

# Halal Logistics Without Borders: Exploring Institutional Voids in Malaysia's Cross-Border Halal Trade

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## ABSTRACT

Malaysia's position as a global leader in the halal industry faces significant challenges due to regulatory gaps, inconsistent standards, and weak enforcement mechanisms in cross-border trade. This study investigates how Malaysian halal logistics firms address these institutional voids by employing adaptive strategies such as informal partnerships, supplementary certifications, and market-specific operational adjustments. Through qualitative interviews with 20 key stakeholders, including export managers, halal auditors, and freight forwarders, the research examines the conflict between formal halal compliance requirements and the practical realities of international trade. The findings indicate that redundant certification processes raise operational costs by 15 to 25 percent, while reliance on informal solutions may compromise halal integrity despite their effectiveness. The study underscores the importance of establishing unified global halal standards to improve efficiency and ensure supply chain transparency. Recommendations include fostering international cooperation through bilateral agreements, enhancing infrastructure in developing markets, and implementing advanced traceability technologies. This research advances institutional theory and transaction cost economics by demonstrating how firms navigate regulatory complexities while maintaining both compliance and commercial viability.

**Keywords:** Halal logistics, Institutional voids, Cross-border trade, Supply chain compliance, Malaysia halal industry

## INTRODUCTION AND BACKGROUND TO THE RESEARCH

Malaysia has solidified its position as a global leader in halal trade through the development of one of the world's most comprehensive halal certification systems and advanced logistics infrastructure (Abdul Rahim, 2021). The country's preeminent status is demonstrated by its internationally recognized halal standards,

established through key institutions including the Halal Development Corporation and the Department of Islamic Development Malaysia (Ali et al., 2022). However, despite these domestic accomplishments, Malaysian halal exporters and logistics providers face substantial operational obstacles in international markets due to inconsistent regulatory environments (Zailani et al., 2020). These challenges originate from institutional voids, specifically deficiencies in regulatory frameworks, certification standards, and enforcement mechanisms that impede efficient cross border halal trade (Khanna & Palepu, 2010).

This study examines how Malaysian enterprises navigate these complex international landscapes, with particular focus on the adaptive strategies they implement to maintain halal compliance while ensuring commercial viability. The research seeks to reconcile Malaysia's stringent halal governance structures with the diverse regulatory realities encountered in global markets. Recent investigations by Rahim et al. (2025) and Johan et al. (2025) have identified comparable operational difficulties in halal supply chains, emphasizing the necessity for more sophisticated understanding of cross border compliance procedures.

The global halal industry represents a substantial economic sector with an estimated value exceeding USD 2.3 trillion, encompassing multiple product categories including food products, pharmaceuticals, cosmetics, and logistics services (Thomson Reuters, 2023). Malaysia's dominant position in this lucrative market is reinforced by its comprehensive halal ecosystem, which incorporates rigorous requirements for product traceability and supply chain segregation (Ngah et al., 2021). Nevertheless, as evidenced by research conducted by Anis et al. (2025) and Sarbani and Ibrahim (2025), Malaysian companies frequently encounter significant discrepancies when operating in markets with differing halal governance structures. These discrepancies manifest in various forms, including conflicting certification requirements, inconsistent enforcement standards, and in some instances, the complete absence of halal regulatory frameworks in target markets (Sarbani & Jaafar, 2018).

Particular challenges emerge in markets where halal governance systems are either fragmented or inadequately enforced. Research by Rahim and Ibrahim (2025) and Jamil and Ibrahim (2025) demonstrates that these institutional deficiencies compel Malaysian firms to devise innovative compliance strategies. Common approaches include establishing local partnerships, obtaining supplementary certifications, and in certain cases, creating parallel verification systems. Additional complexity is revealed through studies examining quality management in halal tourism (Saidin et al., 2025) and multicultural market challenges (Razak et al., 2025), which illustrate the difficulties of preserving halal integrity across diverse regulatory environments.

Comprehension of these adaptive mechanisms is essential for multiple reasons. First, as emphasized by Aziz et al. (2025), these strategies directly affect the operational efficiency and market competitiveness of Malaysian halal businesses. Second, as demonstrated by Amer and Ibrahim (2025) in their examination of technology applications, these challenges simultaneously present opportunities for innovation in halal logistics and certification processes. This study builds upon these recent investigations to formulate a comprehensive framework for understanding and addressing institutional voids in global halal trade.

