

**THE POLICY MODEL OF HALAL CERTIFICATION
USING SIMULATION APPROACH
OF SYSTEM DYNAMICS**

MUHAMMAD NUSRAN

ASIA e UNIVERSITY

2015

**THE POLICY MODEL OF HALAL CERTIFICATION
USING SIMULATION APPROACH
OF SYSTEM DYNAMICS**

MUHAMMAD NUSRAN

**A Thesis Submitted to Asia e University
in Fulfillment of the Requirements for
the Degree of Doctor of Philosophy**

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ABSTRACTS

MUHAMMAD NUSRAN, The Policy Model Of Halal Certification using Simulation Approach Of System Dynamics (Supervised by Irawadi Jamaran)

Aspects of Halal has become a global trend and the needs of the world community. Muslim consumers in several Islamic countries, especially in Indonesia that have Muslim dominant are very sensitive to food consumed, so Halal products are needed for quality product in the society that to be safe, healthy and reliable. LPPOM MUI as a Non Government Organization was established for anticipating and providing a sense of security to consumers. For importing countries such as Indonesia, Malaysia and ASEAN countries, there should be regulations to ensure that the products are distributed is Halal. The research aims to create a model with Simulation Approach of System Dynamics for increasing number of Halal product certified. The data were processed by using Ventura Simulator (Vensim) which showing the model of Causal Loop. After passing through several stages of Simulation Model Design, Validation and Verification Model and then Running Simulation, invented the model of simulation that can be used for design of Halal Certification policy to the future. It show that Sub model of Halal Certification Process Stages, using CEROL-SS23000 takes only 40 days, 55.6 percent faster than previous 90 days (3 months). Scenario proposed is Halal Certification period extended from 24 months to 36 months, where the policy of extending the term of halal certification, will increase the number of Re-Certified products or new products that will be in the process of certification. Conclusion that is beyond 5 years last since year 2009-2014 it seen a surge in the number of products which have issued 13,136 halal certificate for food products, medicines and cosmetics. This achievement is supported by 710 persons of halal auditors. Policy model of Halal certification will increase significantly with the passage of legislation Halal Product for legal from the Government, thus further accelerate the pace of the number of product certified, the model simulations closer to reality in accordance with the data input.

Keywords: Simulation, System Dynamics, Policy Model and Halal Certification



APPROVAL PAGE

I certify that I have supervised/read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfillment of the requirements for the degree of Doctor of Philosophy.



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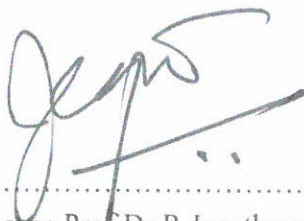


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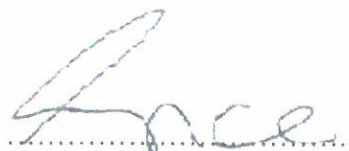


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DECLARATION

I hereby declare that the thesis is submitted in fulfillment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and / or exclusion from award of the degree.

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Researcher/Writer,

Muhammad Nusran

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ABBREVIATION:

AHP	Analitical Hirarchy Process
AMDK	Air Minum Dalam Kemasan (Bottled Water)
AME	Average Mean Error
APINDO	Asosiasi Pengusaha Indonesia (Association of Indonesian Entrepreneur)
ASEAN	Association of South East Asian Nations
BPOM	Balai Besar Pengawasan Obat dan Makanan (Administration Center for Food and Drug)
BPJPH	Badan Pelaksana Jaminan Produk Halal (Executive Board of Halal Product Assurance)
BPS	Badan Pusat Statistik (Central Bureau Of Statistics - CBS)
CEROL	Certification Online
CLD	Causal Loop Diagram
CPI	Central Point of Indonesia
DIY	Daerah Istimewa Yogyakarta (Special Region Of Yogyakarta)
DPR RI	Dewan Perwakilan Rakyat (House of Representative)
FAO	Food and Agiculture Organization
Fatwa MUI	Pernyataan Ulama tentang suatu hukum (Ulama Statement for Shariah Law)
GIGO	Garbage In, Garbage Out
HACCP	Halal Analysis Critical Control Point
Halal	Yang dibolehkan (be Allowed)
Haram	Yang dilarang (forbidden)

