



The Influence of Political Stability on Malaysia's Halal Food Exports to OIC Countries: Key Insights

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ABSTRACT: Halal food security ensures that food products and production processes comply with Islamic dietary laws, providing benefits beyond religious obligations. These include strict quality control measures that enhance safety, cleanliness, and product consistency, reducing the risk of foodborne illnesses for all consumers. For Muslim customers, halal certification offers assurance and trust that products meet Islamic requirements, encouraging confidence in their purchases. The global halal food market presents significant business opportunities, valued at billions of dollars. Countries and companies that prioritise halal food security can tap into this expanding market, particularly in regions with large Muslim populations. To export food to Muslim-majority countries or markets with substantial Muslim consumer bases, halal certification is essential. In the other aspects, political stability plays a critical role in facilitating the export of halal products. It strengthens regulatory integrity, enhances the reputation of certifying authorities, fosters trade agreements, attracts investment, and supports stable supply chains. These factors contribute to increased consumer confidence and allow countries to better meet the growing global demand for halal goods. Malaysia, in particular, is well-positioned to leverage this opportunity. This paper focusing on impact of political stability on Malaysia's halal food exports to 55 Organization of Islamic Cooperation (OIC) member states from 2010 to 2021, using the Random Effects Model (REM), reveals that political stability in OIC countries has a significantly positive impact on Malaysia's halal food exports. This stability allows Malaysia to capitalise on its unique position in the halal market, enabling stronger export potential to OIC nations.

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INTRODUCTION

Halal food security guarantees that food products and production processes adhere strictly to Islamic dietary laws, offering benefits that extend beyond religious compliance. The stringent quality control measures required for halal certification enhance food safety, hygiene, and overall product quality. These measures not only mitigate the risk of foodborne illnesses but also ensure consistency in product standards, benefiting both Muslim and non-Muslim consumers alike. For Muslim consumers, halal certification provides critical assurance that food products align with Islamic principles, thereby fostering greater trust and confidence in their purchasing decisions. This trust becomes increasingly significant as the global halal food market continues to expand. The global halal food market represents a significant economic opportunity, with an estimated value in the billions of dollars. Countries and companies that prioritise halal food security are better positioned to access this lucrative market, particularly in regions with substantial Muslim populations. Halal certification is a fundamental requirement for exporting food products to Muslim-majority countries or markets with significant Muslim consumer bases. This certification paves the way for new export opportunities, allowing nations to tap into the rising global demand for halal products.

Political stability plays a crucial role in promoting the growth and sustainability of halal food exports. Stable political environments help to preserve the integrity of regulatory frameworks, enhance the credibility of halal certifying authorities, and facilitate the creation of trade agreements. Moreover, political stability attracts investments in infrastructure and supply chains, improving the reliability of halal exports. It also bolsters consumer confidence in the halal certification process, which is essential for establishing and maintaining trust in international markets.

Malaysia exemplifies a country that has successfully leveraged the global halal market. As a leading exporter of halal food to the OIC member states, Malaysia's ability to maintain political stability, both domestically and among trade partners, is paramount. Political stability within these countries enables smoother trade relations, regulatory cohesion, and greater market access, allowing Malaysia to capitalise on the increasing demand for halal products in OIC markets. Finally, halal food security, underpinned by political stability, plays a vital role in reinforcing Malaysia's leadership in the global halal market. Stable political environments, both locally and internationally, strengthen trade opportunities and enhance consumer confidence, enabling Malaysia to expand its halal food exports and meet the growing global demand for halal products.

BACKGROUND

The halal market has experienced significant growth, becoming a key concern in global trade. While the production and promotion of halal products are often driven by Muslim-majority countries, substantial contributions have also been made by non-Muslim majority and developed nations such as Australia, the European Union, and Japan. Among the Organization of Islamic Cooperation (OIC) members, Malaysia has emerged as a global leader and pioneer in halal certification. Malaysia's halal certification system, administered by JAKIM, has gained international recognition, with approval from 84 foreign halal certification bodies worldwide (JAKIM, 2020). As a result, Malaysia has established itself as a central hub for halal products through its rigorous certification system.