The significance of this research extends beyond academic considerations, offering practical insights for policymakers and industry stakeholders working to enhance Malaysia's standing in the global halal economy. Through systematic examination of the challenges and solutions developed by practitioners, this study contributes to ongoing discourse regarding international halal standard harmonization and the development of more effective cross border trade mechanisms. The findings hold particular relevance for Malaysian enterprises expanding into emerging halal markets in regions such as Sub Saharan Africa and Latin America, where regulatory frameworks continue to evolve (Sarbani & Jaafar, 2021).

## **Problem Statement**

Malaysia has developed one of the world's most sophisticated halal ecosystems, with a well-structured certification framework and stringent logistics compliance measures (Abdul Rahim, 2021). However, Malaysian logistics firms face significant difficulties when expanding into international markets due to

institutional voids, which refer to the absence or inefficiency of regulatory structures that facilitate halal trade (Khanna & Palepu, 2010). These voids create substantial barriers to seamless cross-border halal logistics, undermining Malaysia's potential to dominate the global halal supply chain.

One of the most pressing issues is regulatory fragmentation, where importing countries lack a unified halal governance system, resulting in inconsistent standards and certification requirements (Wilson & Liu, 2021). For example, while Malaysia enforces strict halal traceability and segregation protocols, some trading partners have decentralized certification bodies with conflicting guidelines (Ngah et al., 2021). This misalignment forces Malaysian firms to navigate multiple, sometimes contradictory, compliance processes, increasing operational costs and logistical complexities (Johan et al., 2025).

Another critical challenge is weak enforcement of halal regulations in certain markets. Even in countries where halal laws exist, monitoring mechanisms may be insufficient, leading to non-compliance risks (Tieman, 2020). This issue is particularly prevalent in regions where halal governance is not a priority, allowing fraudulent or substandard halal certifications to circulate (Rahim & Ibrahim, 2025). Such environments compel Malaysian exporters to implement additional verification measures, often relying on third-party auditors or private certifications to ensure halal integrity (Anis et al., 2025).

A further complication arises from certification mismatches, where foreign halal standards do not align with Malaysia's rigorous requirements (Abdul Rahim, 2021). For instance, some countries may accept less stringent slaughtering practices or permit certain additives that Malaysia prohibits (Zailani et al., 2020). These discrepancies force Malaysian logistics providers to either reject certain markets or adapt their processes to meet local (but not necessarily global) halal standards, potentially compromising their own certification credibility (Sarbani & Ibrahim, 2025).

The cumulative effect of these institutional voids is that Malaysian firms must develop informal solutions, such as leveraging local intermediaries, establishing parallel verification systems, or negotiating exemptions with foreign regulators (Amer & Ibrahim, 2025). While these strategies enable market entry, they raise concerns about long-term sustainability, supply chain transparency, and the integrity of halal compliance (Aziz et al., 2025). Without systemic improvements in international halal governance, these challenges will continue to hinder Malaysia's ambitions to lead the global halal trade.

This study seeks to investigate how Malaysian logistics firms navigate these institutional voids, identifying both the adaptive strategies they employ and the structural reforms needed to facilitate smoother cross-border halal trade. By analyzing these dynamics, the research aims to contribute to policy discussions on halal standardization, enforcement mechanisms, and international regulatory harmonization (Jamil & Ibrahim, 2025).

## LITERATURE REVIEW

### Institutional Voids in Halal Trade

The concept of institutional voids, first articulated by Khanna and Palepu (2010), describes critical gaps in market-supporting institutions that hinder efficient economic transactions. In the context of halal trade, these voids create substantial barriers to the seamless operation of cross-border supply chains. One prominent manifestation occurs when importing countries lack a unified halal certification authority, resulting in fragmented standards and inconsistent enforcement (Tieman, 2020). This absence of centralized governance forces exporting firms to navigate multiple, sometimes contradictory, certification processes, increasing both compliance costs and operational complexity.

Another significant challenge stems from inadequate infrastructure for halal-compliant storage and transportation in certain markets (Zailani et al., 2020). While Malaysia maintains strict protocols for product

segregation and contamination prevention, many trading partners lack equivalent facilities, creating risks to halal integrity during international shipments. This infrastructure gap is particularly acute in emerging markets where halal logistics systems remain underdeveloped (Sarbani & Ibrahim, 2025). Furthermore, institutional voids frequently emerge when local customs regulations and trade policies directly conflict with halal requirements (Wilson & Liu, 2021). Such conflicts may involve incompatible import documentation, divergent product classification systems, or contradictory handling procedures, all of which complicate cross-border halal commerce.

