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Author contributions

This study provides meaningful, practical advice to help researchers find original ideas and challenge the traditional norms. The five models of Halal Governance were blended with the elements of the Malaysian case, highlighting how federalism can be both a constraint—through overlapping authority—and an enabler—through shared legitimacy and resources; thus provides pertinent guidelines and encourages researchers to continue to perform original and courageous research in the model of halal governance, particularly through the federal-state context.

Conflict of interest

The author declares that he has no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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