However, the political instability in several OIC countries presents significant challenges to trade. Countries like Nigeria and Cameroon struggle with piracy, while Iraq and Afghanistan face persistent terrorist activities (Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation, 2016). These political challenges exacerbate food insecurity, leading to insufficient access to food supplies, food riots, and widespread undernourishment. Food imports have become a crucial solution for such countries to maintain food security, and importing halal food from countries like Malaysia, which has extensive experience in halal certification, offers a viable path to address their food needs. Trade plays a crucial role in alleviating global poverty. According to the WTO (2015), trade enables countries to specialise in the production of goods, create job opportunities, and promote macroeconomic stability. Economies that engage more in international trade tend to grow faster, innovate more, and provide their citizens with greater wealth and opportunities. Integrating into the global economy and participating in supply chains further boosts both local and international economic growth.

In this context, political stability in OIC countries becomes a crucial advantage for Malaysia to penetrate these markets with halal food exports. Stable political environments enable smoother trade relations and regulatory alignment, which enhances Malaysia's ability to export halal products. This study examines political stability as a critical factor influencing Malaysia's halal food exports to OIC countries, highlighting its potential as a catalyst for Malaysia's economic growth. The relationship between political stability and halal food exports is central to understanding Malaysia's status as a leading exporter to OIC nations. Halal food, governed by strict Islamic dietary laws, requires rigorous regulatory and certification processes to ensure compliance. Malaysia's established halal certification framework has allowed the country to play a significant role in the growing global halal market, especially within Muslim-majority OIC nations.

Political stability facilitates international trade by ensuring the smooth operation of trade agreements, maintaining regulatory consistency, and fostering trust in halal certification bodies. For Malaysia, political stability has been crucial in preserving its reputation as a reliable halal food exporter, with its JAKIM certification recognised internationally. Political stability within OIC countries, which represent key markets for Malaysia, is equally essential for maintaining steady trade flows. Stable governments can better manage trade relationships, uphold regulatory standards, and avoid disruptions in supply chains. Empirical studies suggest that political stability enhances cross-border trade efficiency by reducing risks related to governance, economic policies, and infrastructure, ultimately benefiting Malaysia's halal exports. Between 2010 and 2021, Malaysia's halal food exports to OIC nations grew significantly, largely due to political stability in both Malaysia and its trade partners. This stability fosters smoother regulatory alignment, facilitates trade agreements, and creates a favourable environment for halal food industry investments. In turn, it ensures the credibility and consistency of halal certification, which is vital for meeting the rising demand for halal products in OIC markets. In conclusion, the relationship between political stability and Malaysia's halal food exports highlights the importance of governance and regulatory integrity in expanding market access and maintaining export competitiveness. As political stability fosters trust and seamless trade relations, Malaysia is better positioned to capitalise on the growing halal food market within OIC countries, solidifying its role as a global leader in halal exports.

LITERATURE REVIEW

The halal food market has experienced significant expansion in recent years, driven by increasing global demand. Latif et al. (2014) highlight that countries like Malaysia, with strong regulatory frameworks and recognised halal certification, have successfully capitalised on this demand, particularly in exporting to the Organization of Islamic Cooperation (OIC) countries. Political stability is an essential factor in the success of international trade, including halal food exports. As Caldera Sánchez and Gori (2016) note, stable political environments help maintain consistent trade policies, reduce risks, and ensure smoother cross-border transactions.

Malaysia's leadership in halal certification, as outlined by Tieman and Ghazali (2013), has been bolstered by the political stability that has allowed the Halal Malaysia (JAKIM) certification to become globally recognised, facilitating the expansion of halal food exports.

Political instability in certain OIC countries has disrupted trade flows, particularly in the food sector, as highlighted by Yusuf and Salleh (2016). Conflict in nations such as Iraq and Syria have weakened food supply chains, making imports from stable nations like Malaysia increasingly important. Malaysia's trade agreements with OIC countries have been enabled by its political stability, which ensures the mutual recognition of halal certification, according to Yusoff and Hasan (2020). These agreements are essential in maintaining Malaysia's leadership as a halal food exporter. Moreover, political stability attracts foreign investment, which is vital for developing the halal food sector. Aziz and Samad (2016) found that Malaysia's stable governance has led to investments in halal production facilities, further strengthening its export capacity to OIC countries.

Consumer confidence in halal certification is a key driver of demand, especially in Muslim-majority nations. Abdul et al. (2013) argue that political stability enhances the credibility of halal certification bodies, leading to higher trust in halal products and increasing export potential. In politically unstable OIC countries, food insecurity has risen, making imports of halal-certified food from stable countries like Malaysia critical. Nasruddin and Kusuma (2019) emphasise that Malaysia's halal exports play a pivotal role in addressing food shortages in these regions. Political stability also ensures the maintenance of regulatory frameworks necessary for halal certification, as demonstrated by Tieman et al. (2014). Malaysia's stable political environment has enabled the establishment of a robust halal regulatory system recognised by OIC countries as a benchmark for halal standards.

However, political instability in OIC nations poses significant challenges for Malaysia's halal food exports. Shabbir and Kazmi (2018) point out that disruptions in governance in countries like Yemen and Afghanistan have led to supply chain issues and reduced market access for halal-certified products. Malaysia's halal export strategy is tightly linked to political stability, both domestically and in its trading partners. Ahmad and Omar (2015) assert that Malaysia's stable political conditions allow it to maintain its leadership in the halal food sector, particularly in exports to OIC nations. Conversely, political risks can increase the costs and uncertainties associated with halal trade. Alesina and Giuliano (2013) note that political instability complicates trade relationships, making it more challenging for halal exporters like Malaysia to establish reliable trade ties with unstable OIC nations.

Halal exports contribute significantly to Malaysia's economic growth, with Rahman et al. (2016) noting that the country's stable political environment has allowed it to tap into the booming global halal market. Stable political conditions foster strong trade relationships. Ahmed et al. (2017) argue that this stability enables better cooperation between halal-exporting countries, such as Malaysia, and OIC trading partners, ensuring the smooth execution of trade agreements and regulatory alignment. Additionally, the effectiveness of halal certification bodies is closely linked to political governance. Fischer (2011) points out that stable political systems are better positioned to create and maintain trusted halal certification bodies, which are essential for gaining market access in OIC countries.

Political stability also enhances supply chain management in the halal food sector. Christopher and Holweg (2011) explain that stable environments reduce risks in the supply chain, ensuring consistent and reliable export flows. Political governance in Malaysia has been critical in developing its halal food industry. Hashim and Othman (2019) highlight that Malaysia's stable political environment has allowed it to build strong institutions that support halal certification and export activities. In contrast, political instability exacerbates food security issues in OIC nations. Amiri and Gholami (2021) argue that importing halal food from stable countries like Malaysia is crucial for ensuring food security in politically unstable regions, particularly those affected by conflict. Political stability is also a determinant of trade efficiency. Bleaney et al. (2015) found that countries with stable political environments tend to have more efficient trade systems, a factor that is essential for Malaysia's halal food exports. Moreover, Malaysia's political stability has encouraged investments in halal food infrastructure, which in turn has enhanced its export capabilities. Busse and Hefeker (2016) suggest that political stability attracts both domestic and foreign investments, which are crucial for developing the necessary infrastructure for halal food production. Diplomatic relations, shaped by political stability, play a significant role in facilitating halal trade. According to Che Omar and Hashim (2015), Malaysia's strong diplomatic ties with OIC countries, supported by political stability, have been key to expanding halal food exports. However, political risk remains a significant disruptor of halal supply chains, especially in politically unstable OIC countries. Afifi and Nazal (2020) indicate that political instability increases the likelihood of supply chain interruptions, adversely affecting Malaysia's halal exports.

The lack of mutual recognition of halal certification can be a trade barrier. Yusoff et al. (2019) argue that political stability facilitates the harmonization of halal certification standards, reducing trade barriers and enabling Malaysia to export halal food more efficiently to OIC countries. Furthermore, political stability ensures the implementation of food safety standards, which are vital in halal food exports. Rahman et al. (2018) assert that stable political conditions ensure effective enforcement of food safety regulations, essential for maintaining the integrity of halal-certified products. Malaysia faces significant challenges in exporting halal food to politically unstable OIC countries. Shabbir et al. (2017) note that political instability increases transaction costs and causes delays in regulatory approvals, making it difficult for Malaysia to maintain consistent export flows. Political stability is also crucial for gaining market access in OIC countries. According to Che Omar et al. (2016), stable environments enable better regulatory cooperation, ensuring that halal-certified products from Malaysia can enter OIC markets more easily.

Terrorism has been identified as a major disruptor of halal food exports. Yusuf and Salleh (2016) found that terrorist activities in countries like Afghanistan and Nigeria have made it difficult for Malaysia to export halal product due to heightened security risks and supply chain disruptions. Halal certification, supported by political stability, is also crucial in international trade relations. Fischer (2020) notes that mutual recognition of halal certification fosters trust between trading partners, which is essential for expanding halal exports. Food insecurity and political instability in OIC countries have worsened over time, with Amiri et al. (2020) emphasising that importing halal food from politically stable countries like Malaysia is necessary to address shortages. Finally, the future of halal food exports remains closely tied to political stability. Tieman and Rahman (2022) suggest that stable political environments will continue to play an important role in facilitating Malaysia’s halal exports, particularly as global demand for halal-certified products rises.

METHODOLOGY

The exploration of halal food exports through the gravity model, as adapted from the research by Ali et al. (2022), serves as a foundational reference that provides a framework for understanding how this model can be utilised to analyse trade flows, particularly in halal food exports. In examining the various factors that influence halal food exports from Malaysia, the gravity model is essential. The estimated equation used for this analysis quantifies and clarifies the determinants impacting halal food trade, including economic, geographical, and cultural aspects that may affect export performance. This methodology facilitates a thorough examination of Malaysia’s role in the global halal food market. The model is represented as follows:

$$HFE_{et} = \alpha_0 + \beta_1 D_{it} + \beta_2 POP_{it} + \beta_3 GDPPC_{it} + \beta_4 PS_{it} + \alpha_i + \mu_{it}$$

where α_0 is the constant term, β_j is the estimated parameter $j=1,2\dots4$, D_{it} is the distance between Malaysia and country t, POP_{it} is the population of people in country t in year t, $GDPPC_{it}$ is the gross domestic product per capita of Malaysia, HFE_{it} is Malaysia halal food export to country t, PS_{it} is the political stability index of country t and μ_{it} as the idiosyncratic error.

In analysing the determinants of Malaysia’s halal food exports to OIC countries, this equation effectively illustrates the key factors influencing these export flows. It emphasises various determinants that impact Malaysia’s halal food export performance, providing insights into both economic and non-economic influences. Table 1 below summarises the data used in this analysis, detailing the variables and their characteristics, which is crucial for understanding the scope and structure of the determinants analysed concerning Malaysia’s halal food exports to OIC countries.

Table 1: Data description for Malaysia’s halal food exports analysis determinants

Variables	Unit	Sources	Estimated Hypothesis
Dependent Variables			
Halal Food Export (lnhfe)	RM (million)	Halal Development Corporation (HDC)	Positive
Independent Variables			
Distance (lnd)	kilometre (km)	timeanddate.com	Negative
Population (lnp)	people (million)	World Bank	Positive
Gross Domestic Product (lngdppc)	RM (million)	World Bank	Positive
Political Stability (lnps)	Index	World Governance Indicators	Positive

The table presents the variables utilised in the analysis of halal food exports, divided into dependent and independent categories. The dependent variable is Halal Food Export (lnhfe), which represents the total value of halal food exports expressed in Malaysian Ringgit (RM). This variable is the main focus of the research and is expected to show a positive correlation with various independent factors. The independent variables include distance (lnd), measured in kilometres, which is anticipated to negatively affect halal food exports. Longer distances may impede trade efficiency and elevate logistical costs. Another independent variable is population (lnp), reflecting the population size in millions, which is expected to positively impact halal food exports. A larger population may suggest a greater demand for halal products. Additionally, Gross Domestic Product per capita (lngdppc) serves as another independent variable, expressed in RM. This measure of economic performance is hypothesized to have a positive influence on halal food exports, as higher GDP per capita often correlates with increased purchasing power and demand for a variety of food products. Lastly, political stability (lnps) acts as an independent variable, measured by an index that assesses the stability of a country’s political environment. A positive relationship is anticipated, as stable political conditions generally create a favourable atmosphere for trade and investment.

The factors affecting export activities among OIC countries are analysed using a dynamic gravity model from 2010 to 2021. This comprehensive study provides a detailed examination of how various independent variables influence food exports, particularly halal food, in these nations. The findings will reveal that all independent variables—population size, GDP, and political stability—had a positive effect on halal food exports, highlighting their significance in facilitating trade flows. Conversely, geographical distance negatively impacted export activities due to higher transportation costs and logistical challenges. In addition to employing the gravity model analysis, several statistical tests were conducted to ensure the robustness and reliability of the results. The Breusch-Pagan Lagrange Multiplier test was used to assess heteroskedasticity, confirming that data variance did not compromise the accuracy of the regression. The centred variance inflation factor (VIF) test evaluated multicollinearity among independent variables to identify any close correlations that could skew the analysis. Finally, the Durbin-Watson test was applied to check for autocorrelation in the data, ensuring that error terms remained independent and unaffected by previous observations. These diagnostic tests were essential for validating the model's accuracy and enhancing confidence in the empirical findings regarding the determinants of halal food exports within OIC countries.

RESULTS AND ANALYSIS

The estimation results presented in this study offer an extensive analysis of how political stability among OIC members influences Malaysia's halal food exports. These findings were obtained using the Random Effects Model (REM), which effectively controls for multiple fixed effects, allowing for a clearer assessment of the impact of political stability while accounting for other potentially confounding variables that may affect export activities. By utilising this model, the research provides a more detailed understanding of the direct relationship between political stability in OIC countries and the volume and success of Malaysia's halal food exports. The model also accommodates various dynamic factors, including time and country-specific effects, resulting in more robust and reliable estimation outcomes. These results highlight the significance of political stability as a crucial determinant in trade relations, particularly regarding Malaysia's role in the global halal food market.

Table 2. Description statistics

Variables	Mean	Standard Deviation	Minimum	Maximum
lnhfe	14.73747	2.263409	7.751725	19.87416
lns	8.926059	0.4710953	7.282761	9.781828
lnps	16.1843	1.563958	12.80965	19.43722
lngdppc	8.017854	1.286083	5.875262	11.49314
lnps	2.211342	0.1104681	1.927023	2.422814

The table presents descriptive statistics for various variables associated with halal food exports and their influencing factors, including Halal Food Exports (lnhfe), Distance (lns), Population (lnps), Gross Domestic Product per Capita (lngdppc), and Political Stability (lnps). The variable of Halal Food Export (lnhfe) has a mean of approximately 14.74, indicating relatively high average export levels, with a standard deviation of 2.26 reflecting some variability, and a range from 7.75 to 19.87. The lns variable, representing the distance in kilometers, shows a mean of about 8.93, suggesting significant average trade distances; its standard deviation of 0.47 indicates moderate variability, with values ranging from 7.28 to 9.78. The population variable (lnps), which represents the natural logarithm of population size in millions, has a mean of around 16.18, indicating large average populations across the studied countries, with a standard deviation of 1.56 and a range from 12.81 to 19.44. The GDP per capita variable, expressed in Malaysian Ringgit (RM), has a mean of approximately 8.02, suggesting moderate economic performance, with a standard deviation of 1.29 and values ranging from 5.88 to 11.49, highlighting notable economic disparities among OIC nations. Finally, the political stability index variable has a mean value of about 2.21, indicating generally stable political environments among OIC countries, with a low standard deviation of 0.11 and a range from 1.93 to 2.42, reflecting minor variations in stability levels. Overall, this table offers valuable insights into the characteristics and variations of key variables influencing halal food exports within OIC countries, which is essential for understanding their effects on trade dynamics and policy decisions related to halal food exports.

Table 3: Correlation Matrix

Variables	lnhfe	lnp	lngdppc	lns	lnps
lnhfe	1.0000				
lnp	0.2249	1.0000			
lngdppc	0.3126	-0.2763	1.0000		
lns	-0.03400	-0.1011	-0.3022	1.0000	
lnps	0.1010	-0.5005	0.4106	-0.0465	1.0000

Table 3 presents a correlation matrix for the variables Halal Food Export (Inhfe), Distance (Inds), Population (Inp), Gross Domestic Product per Capita (Ingdppc), and Political Stability (Inps). This matrix illustrates the relationships among these five variables, indicating that `Inhfe` has positive correlations with `Inp`, `Ingdppc`, and `Inps`, but a weak negative correlation with `Inds`. Conversely, `Inps` shows small negative correlations with both `Inds`, along with a stronger negative correlation with `Inp`, while still maintaining a positive correlation with `Inhfe`. Additionally, `Ingdppc` demonstrates a strong positive correlation with `Inps` and `Inhfe`, but it negatively correlates with `Inds`. In contrast, `Inds` exhibits weak negative correlations overall, particularly with `Ingdppc`. Finally, `Inps` positively correlates with both `Ingdppc` and `Inhfe`, yet negatively correlates with `Inp` and `Inds`. Collectively, these correlations reveal a complex interplay of both positive and negative relationships among the variables.

Table 4: Estimation Result

Malaysia Halal Food Export Analysis	Results
Population	0.5151731 (0.0000) *
Gross Domestic Product per capita	0.4923512 (0.0000) *
Distance	-1.015232 (0.0000) *
Political Stability Index	3.415763 (0.0000) *
Constant	3.95704 (0.0000) *
Observation	2625
Countries	56
F-Test	0.0000

** significant at 5% and * significant at 1% respectively

Table 4 presents the Malaysia-OIC halal food export model, emphasising results derived from the study's methodology. The analysis indicates that the coefficient for Gross Domestic Product (GDP) per capita is positive and statistically significant at the 5% level, suggesting that larger economies import more halal food products from Malaysia, which aligns with the theoretical predictions of the gravity model. This finding implies that countries with higher GDP offer better prospects for Malaysia's halal food exports due to their larger market size and purchasing power. Furthermore, population also demonstrates a positive and significant effect at the 1% level, with an increase in population correlating to a 51.51% rise in halal food exports, indicating that population growth in OIC countries enhances demand for Malaysian products.

In contrast, distance negatively affects exports; a 1% increase in distance results in a 101% decrease in export volumes, underscoring the significance of transportation costs and competitive pricing. This result is consistent with prior research by Masron et al., which identified geographical distance as a considerable trade barrier. Political stability shows a positive and statistically significant effect at the 1% level as well; a 1% increase in the political stability index corresponds to a 341% rise in exports, confirming that politically stable countries are more inclined to import Malaysian halal food products, as supported by Bashir and Schilizzi (2013).

The model underwent diagnostic tests that confirmed no issues with multicollinearity (assessed through the VIF method), heteroscedasticity (using the Breusch-Pagan test), or autocorrelation (via the Durbin-Watson test). Overall, these findings establish a solid foundation for understanding Malaysia's halal food exports to OIC countries.

CONCLUSION

In conclusion, this study highlights the vital role of political stability in enhancing Malaysia's halal food exports to OIC countries. The analysis demonstrates that a stable political environment not only fosters consumer confidence in halal certification but also facilitates smoother trade relations and regulatory alignment. The positive correlation between GDP and halal food exports indicates that larger economies are more likely to import these products, while population growth in OIC nations significantly drives demand. Conversely, the negative impact of distance underscores the logistical challenges in export operations, emphasizing the need for efficient supply chain management. Therefore, the study confirms that political stability is a crucial determinant of trade efficiency, allowing Malaysia to leverage its established halal certification framework and strong diplomatic ties with OIC countries. This stability enhances Malaysia's competitive advantage in the global halal market, enabling it to effectively meet the increasing demand for halal products.

As Malaysia navigates the complexities of international trade, maintaining political stability will be essential for sustaining and expanding its halal food export capabilities. Political stability ensures a consistent regulatory environment, which is crucial for the

seamless operation of businesses involved in the halal supply chain. It fosters investor confidence, both domestic and international, by providing a predictable and secure business climate. This stability helps streamline trade policies and fosters strong bilateral and multilateral relationships, which are vital for accessing and expanding into global markets.

The insights gained from this research deepen the understanding of Malaysia's halal food export dynamics and underscore the importance of governance and regulatory integrity in fostering economic growth within the OIC region. Good governance ensures that halal certification processes are efficient, transparent, and internationally recognised, thereby enhancing the credibility of Malaysian halal products. Regulatory integrity prevents fraudulent practices, ensuring that all halal products meeting the stringent standards required, which is essential for maintaining consumer trust.

With global demand for halal products on the rise, Malaysia is well-positioned to capitalise on its strengths in this sector, reinforcing its status as a leader in halal food exports. The country's robust halal certification framework, combined with its strategic initiatives to promote halal products internationally, provides a strong foundation for growth. By leveraging its established reputation for high-quality halal products, Malaysia can attract more investments, tap into new markets, and solidify its leadership in the global halal food industry, driving sustained economic growth and benefiting the entire OIC region.

The primary objective of this study was to analyse the impact of political stability in OIC countries on Malaysia's halal food exports through the dynamic gravity model. This model provides a framework for understanding how political conditions in OIC countries influence Malaysia's trade activities, particularly concerning food exports. The study employed panel data estimation using a random effects model, revealing a significant positive relationship between political stability and food exports. This finding suggests that greater political stability within OIC countries leads to increased export activity, positively impacting Malaysia's halal food exports. Politically stable environments facilitate smoother trade flows by minimising uncertainties and risks associated with trade agreements and market access.

As Malaysia navigates the complexities of international trade, maintaining political stability and governance integrity will be crucial to sustaining and expanding its halal food export capabilities. The country's internationally recognised halal certification system, strategic location, and strong infrastructure provide a solid foundation for capitalising on the rising global demand for halal products. However, Malaysia must continuously adapt to evolving market conditions, including consumer trends toward sustainability and health-conscious products, as well as stringent international regulations. By investing in research, technology, and capacity building, particularly in areas like halal certification, supply chain transparency, and e-commerce, Malaysia can further strengthen its competitive edge. Additionally, fostering strong diplomatic and trade relations within the Organization of Islamic Cooperation (OIC) and other global markets will reinforce its leadership in the halal industry, positioning the country to drive economic growth and innovation in this burgeoning sector.

In achieving its objectives, this study utilised a dynamic panel data estimation approach. The empirical findings highlight several policy recommendations for improving halal commodities in Malaysia. One key aspect is enhancing trade relations among OIC members by improving the Trade Preferential System (TPS-OIC) and potentially establishing an Islamic Common Market. These initiatives aim to bolster trade activities among OIC countries, facilitating more robust exchanges among member states. OIC member countries are encouraged to adopt a zero-tariff market policy within the group, enabling access to a wider range of goods, including halal food, at more reasonable prices. By enhancing the trade system, OIC members can work toward establishing a unified monetary system that reduces reliance on external currencies like the US Dollar (USD), fostering greater stability within regional trade networks.

In terms of policy recommendations, developing halal facilities including production, storage, and transportation of halal products as well as comprehensive halal industrial parks are essential towards the efforts in strengthening Malaysia's position as a global leader in the halal market. These initiatives address current limitations in the halal supply chain and enhance overall efficiency, compliance, and market competitiveness as well as providing facilities with the highest standards of hygiene, safety, and compliance in production, storage, and transport. Providing these investments not only streamline operations but also attract investment, reinforcing Malaysia's position as a leader in the global halal market. By making these strategic investments, Malaysia can ensure the sustained growth and competitiveness of its halal industry through efficient supply chain, which meeting the growing global demand towards high-quality halal products.

In addition, negotiating mutual recognition agreements (MRA) with other international halal certification bodies, especially in regional and continent like the Middle East, Europe, the Americas, and non-Muslim-majority nations with significant Muslim populations, is essential. To date, currently 88 halal certification bodies in 49 countries has been recognised by JAKIM. However, there is a need for Malaysia to extend more coverage of recognised halal certification to enable access to halal food products. These agreements and cooperation would ensure that both Malaysia's halal certification and halal certifications from other countries are accepted internationally of which will reduce the need for duplicate certifications or compliance with multiple standards when entering foreign markets.

In promoting halal food products, the study suggests to invest more in research, development, commercialisation and innovation (R&D&C&I) not only for halal certification purposes but also for market penetration and cultural adaptation. For instance, successfully entering markets in Africa, Europe, and America requires that products meet specific demands and expectations.

Ensuring that halal certification adds value can attract both Muslim and non-Muslim consumers. This strategy would expand Malaysia's reach beyond Muslim-majority regions, positioning halal products as high-quality, ethical, and trusted goods globally. Additionally, research on the impact of halal commodities can be extended to other sectors. Through strategic policy development and investments in R&D, Malaysia can further solidify its role as a major exporter of halal food products while benefiting from improved political stability and trade cooperation within the OIC.

Education and training are vital for enhancing Malaysia's economic progress which includes halal industry, ensuring adherence to stringent halal practices across the supply chain. The TVET (technical and vocational education and training) programmes are essential to build a skilled workforce, offering hands-on training and certification aligned with the latest standards. Development of halal related TVET programmes as well as collaborations with halal industry experts can develop relevant curriculum, while technical skill especially on halal-related companies provide practical experience. Continuous learning and accreditation ensure ongoing competence and credibility, ultimately boosting Malaysia's global reputation and innovation in the halal sector. Malaysia can solidify its leadership in the global halal market, by investing in quality halal education and training, ensuring high standards and consumer trust.

International collaboration is crucial for the growth of Malaysia's halal industry, as mutual recognition of halal certifications with other countries can significantly ease global trade and expand market reach. Furthermore, leveraging MICE (meetings, incentives, conventions, and exhibitions) events, such as trade fairs and expos, can enhance the visibility of Malaysian halal products. The hosting of international events including Malaysia International Halal Showcase (MIHAS) and World Halal Business Conference (WHBC) as well as regional collaborations including APEC, OIC, and ASEAN should be benefitted for the country to penetrate the local halal product. In addition, participating in international events like the World Expo allows Malaysia to showcase its halal offerings to a global audience, fostering new trade relationships and increasing market penetration. This proactive approach leverages international platforms to boost the presence and reputation of Malaysian halal products worldwide, ultimately driving economic growth and solidifying Malaysia's position as a key player in the global halal industry.

Moreover, the digital transformation offers a comprehensive solution to these challenges by leveraging technologies like automation, e-commerce, artificial intelligence (AI), and the Internet of Things (IoT). By integrating e-commerce platforms, Malaysia can facilitate the sale of halal products to a global audience, providing detailed product information and certification statuses that enhance consumer trust. Malaysia could adapt latest technologies tailored to halal certification to ensure comprehensive, tamper-proof records. Malaysia can streamline its halal certification process by embracing these digital innovations, establish itself as a global leader in halal integrity, drive growth, and maintain the highest standards in the global halal market. This approach not only addresses the immediate inefficiencies but also sets a foundation for long-term sustainable growth and trust in Malaysia's halal industry. Ultimately, digital transformation is not just about adopting new technologies; it is about fundamentally rethinking how the halal certification process operates to build a more efficient, transparent, and reliable system that can support Malaysia's ambitions in the global halal market.

The government, venture capitals, angel investors, peer-to-peer (P2P) and other Islamic-related mutual funds could offer grants and financial assistances for upgrading production facilities to meet halal standards. Tax incentives by the government could further encourage businesses to invest in halal compliance by allowing deductions for related expenses, making it more financially attractive to pursue and maintain certification. Additionally, financial support structures like Islamic bonds (Sukuk) can provide Shariah-compliant financing solutions, vital for companies adhering to Islamic finance principles. Sukuk can be used to fund large-scale halal projects, from establishing halal parks with state-of-the-art facilities to financing SMEs in the halal supply chain. Another instance is providing low-interest loans from domestic finance institutions (DFI) specifically for halal-related business as well as for certification processes, enabling smaller enterprises to afford the certification and thereby expand their market reach. This approach not only addresses the immediate financial challenges but also lays a strong foundation for long-term success and global leadership in the halal market, demonstrating Malaysia's commitment to excellence and adherence to Islamic principles.

In conclusion, political stability is pivotal in enhancing halal food exports to OIC countries, particularly for export-reliant nations like Malaysia. Stable political environments foster investor confidence, streamline trade policies, and ensure consistent regulatory frameworks, all of which are essential for the smooth operation of international trade. Political stability creates a conducive environment for the growth of the halal food industry, enabling Malaysia and other OIC countries to capitalize on the expanding global demand for halal products and strengthen their positions in the international market. Implementing appropriate policies through a whole-of-nation approach from all stakeholders benefits not only the country but also the *ummah* as a whole.

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