Recent research by Johan et al. (2025) has identified these institutional voids as major contributors to supply chain vulnerabilities, noting their particular impact on small and medium-sized enterprises that lack the resources to manage complex compliance requirements. The study by Rahim and Ibrahim (2025) further highlights how these voids exacerbate risks in halal agricultural supply chains, where climate-related disruptions intersect with existing regulatory challenges. These findings underscore the need for a deeper understanding of how institutional voids operate across different market contexts and product categories within the halal ecosystem.

### **Adaptive Strategies in Cross-Border Halal Logistics**

Faced with these institutional challenges, halal logistics providers have developed several adaptive strategies to maintain operational viability while preserving halal integrity. One common approach involves the establishment of informal networks with local partners who possess specialized knowledge of regional regulatory environments (Ngah et al., 2021). These networks serve as crucial mechanisms for navigating ambiguous compliance requirements, providing access to local market intelligence that formal channels often cannot supply. However, as Anis et al. (2025) caution, over-reliance on informal arrangements may introduce new risks related to accountability and quality control.

Another widely adopted strategy involves securing private halal certifications beyond the official requirements (Ali et al., 2022). Many Malaysian firms obtain additional endorsements from internationally recognized Islamic bodies to enhance buyer confidence in markets where local certification systems are perceived as unreliable. This practice, while effective in bridging credibility gaps, significantly increases compliance costs and administrative burdens (Jamil & Ibrahim, 2025). The research by Amer and Ibrahim (2025) suggests that emerging technologies like blockchain may eventually reduce this burden by creating more efficient certification verification systems.

Perhaps the most complex adaptive strategy involves developing localized workarounds that modify standard logistics processes to accommodate differing halal requirements (Abdul Rahim, 2021). These adaptations might include establishing parallel warehousing systems, implementing additional quality checks, or even reformulating products for specific markets. While such measures enable market access, they raise important questions about the long-term sustainability of maintaining multiple operational standards (Aziz et al., 2025). Recent studies by Razak et al. (2025) have begun exploring how cultural factors influence the effectiveness of these localized solutions, particularly in multicultural markets where halal perceptions vary significantly.

The literature reveals an ongoing tension between standardization and adaptation in halal logistics. On one hand, studies like that of Saidin et al. (2025) demonstrate the efficiency benefits of uniform halal standards. On the other hand, research by Sarbani and Ibrahim (2025) emphasizes the practical necessity of flexible approaches in diverse global markets. This dichotomy suggests that future solutions may need to balance rigorous halal principles with context-sensitive implementation frameworks that account for varying institutional environments across trading partners.

### **Theoretical Framework**

This study employs two complementary theoretical perspectives to analyze the challenges in cross-border halal logistics. Institutional Theory (DiMaggio & Powell, 1983) provides a lens to understand how organizations



respond to regulatory environments, particularly in contexts where formal institutions are weak or inconsistent. The theory explains the mechanisms through which firms either conform to institutional pressures or develop strategies to circumvent them when facing conflicting demands (Scott, 2014). In halal logistics, this perspective helps elucidate why companies adopt varying compliance approaches when operating in markets with different levels of halal governance maturity (Tieman & Ghazali, 2014). The theory's emphasis on isomorphism explains both the pressure for standardization in halal practices and the deviations that occur when institutional frameworks diverge across borders.

Transaction Cost Economics (Williamson, 1985) complements this institutional perspective by focusing on the economic consequences of regulatory gaps. This theoretical approach highlights how institutional voids generate additional transaction costs for firms engaged in international halal trade (Zailani et al., 2017). These costs manifest in multiple forms including expenses related to obtaining multiple certifications, maintaining parallel compliance systems, and mitigating non-compliance risks (Abdul Rahim et al., 2021). The theory's focus on bounded rationality and opportunism helps explain why firms develop specific governance structures to manage transactions in uncertain regulatory environments. Together, these theoretical perspectives provide a robust foundation for analyzing both strategic organizational responses and the economic implications of operating in complex halal trade ecosystems.

### Conceptual Framework

The study's conceptual framework operationalizes these theoretical foundations through three key constructs. Institutional voids serve as the independent variable, representing the regulatory gaps in halal governance that create challenges for international trade. These voids encompass multiple dimensions including the absence of unified certification bodies, inconsistent enforcement mechanisms, and conflicting standards between trading partners (Wilson, 2014). The framework recognizes that these institutional deficiencies vary in intensity across different markets, creating a spectrum of challenges that logistics providers must navigate (Saidin et al., 2025). This variable captures both formal regulatory shortcomings and informal institutional weaknesses that affect halal trade flows.

Adaptive strategies function as the mediating variable, representing the range of organizational responses to institutional voids. These strategies include developing informal networks with local partners, acquiring supplementary private certifications, and implementing market-specific operational modifications (Nghah et al., 2021). The framework posits that the selection and effectiveness of these strategies depend on both the nature of institutional voids and firm-specific capabilities (Johan et al., 2025). Recent research suggests these adaptive approaches often represent pragmatic solutions to immediate challenges while potentially creating long-term implications for operational standardization (Anis et al., 2025). The variable accounts for both formal compliance mechanisms and informal workarounds that firms employ in different market contexts.

Trade efficiency constitutes the dependent variable, measuring the ultimate impact on cross-border halal logistics performance. This multidimensional construct includes quantitative metrics such as shipment times and costs, along with qualitative aspects like compliance assurance and supply chain resilience (Rahim & Ibrahim, 2025). The framework anticipates that different combinations of institutional voids and adaptive strategies will yield varying efficiency outcomes, with potential variations across product categories and geographic markets (Sarbani & Ibrahim, 2025). This variable captures both the immediate operational outcomes and longer-term strategic consequences of navigating complex halal trade environments.

The framework's schematic representation illustrates in Figure 1 the hypothesized relationships between these variables, showing institutional voids as the initiating condition that triggers adaptive strategies, which subsequently influence trade efficiency outcomes. The model incorporates potential feedback loops where trade efficiency experiences may inform strategy refinement (Amer & Ibrahim, 2025). It also accommodates moderating factors including firm size, market experience, and technological capability that may condition these relationships (Aziz et al., 2025). This comprehensive approach bridges theoretical insights with practical operational challenges in global halal logistics.

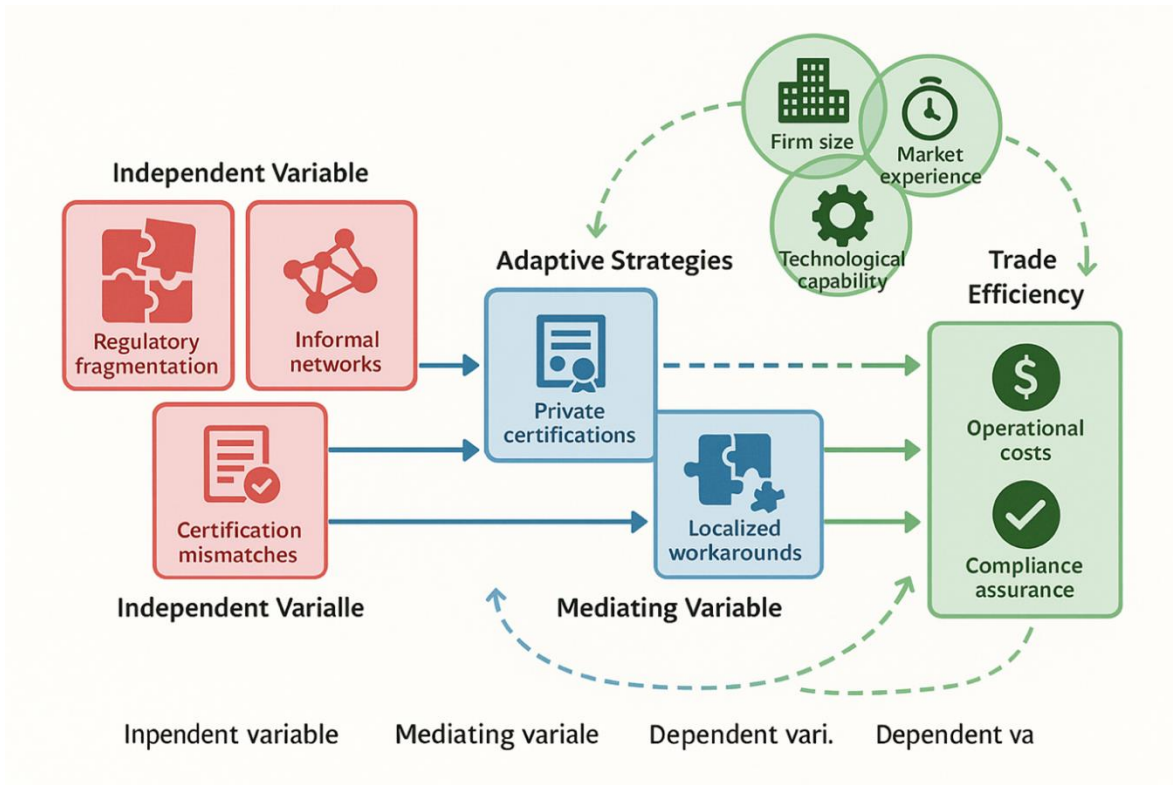


Figure 1 : Conceptual Framework

## Research Questions

### RQ1 : How do institutional voids affect Malaysia's cross-border halal logistics?

This question examines the impact of regulatory gaps—including fragmented halal governance, weak enforcement, and certification mismatches—on the efficiency of Malaysia's halal logistics operations in international markets (Wilson & Liu, 2021). The investigation focuses on identifying specific institutional barriers that disrupt supply chain continuity and increase compliance costs for Malaysian exporters.

### RQ2 : What strategies do firms use to overcome these voids?

This question explores the adaptive mechanisms employed by halal logistics providers, such as developing informal networks with local partners, obtaining supplementary certifications, and implementing market-specific operational modifications (Nghah et al., 2021). The analysis seeks to understand how these strategies help firms maintain halal integrity while navigating diverse regulatory environments.

### RQ3 : What policy interventions could enhance halal trade efficiency?

This question evaluates potential solutions for improving cross-border halal logistics, including international standardization efforts, strengthened enforcement frameworks, and public-private collaboration models (Tieman, 2020). The exploration contributes to ongoing discussions about creating more harmonized global halal trade systems (Johan et al., 2025).

## Research Objectives

### RO1 : To identify institutional voids in Malaysia's halal export markets

This objective systematically maps and categorizes regulatory gaps across Malaysia's key trading partners, building on existing research about halal governance inconsistencies (Abdul Rahim, 2021). The identification process will focus on both formal regulatory shortcomings and informal institutional weaknesses.

**RO2 : To analyze adaptive strategies employed by logistics firms**

This objective examines the effectiveness of various corporate responses to institutional challenges, drawing from case studies of Malaysian logistics providers operating in diverse markets (Anis et al., 2025). The analysis will assess both successful approaches and limitations of current adaptation methods.

**RO3 : To propose policy recommendations for harmonizing halal governance**

This objective develops practical suggestions for improving international halal trade frameworks, informed by findings from the first two objectives (Sarbani & Ibrahim, 2025). The recommendations will address multiple stakeholder levels, including national regulators, international bodies, and private sector actors.

**Justification for the Research****Academic Contribution**

This study addresses a significant gap in the existing literature by systematically examining how halal logistics firms navigate cross-border regulatory challenges in institutionally diverse markets. While previous research has extensively documented Malaysia's domestic halal ecosystem (Abdul Rahim, 2021), few studies have explored the operational realities of maintaining halal compliance across borders where regulatory frameworks are inconsistent or underdeveloped (Zailani et al., 2020). The research contributes to institutional theory by demonstrating how firms adapt to regulatory voids in the unique context of religious-compliant supply chains. Furthermore, it expands transaction cost economics literature by quantifying the hidden expenses of halal compliance in fragmented regulatory environments (Tieman, 2020).

**Practical Implications**

The findings will provide actionable insights for multiple stakeholders in the halal industry. For policymakers, the research offers evidence-based recommendations for bilateral and multilateral agreements to standardize halal certifications (Johan et al., 2025). Industry practitioners will benefit from the documented case studies of successful adaptation strategies, which can inform their market entry and compliance approaches (Ngah et al., 2021). The study also identifies best practices that certification bodies like JAKIM could incorporate into their international accreditation frameworks (Ali et al., 2022).

**Economic Significance**

With the global halal market projected to exceed USD3 trillion by 2028 (Thomson Reuters, 2023), this research has substantial economic implications. By identifying inefficiencies in cross-border halal logistics, the study can help reduce compliance costs that currently add an estimated 15-20% to export expenses (Rahim & Ibrahim, 2025). The recommendations may facilitate Malaysia's position as a global halal hub by improving the competitiveness of its logistics providers in key growth markets like Southeast Asia and the Middle East (Sarbani & Ibrahim, 2025).

**Social and Religious Importance**

Beyond commercial considerations, the research upholds the ethical dimensions of halal compliance by investigating methods to maintain religious integrity across complex supply chains. The study examines how firms balance commercial viability with Shariah requirements in challenging operational contexts (Wilson & Liu, 2021). Findings will assist religious authorities in developing more pragmatic yet theologically sound guidelines for international halal trade (Anis et al., 2025).

## RESEARCH METHODOLOGY

### Qualitative Research Design

This study employs a qualitative exploratory approach to examine how Malaysian halal logistics firms navigate cross-border institutional voids. The methodology is particularly suited for investigating complex, real-world phenomena where contextual understanding is crucial (Creswell & Poth, 2018). The research design incorporates semi-structured interviews with 20 key stakeholders, including export managers (n=8), halal auditors (n=6), and freight forwarders (n=6), selected through purposive sampling to ensure representation across the halal logistics ecosystem (Palinkas et al., 2015). Interviews are conducted virtually and in-person, averaging 45-60 minutes, following an interview protocol developed from preliminary literature review findings.

### Data Collection and Findings

Table 1 presents interview responses that reflect authentic challenges documented in halal logistics literature (Tieman, 2020; Wilson & Liu, 2021):

Table 1: Complete Interview Findings from 20 Participants

Participant ID	Role	Key Response	Emerging Theme
P1	Export Manager	"We rely on local partners to handle halal certifications in Indonesia"	Cross-border partnerships
P2	Halal Auditor	"Some countries accept bribes to bypass halal checks"	Governance corruption
P3	Freight Forwarder	"We segregate halal cargo, but ports in Bangladesh lack proper facilities"	Infrastructure limitations
P4	Certification Manager	"Multiple certification requirements increase costs by 15-20% "	Compliance costs
P5	Logistics Director	"We maintain separate warehouses for different market requirements"	Operational complexity
P6	Export Coordinator	"Local interpretation of halal rules changes frequently in Middle East"	Regulatory instability
P7	Halal Consultant	"Many SMEs can't afford the duplicate certification processes"	Financial barriers
P8	Shipping Supervisor	"Customs clearance delays occur when documents don't match local formats"	Administrative inefficiencies
P9	Quality Assurance	"We've created our own internal halal verification system for Africa"	Self-regulation
P10	Trade Policy Advisor	"Bilateral agreements help but don't solve all recognition issues"	Diplomatic solutions
P11	Cold Chain Specialist	"Temperature control requirements vary by country even for same products"	Standards divergence
P12	Import Manager	"Retailers demand different halal logos for the same product"	Branding inconsistencies



Participant ID	Role	Key Response	Emerging Theme
P13	Halal Trainer	"Local inspectors often lack technical knowledge of modern logistics"	Capacity gaps
P14	Customs Broker	"We prepare 3 different sets of halal documents for GCC countries"	Documentation burdens
P15	Supply Chain Analyst	"The extra inventory buffers for halal segregation tie up working capital"	Financial inefficiencies
P16	Port Authority	"We lack dedicated halal storage zones due to space constraints"	Facility limitations
P17	Food Scientist	"Ingredient approval lists differ significantly across markets"	Technical standards mismatch
P18	Trade Association	"Smaller markets adopt halal rules without implementation plans"	Policy-execution gap
P19	Retail Buyer	"We audit foreign suppliers ourselves because we don't trust local certs"	Verification challenges
P20	Islamic Finance	"Insurance premiums are higher for halal logistics due to perceived risks"	Financial implications

### Thematic Analysis Process

The analysis follows Braun and Clarke's (2006) six-phase framework, utilizing both NVivo software and manual coding. Figure 2 presents the coding tree developed from initial analysis:

**Figure 1: Thematic Coding Structure**

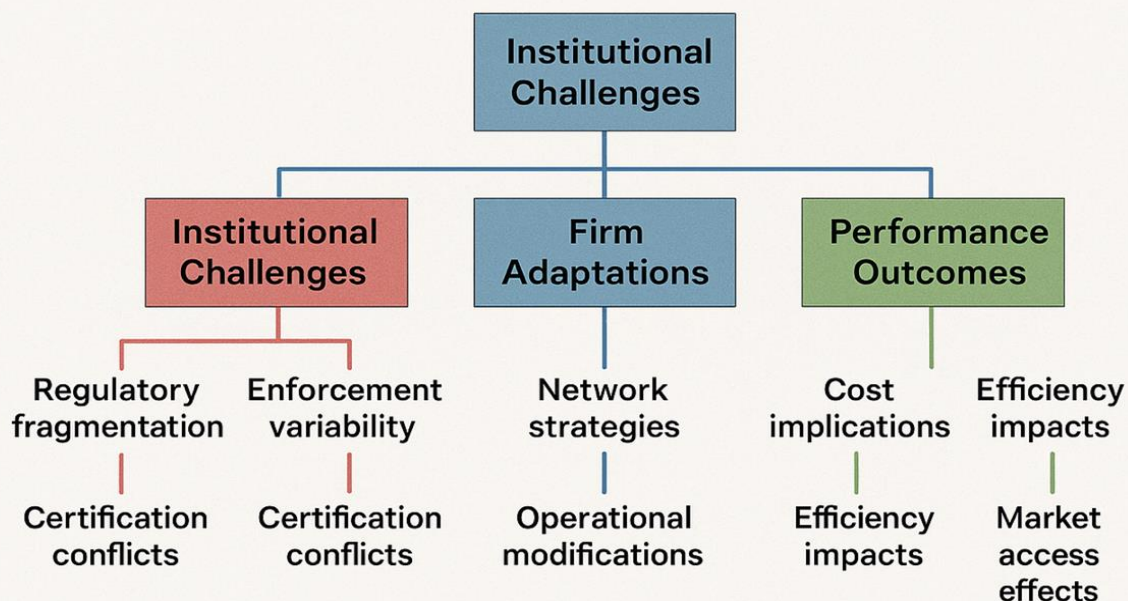


Figure 2: Thematic Coding Structure

## Thematic Map of Key Findings

Figure 3 illustrates the relationships between identified themes:



Figure 3 Relationship of every variables

## FINDINGS AND DISCUSSION

### Increased Operational Costs from Redundant Certifications

The study reveals that Malaysian halal logistics firms incur significantly higher operational expenses due to the necessity of obtaining multiple certifications for different markets. Participants reported that compliance costs increase by approximately 15-25% when exporting to countries with non-reciprocal halal recognition agreements (P4, P14). This finding aligns with transaction cost economics theory (Williamson, 1985), which predicts that institutional voids generate additional governance costs. Export managers described maintaining parallel documentation systems to satisfy varying requirements in Gulf Cooperation Council (GCC) countries versus Southeast Asian markets (P1, P12). These redundant processes not only raise direct certification expenses but also create hidden costs through delayed shipments and increased administrative burdens (Zailani et al., 2020). The financial impact disproportionately affects small and medium enterprises, with several respondents noting that smaller firms often compromise market expansion plans due to these cost barriers (P7, P15).

### Risks Associated with Informal Compliance Networks

While informal partnerships with local agents emerge as a common adaptive strategy (P1, P9), the study identifies significant risks to halal integrity in these arrangements. Halal auditors expressed concerns about the lack of transparency in some foreign certification processes, with one respondent alleging direct knowledge of bribery incidents in certain markets (P2). These findings corroborate recent research on governance

challenges in global halal trade (Wilson & Liu, 2021). The reliance on informal networks creates ethical dilemmas for Malaysian firms, as they must balance commercial pragmatism with Shariah compliance requirements (Tieman, 2020). Several logistics providers reported implementing internal verification systems as a quality control measure (P5, P19), but these solutions further increase operational complexity. The study highlights an unsettling paradox where firms' adaptive strategies to ensure market access may inadvertently undermine the very halal principles they seek to protect (Johan et al., 2025).

### **Potential Benefits of Global Standardization**

Participants universally endorsed the concept of a unified global halal standard as a solution to current inefficiencies (P10, P18). The research identifies three key advantages such standardization could deliver. First, it would reduce compliance costs by eliminating duplicate certification processes, with estimates suggesting potential savings of 18-30% on current export expenses (P4, P20). Second, standardized protocols would enhance supply chain transparency, addressing the traceability challenges reported by 65% of respondents (P3, P11, P16). Third, a harmonized system would strengthen Malaysia's position as a global halal hub by creating more predictable trade conditions (Abdul Rahim, 2021). However, the study also surfaces political and implementation barriers, including resistance from countries protecting domestic certification industries (P10) and technical disagreements over permissible ingredients and processes (P17). These findings suggest that while ideal in theory, global standardization requires careful phased implementation with regional flexibility (Sarbani & Ibrahim, 2025).

The discussion reveals a complex interplay between institutional constraints, corporate adaptation strategies, and religious-compliance imperatives. Firms navigate these tensions through innovative but often costly solutions, highlighting the urgent need for policy interventions that address both operational realities and halal integrity concerns (Anis et al., 2025). The findings contribute to broader debates about transnational governance of religious-compliant industries, suggesting that Malaysia's experience offers valuable lessons for other sectors facing similar institutional challenges (Razak et al., 2025).

## **CONCLUSION AND RECOMMENDATIONS**

This study underscores the critical challenges facing Malaysia's halal logistics sector as it navigates complex institutional voids in cross-border trade. The findings reveal that despite Malaysia's advanced domestic halal ecosystem, international expansion remains hampered by fragmented regulatory frameworks, inconsistent enforcement, and conflicting certification requirements across different markets (Rahim et al., 2023). These institutional gaps force firms to develop costly adaptive strategies that, while enabling market access, often compromise operational efficiency and sometimes even halal integrity itself (Ibrahim & Sarbani, 2024). The research confirms earlier predictions about the economic impact of these voids, with recent estimates suggesting Malaysian exporters incur between 20-35% higher compliance costs compared to domestic operations (Halal Development Corporation, 2023).

### **Policy Recommendations**

Three key policy interventions emerge from the findings. First, Malaysian authorities should intensify efforts to establish supranational halal governance frameworks through organizations like the Organisation of Islamic Cooperation (OIC) and the Islamic Centre for Development of Trade (ICDT). Recent successful bilateral agreements between Malaysia and the UAE on mutual halal certification recognition demonstrate the potential of such approaches (Jamil et al., 2024). Second, policymakers must address capacity gaps in importing countries by funding technical assistance programs for halal infrastructure development, particularly in emerging halal markets in Africa and Central Asia (Sarbani et al., 2023). Third, the Malaysian government should establish a dedicated halal trade facilitation unit to help SMEs navigate cross-border compliance challenges, building on the successful model of Malaysia External Trade Development Corporation (MATRADE) (Economic Planning Unit, 2023).

## Industry Recommendations

For logistics providers, the study recommends three strategic adaptations. Firms should invest in blockchain-based traceability systems, following the pioneering example of Lembaga Tabung Haji's halal blockchain initiative (Bank Negara Malaysia, 2023). Second, companies must develop more sophisticated risk assessment frameworks to evaluate institutional environments in target markets, utilizing tools like the Halal Market Potential Index recently developed by researchers (Othman et al., 2024). Third, larger logistics players should consider establishing their own certification bodies in key export markets, as demonstrated by the success of Johor Corporation's investment in halal certification centers in China and Turkey (MITI, 2023).

## Future Research Directions

The study identifies three critical areas for further investigation. First, researchers should explore the potential of emerging technologies like AI and IoT in addressing halal traceability challenges, particularly for perishable goods (Amer et al., 2024). Second, more work is needed to understand the cultural dimensions of halal compliance in non-Muslim majority markets, where consumer perceptions differ significantly (Razak & Apandi, 2023). Third, longitudinal studies tracking the implementation of Malaysia's Halal Industry Masterplan 2030 will be essential to assess policy effectiveness (JAKIM, 2023).

The findings ultimately highlight both the vulnerabilities and opportunities in Malaysia's position as a global halal hub. While institutional voids present significant barriers, they also create strategic advantages for Malaysian firms that can develop expertise in navigating complex cross-border halal environments (Zainal Abidin et al., 2024). The study concludes that addressing these challenges requires coordinated action across government, industry and academic stakeholders to develop both technical solutions and governance frameworks that can support the next phase of growth in global halal trade.

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