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HR	Hadist Riwayat (Hadith History)
HrACCP	Haram Analysis Critical Control Point
IKM	Industri Kecil Menengah (Small and Medium Entreprice)
ISO	International Standard Organization
JPH	Jaminan Produk Halal (Halal Product Asurance)
KEMENAG	Kementerian Agama (Ministry of Religion)
LPH	Lembaga Pengawasan Halal (Halal Audit Institution)
LPPOM MUI	Lembaga Pengkajian Pangan, Obat-obatan dan Kosmetik (Institute for the study of Food drugs and Cosmetics)
MUI	Majelis Ulama Indonesia (Indonesia Ulama Council)
ORMAS	Organisasi Massa =NGO (Non Goverment Organization)
RPH	Rumah Potong Hewan (House of Slaughtering)
RUU	Rancangan undang Undang (Draft of Law)
SH	Sertifikat Halal (Halal Certificate)
SJH	Sistem Jaminan Halal (Halal Assurance System)
SOP	Standard Operating Procedures
TQM	Total Quality Management
UU	Undang Undang (The Law)
Vensim	Ventana Simulator
WHC	World Halal Council
WHO	World Health Organization

CHAPTER 1

INTRODUCTION

1.1 Introduction and Background

Since the issue of food contains pork in 1988, Muslim consumers in Indonesia were extremely sensitive to food consumed. Though Indonesia's Government does not required for Halal Certification, but in reality the Halal certification in Indonesia is a must. A year later (January 6, 1989) LPPOM MUI (Institute for Food Medicine and Cosmetics - Indonesian Ulama Council) was established to anticipate and provide a sense of security for Muslims consumers (LPPOM MUI, 2013).

The halal aspect has become a global trend needed by the world community, not only for the Muslim countries but also for the European countries and the United States. (LPPOM MUI, 2013).

Now, the Halal has also become one of the important things in the trades of food, drugs and cosmetics in the world. Currently, Islam has become the second largest religion in the world with a population of about 1.8 billion. It is predicted that by the year 2025, Muslims will represent nearly 30 percent of the world's population. This condition causes all businessmen in the global market to face them as an opportunity and to confront them as a challenge (LPPOM MUI,2014).

For the importing countries such as Indonesia, Malaysia, and the Countries of ASEAN, the regulation must be lowful to guarantee those products distributed in the world. Indonesia as the world's largest Islamic population (237,641,326 inhabitants, the Central Bureau of Statistics

(CBS) data by 2014) is the potential of halal market. Indonesia has the resources or the ability, capacity, and the potential for halal centre of the world. Halal certification system then becomes an imperative expected to protect both the aspects of safety and halal (LPPOM MUI, 2014).

Policy model for halal certification is expected in advance, such as creating a system can cope with the quick method of halal certification. At present LPPOM MUI has an online registration system with the halal certification CEROL-SS23000 with the process of around 90 days (LPPOM MUI, 2013), nevertheless, it still requires the certification management that is more simple and straight forward including certification service speed and ease of administration are included in the cost of subsidies, which are expected to be policy model:

1. The system creates the confidence of companies that have certified halal, so that is not just a product halal guaranteed believes as a number of local products is indeed historically have gotten public confidence including cracker products, Padang Restaurants, but it should be when the more products have halal certification, then consumers should be worth to doubt halal label, such as the recent case of meat hoard. The full support of the Government is required to have a product certification and assurance of halal and not just voluntary principles, as this will damage the system.
2. The Government requires that all products must be certified halal (both domestic and imported products) then the consequences the Government subsidizes to the companies, so they do not have the burden of production.

3. If Halal certification authority has been established by the Government to the LPPOM MUI, halal policy models that can be applied are:
 - a. All the raw materials and processed food ingredient that come to Indonesia should have a halal certificate and Halal Assurance System issued by the LPPOM MUI.
 - b. Creating an integrated control systems to all slaughtering houses that exist throughout Indonesia.
 - c. The process of gradual closure of alcoholic plants and drinks and stopping or very restricted the imported alcoholic drinks to Indonesia by giving a very high tax.
 - d. Conducting intensive audits of all factories and food ingredient and does not give permission for operating to the factories that had allegedly resulted in dubious products.

1.2 Statement of Research Problem

Low levels of Halal certification and halal Assurance System and ownership by the LPPOM MUI have not been established after about 25 years of age. These show the great significance number of products and companies that have been certified and halal. Yet the presence of Halal certification policy in determining the direction of halal as well as socialization of policy strategy implementation legislation guarantees the halal products.

1.3. Problems of Research

1. How to improve the real significance number of certified Halal products.
How far and efforts are being made to increase the number of firms with regulation of Halal certificate in Indonesia evenly.
2. The rejection of several institutions and associations affect the ownership of a quantity of Halal certification.
3. No policies that fully supports from the Government and policy makers and why the Government support is still lacking in the halal certificate to be a self problem in this research.

1.4. Research Objectives

1. To create a policy model simulation with the System Dynamics associated with an increasing of significance number of products that have been certified halal.
2. To make the policy model scenario associated with an increasing of the number and percentage of the company towards the regulation of halal certification evenly in Indonesia.
3. To create halal socialization policy model and policy model of proper legal basis, so that the Government can determine the shape of the halal certification policies associated with the regulatory plan and legal basis through Guarantee Law of the halal product against sector costs, administration and halal certification procedure, so can hopefully accelerate the equalization of product number having halal certification.

1.5. Research Questions

To realize the halal certification products can spread evenly throughout Indonesia, and then it takes quite a long time. The cause of these things because it is still a very large number of factors influence so haven't been able to show the real trend. While according to Saifullah in Darwin (2008), the last 5 year data consist of large-scale 87,942 food industry, medium and small food Industry 823,872. Then a scale of household, restaurant, bistro and catering, not counting until the year 2012 data various industry show accelerated increase in scale is so high.

1. What kind of problems such as halal certification agencies LPPOM MUI that have yet to be able to optimally solve a large number of products marketed in the community in order to be certified as halal by inadequate LPPOM MUI in different regions, also due to limited manpower still Halal Auditor are also still need on-going training.
2. Why does the government support is still less or even no management system of halal certification in Indonesia, where Halal Product Assurance in the House of Representatives proposes mandatory, but from the government and some elements of society is refuse, so the only proposed voluntary only.
3. Why there is no designation of institution of halal certification authority over the full duties of Halal certification in Indonesia, so the LPPOM MUI is also still in position yet powerful in terms of authority, while The Ministry of Religion and other Organizations also indicated a high interest to deal with the halal certification authority.

4. How the burden of the cost of the halal certification is still perceived aggravating company and manufacturer, so the impact on the imposition of the increased total production costs.
5. What kind of socialization of halal certification system including urgency unknown products certified will have an impact on increasing the sales volume of the company.

1.6. Research Hypotheses

1. The faster the process will be more halal certification demonstrates an increasing amount of acceleration Products for certification in a variety of scales is so high
2. A growing number of halal auditor in various personnel in the area will be the more underserved in halal certification process
3. The higher the level of partisanship against the Government policy, the stronger the halal certification authority of LPPOM MUI in increasing the number of certified products.
4. The cheaper the cost of Halal certification is, the sooner and the easier the company to certify the products.
5. The better the efforts of socialization about the urgency of halal certification to the company and the Community producers, a growing number of companies are vying for certified the products.

1.7. Significance of Research

With this research, a number of advantages with the halal certification on products: