Halal International Journal
Halalin Journal Vol. 2 No. 2 (2025) 73-79
Available online at
https://halalin.walisongo.ac.id/index.php/halalin

An Integrated Conceptual Framework of the Halal Industry Ecosystem for Strengthening the Islamic Economy

Lira Zohara*[1], Bayu Nurhadi[2]
[1] Faculty of Sharia and Law, UIN Walisongo Semarang, Indonesia
[2] Faculty of Islamic Economics and Business, UIN Salatiga, Indonesia

* Corresponding author's e-mail: lira.zohara@walisongo.ac.id

ABSTRACT

The fast growth of the halal industry has shifted the development of the Islamic economy from a sector-based approach to an ecosystem-based framework. Indonesia has a huge opportunity to become a world halal industry center, but the integration among the halal ecosystem key components is still limited, which constrains the competitiveness and sustainability of the Islamic economy. This research aims to analyse the role of the halal industry ecosystem as a strategic strategy to strengthen the Islamic economy, and to develop a conceptual model explaining the interrelationships between the core components of this ecosystem. The research method adopted by this study was qualitative library research method. The secondary data was collected from scientific books, peer reviewed journals, conference papers, government reports, international reports and relevant laws. Qualitative content and thematic analysis was used to analyse the data, so as to identify key concepts and to synthesise the relationships between components of the halal ecosystem. The findings indicate that an integrated halal industry ecosystem includes six interconnected elements: (1) regulatory and governance frameworks, (2) the halal industry, (3) Islamic finance, (4) the halal value chain, (5) innovation and digital transformation, and (6) multi-stakeholder collaboration. Collectively, these components form an integrated system that can improve industrial competitiveness, create value, and support sustainable Islamic economic development. The study proposes an integrated conceptual model to position the halal industry ecosystem as a strategic framework for strengthening the Islamic economy. Theoretically, the findings contribute to the ecosystem approach in Islamic economics, and practically, to the policymaker and stakeholders in formulating integrated the development strategies of the halal industry.

Keywords:
Halal industry ecosystem; Islamic economy; halal value chain.

Introduction

Over the past two decades, the Islamic economy has shifted from a narrow focus on Islamic financial institutions to a wider ecosystem approach. Islamic finance was the main support of Islamic economic development in the past, but the present scene has put together a single system comprising the halal industry, Islamic financial services, halal value chains, halal certification, technological innovation, and institutional governance. This evolution marks a fundamental change in development strategy in which the performance of the Islamic economy is not only measured by the increase in Islamic financial assets. Rather, more focus is placed on the development of a comprehensive halal industry ecosystem that is able to create value-added economic activities, enhance industrial competitiveness and encourage more collaboration between stakeholders within the halal economy. The introduction generally consists of the following elements: a broad statement about the theme or topic of the study; a summary of available literatures and citations of the most important studies that are relevant to the current research; a statement about controversies, gaps, and inconsistencies in the literature that the current study will address; a statement about problems or questions to be addressed in the study or the study's objectives. You can also include an outline of the structure of the rest of the essay at the end of the introduction (Nursita et al., 2024).

The ecosystem-based development of the halal industry is also rooted in the Qur'anic principle of *halalan tayyiban*. The Qur'an calls upon humanity to consume what is lawful and good (Qur'an, Al-Baqarah 2:168):

يٰٓاَيُّهَا النَّاسُ كُلُوْا مِمَّا فِى الْاَرْضِ حَلٰلًا طَيِّبًاۖ وَّلَا تَتَّبِعُوْا خُطُوٰتِ الشَّيْطٰنِۗ اِنَّهٗ لَكُمْ عَدُوٌّ مُّبِيْنٌ

Meaning: “O humanity! Eat from what is lawful and good on the earth and do not follow Satan’s footsteps. He is truly your sworn enemy.”

The concept of halal-tayyib fusion is broader and provides a wider platform for the understanding of the halal economy. Halal compliance should not be confined to the permissibility of the final product, but should encompass the quality, safety, integrity, and responsibility of the processes by which goods and services are produced and delivered. In this sense, the Qur’anic concept of halalan tayyiban provides a normative basis for the development of an integrated halal ecosystem that ties production, financing, certification, distribution and consumption in a responsible and sustainable value chain.

Indonesia is well known to have strategic potential to be a leading world halal industry hub. This potential is highlighted not only by its status as the world’s largest Muslim-majority country, but also by its abundant natural resources, extensive MSME sector and a developing regulatory framework that boosts confidence in halal products and advances the nation’s Islamic economic agenda. The Indonesian government has included the development of the halal industry in its broader economic transformation strategy, reflecting these comparative advantages. But the country’s large potential has not yet been transformed into the same level of global competitiveness. One major constraint is the fragmented nature of the current halal ecosystem where key components such as raw material supply, Islamic financing, halal certification, manufacturing, logistics, marketing, and international market access are poorly integrated (Jannah, 2024).

The halal ecosystem has been conceptualised to meet the need for greater integration across the halal economy. This perspective treats the halal industry not as a collection of separate business sectors, but as a network of interdependent institutions and stakeholders whose activities are interdependent. Good collaboration among government agencies, halal certification agencies, Islamic financial institutions, business actors, colleges, research institutions, community groups and consumers in this context will determine the long-term performance of the halal industry. The better the coordination between the stakeholders, the more efficient the halal value chain runs, which will increase the competitiveness of the halal industry to support the sustainable development of the Islamic economy (Rahmah et al., 2023).

The halal industry ecosystem is not merely formed by the development of halal products but consists of various interrelated components to support the sustainability of the industry. These components are: (1) Regulation and governance as the basis of the guarantee system of halal products, policy, and legal certainty; (2) The halal industry including food, beverage, cosmetics, Muslim fashion, halal tourism, and the creative industries based on Sharia; (3) The Sharia finance providing support of financing and financial instruments based on the Sharia principles; (4) The halal value chain, which ensures the integrity from upstream to downstream in terms of raw materials, production, marketing and distribution until the goods reach the consumer; (5) Innovation and digitalisation, which facilitates the industrial activities through technologies such as e-commerce, digital marketing, artificial intelligence and transparent and efficient halal information systems; and (6) Inter-institutional collaboration that involves the government, halal authorities, Sharia financial institutions, universities, business players, industry associations and the public at large to achieve sustainable Sharia economic development.

Although research on the halal industry has increased in recent years, the existing literature remains fragmented and sector-specific. Previous research has focused mainly on different areas of interest, such as, but not limited to, halal certification, consumer behaviour, halal food industry, halal tourism and Islamic finance. Other scholars have studied the halal value chain mainly from the point of view of supply chain management and halal logistics. Certainly these contributions have deepened the understanding of the individual components of the halal economy. But there has been little effort to bring them together in a single halal industry ecosystem which can support the broader development of the Islamic economy. Therefore, the dynamic interaction between halal industry, Islamic financial institutions, governance mechanisms, innovation, and economic competitiveness has not been fully conceptualised and systematically explored (Purnama et al., 2024).

This gap in the research calls for an integrated approach to the development of Islamic economics. The effort to strengthen the Islamic economy should not only be in the form of the increasing number of halal certified products or the expansion of the assets of Islamic financial institutions. Instead, they need to develop a connected ecosystem linking all stages of the value chain of the halal industry. In this ecosystem, the engine of the real economy is the halal industry, Islamic finance is the mobiliser of productive financial resources, governments are the providers of supportive regulatory and institutional frameworks, universities are producing research and technological innovation, and communities are the consumers and producers respectively in the halal economy. The synergy of these complimentary elements is expected to create a more resilient, inclusive, competitive and sustainable Islamic economic system.

In this context, the present study aims to investigate how the halal industry ecosystem can be a strategic framework for strengthening the Islamic economy. It also aims to provide a conceptual model that demonstrates the interrelationship among the major elements of the halal ecosystem and the collective contribution of these elements toward the development of the Islamic economy. The study is expected to contribute to the theoretical discussion of the Islamic economy and to provide a clearer view for the policymakers and the other stakeholders to develop more coherent and integrated strategies for the development of the halal industry.

Methods

The present study uses a qualitative research approach based on library research. The research design was selected for the research to enable the complete conceptual synthesis of the link between the halal industry and the development of the Islamic economy through the critical review of the existing scholarly works. The study relies solely on secondary sources including peer-reviewed journal articles, academic books, conference proceedings, reports from international organisations, government publications, and relevant legal and policy documents concerning the halal industry and Islamic economic development. The literature review is mainly based on journal articles published between 2019 and 2025 so as to position the analysis within current academic debates. Nevertheless seminal and classical works are included where they are still theoretically significant and still provide a sound conceptual basis for the analysis (Zed, 2018).

Qualitative content analysis was used for data analysis. The analysis was started by identifying the major ideas discussed in the selected literature and then categorising the related themes into meaningful categories. Then, in an effort to have a full grasp of the halal industry ecosystem, the similarities and differences of the perspectives laid out by the previous scholars were critically discussed. The findings were synthesised into a conceptual framework that explains the interconnections between the halal industry, Islamic finance, the halal value chain, institutional governance and Islamic economic development as mutually reinforcing elements of an integrated ecosystem.

To establish the credibility of the findings, source triangulation was employed, by comparing evidence from different forms of literature, including scholarly books, peer-reviewed journal articles, legal and regulatory documents, and official publications issued by government agencies and international organisations. In addition, each source was critically reviewed for substantive relevance, credibility of the publisher, and contribution to the conceptual development of the study. The rigorous evaluation process was applied to ensure the academic validity and reliability of the research findings (Sugiyono, 2022).

Results and Discussions

The Halal Industry Ecosystem from an Islamic Economic Perspective

The phenomenal growth of the halal industry in the global economy has come with a significant shift in the underlying development paradigm. The halal industry is now increasingly seen as an integrated ecosystem that connects multiple economic activities rather than a standalone industrial sector. Traditionally halal industry is associated with the production of goods and services that conform to the Islamic law, especially in the food and beverage, pharmaceutical, cosmetic and a few service sectors. However, the growing scale and complexity of the global halal market has expanded this understanding to the concept of halal ecosystem. This concept emphasises the whole business process from the procurement of raw materials and Islamic financing, production, halal certification, distribution, marketing and finally consumption in a co-ordinated and mutually supportive network.

In the Islamic economics, the development of halal industry ecosystem is not only about economic growth and commercial profitability. Its broader aim is to achieve the maqaṣid al-shariʿah by promoting economic activities that are in line with the values of halal compliance, justice, transparency and sustainability. This conceptual framework inherently links the halal industry to the Islamic financial system as complementary pillars of social welfare and inclusive economic development. As such, the performance of the Islamic economy should not be confined to the growth of Islamic financial institutions or their asset base. Equally important is the development of the real sector where halal goods and services can generate productive economic value, employment opportunities and long-term societal benefits.

The ecosystem perspective also broadens the traditional understanding of halal from its traditional association with product certification alone. The term Halal is now more widely understood as an overall governance framework to maintain the integrity of products and services across the entire value chain. This governance framework mandates the collective participation of a wide range of stakeholders such as regulatory authorities, halal certification bodies, Islamic financial institutions, commercial entities, academic establishments, research organisations and consumers in an effort to ensure that the principles of halal are consistently implemented across the entire value chain from upstream production to downstream distribution and consumption. In this perspective, the halal industry is not only part of the Islamic economy, but also a strategic instrument for national economic development that can improve industrial competitiveness and maintain economic sustainability in the long run.

Core Components of an Integrated Halal Industry Ecosystem

The literature reviewed indicates that an integrated halal industry ecosystem is comprised of six interrelated components. Instead of working in isolation, these components support and reinforce one another, creating a comprehensive framework for the sustainable development of the halal industry and the wider Islamic economy.

a. Regulatory and Governance Framework

A strong regulatory and governance framework is the foundation for a credible halal ecosystem. Comprehensive halal assurance systems, standardised certification procedures, effective monitoring mechanisms and supportive public policies create legal certainty. These regulatory instruments are intended to safeguard the interests of producers and consumers, lower transaction costs, boost market confidence, and improve the overall competitiveness of halal industries (Fadilah et al., 2026).

The issuance of Government Regulation No. 31 of 2019 concerning Assurance of Halal Products also strengthens the implementation of the law. The regulation is expected to give certainty of information and transparency to the consumers of halal products as well as to stimulate the growth of halal industry market in Indonesia (Sukoso et al., 2020). The international competition also forces Indonesia to improve standardisation and innovation of halal products. Countries such as Malaysia and Thailand have been able to rise to prominence in the export of halal products by developing research and more developed systems for the quality assurance of halal. So, the governance of the halal industry must be strengthened in a holistic way by Indonesia through the improvement of the capability of human resources and university-based halal research, as well as strengthening credible and professional certification bodies (Indiharwati et al., 2025).

b. Halal Industry

The halal industry constitutes the core productive sector of the ecosystem. It encompasses a broad range of industries, including halal food and beverages, pharmaceuticals, cosmetics, modest fashion, halal tourism, media, and other Shariah-compliant creative industries. As these real-sector industries expand, they generate employment, stimulate productive economic activities, and contribute significantly to the growth and resilience of the Islamic economy (Haryono, 2023).

The development of halal concept from the food sector to non-food sector also has encouraged the development of the halal industry. This definition is based on Law No. 33 of 2014 which defines products as goods and/or services related to food, drinks, drugs, cosmetics, chemical products, biological products, and genetically engineered products, as well as goods used or consumed by the public. The halal industry and this article are related to the definition of an industry in which the business, process, or activity involves the conversion of raw materials whether in the form of raw or semi-finished products to products with greater economic value to benefit society (Alya et al., 2024).

c. Islamic Finance

Islamic finance provides the financial foundation necessary to support every stage of the halal industry's value creation process. A diverse range of Islamic financial institutions and instruments—including Islamic banks, Islamic cooperatives, Baitul Maal wa Tamwil (BMT), Islamic fintech, zakat, productive waqf, and sukuk facilitates business development and investment within halal industries. Nevertheless, previous studies suggest that the linkage between the halal industry and Islamic financial institutions in Indonesia remains insufficiently integrated, highlighting the need for stronger institutional coordination and collaboration (Amalia & Hidayah, 2020).

d. Halal Value Chain

The halal value chain ensures that halal principles are observed in every stage of economic activity including the procurement of raw materials, production, storage, transportation, distribution and marketing. To maintain consumer confidence and ensure compliance with halal standards, it is important to maintain the integrity of the value chain. Consequently, halal certification should be regarded as an integral component of an integrated quality management system, rather than a simple administrative requirement (Fadilah et al., 2026).

There are several initiatives to strengthen the halal value chain or halal supply chain. This includes setting up halal hubs and halal industrial zones in high potential areas and developing halal centers to assist industries and MSMEs in halal certification and other aspects of halal industry development. The value chain includes the whole process from the raw material producers to the final products ready for consumer consumption. Halal industrial zones consist of producers, banking services, warehousing, halal testing facilities and distribution networks which in the end facilitate the production of halal goods to be consumed domestically and exported (Amalia et al., 2024).

e. Innovation and Digital Transformation

Halal industry players do not yet fully grasp the importance of blockchain technology for recording digital transactions. Manual record-keeping during production processes suffers from significant drawbacks regarding transparency and validity, and makes accountability difficult (Purnama et al., 2024).

Technological innovation and digital transformation have become key enablers of the modern halal industry. The adoption of e-commerce platforms, digital marketing strategies, traceability systems, blockchain technology, artificial intelligence, and halal information systems has significantly enhanced operational efficiency and supply chain transparency. These technological advancements also expand market access, enabling halal businesses to compete more effectively in both domestic and international markets (Fadilah et al., 2026).

f. Multi-Stakeholder Collaboration

Individual institutions cannot develop sustainable halal ecosystem in isolation. Effective cooperation among government agencies, Halal Product Assurance Organising Agency (BPJPH), Indonesian Ulema Council (MUI), Islamic financial institutions, universities, research organisations, business actors, industry associations and local communities are a must. It enables policy coordination, exchange of knowledge, resource mobilisation, and institutional synergy, setting a truly integrated halal ecosystem apart from disjointed sectoral initiatives (Fadilah et al., 2026).

Indonesia's halal industrial zones, which are designed to supply raw materials for halal products and foster production, distribution and services, are still not fully equipped with infrastructure. This is although these zones are expected to help boost the halal ecosystem and are aiming to tap into both domestic and global halal markets. There is still weak cooperation among institutions supporting Indonesia's halal industry. The raw material preparation, production, distribution, marketing, sales and after-sales service as key stages of the halal value chain are yet to be effectively functioning. The concurrent development of multiple halal sectors has prevented Indonesia from adopting a unified halal value chain strategy to enhance the industry's value and attain a competitive advantage in the global market (Purnama et al., 2024).

g. The Integrated Halal Industry Ecosystem Model

The study proposes an Integrated Halal Industry Ecosystem Model to integrate these six components into a cohesive strategic architecture. This conceptual model illustrates how the strengthening of the Islamic economy becomes a property of the systematic synergies among all six components. The real Halal Industry is the structural core, the key engine producing material goods and services. Islamic finance continuously fuels this engine by providing shariah-complainant capital allocations (ranging from commercial banking to social finance tools such as zakat and productive waqf) to tailor the operational needs of halal enterprises.

The Halal Value Chain also ensures end-to-end integrity through ensuring that inputs of raw materials, logistics and processing are in strict compliance with halalan tayyiban standards. Innovation and Digital Transformation are transversal enablers across the ecosystem where advanced technologies such as blockchain, Internet of Things (IoT) and Artificial Intelligence (AI) enhance traceability in real time, reduce costs of compliance verification and ensure transparency in the supply chain. These operational activities are organised and steered by the Regulatory and Governance Framework which provides institutional trust, standardisation and legal certainty. Finally, Multi-stakeholder Collaboration (a Penta helix network of state authority, religious board, academia, business actors and civil society) is the binding mechanism to harmonise policy and allocate collective resources.

Conclusion

The research shows that there is a need to shift from a fragmented sectoral initiative to an integrated halal industry ecosystem in an effort to achieve a more resilient Islamic economy. The findings indicate that the halal industry should not be seen as a disparate collection of sectors, but rather as an integrated system in which regulation and governance, the halal industry, Islamic Finance, the halal value chain, innovation and digital transformation, and multi-stakeholder collaboration reinforce each other. The success of the Islamic economy cannot be judged only by the performance of individual sectors. The degree of integration of these components is critical. This study contributes to the literature by proposing an Integrated Halal Industry Ecosystem Model to conceptualise the relationship between the six core components as a strategic framework to strengthen the Islamic economy. This study is different from previous studies which have generally focused on either halal certification, Islamic finance or halal value chains. The study offers a broad perspective by integrating all the above dimensions in a single conceptual framework. The proposed model argues that sustainable Islamic economic growth requires the coordination of policies, the strengthening of institutional collaboration, productive Islamic financing, technological innovation, and integrated halal value chains. From policy perspective, governments should aim at strategies for ecosystem-based development through enhancing institutional coordination, harmonising regulations, increasing productive Islamic financing, encouraging innovation and digital transformation and enhancing collaboration among public institutions, academia, industry and society. This integrated approach is expected to enhance the competitiveness of halal industry, also promote inclusive and sustainable economic growth.

Acknowledgments
None.

Conflicts of interes
None.

References

Alya, F. R., Hibatullah, M. F. A., Azzuri, G. R., Rachmiatie, A., & Aziz, F. (2024). Analisis ekosistem halal dan literasi halal terhadap perkembangan regulasi halal ekonomi Islam. *Halal Ecosystem Journal*, *1*(1), 1–13.

Amalia, E., & Hidayah, H. (2020). Strategies For Strengthening Halal Industries Towards Integrated Islamic Economic System In Indonesia: Analytical Network Process Approach. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah (Journal of Islamic Economics)*, *Vol.12 No.*, 77–102.

Amalia, E., Rahmatillah, I., & Muslim, B. (2024). Penguatan Ukm Halal Di Indonesia: Sebuah Pendekatan Ekosistem Ekonomi Syariah. *Samudra Biru*.

Fadilah, D., Pelitawati, E., Jaelani, A., & Fatmasari, D. (2026). Penguatan Ekosistem Industri Halal Nasional Berbasis Ekonomi Syariah. *Al Mudayanah: Journal of Islamic Economics and Finance*, *2*(1), 36–49. https://doi.org/10.64845/al-mudayanah.v2i1.

Haryono, H. (2023). Strategi Pengembangan Industri Halal di Indonesia Menjadi Top Player Global. *Ad-Deenar: Jurnal Ekonomi Dan Bisnis Islam*, *7*(2), 689–708. https://doi.org/https://doi.org/10.30868/ad.v7i02.5537.

Indiharwati, A., Amini, A. F., Riza Chakim, M. H., Maulidizen, A., Haura, A., Habibi, R., Zulaikah, Muizzudin, Tidjani, S., Utami, A. F., Riyaldi, M. H., Nizar, M., Septi, I., Tarigan, R., Suryadi, D., Hamid, A., Agusti, N., Kurniasari, I., Jaenudin, M., & Ahyak. (2025). *EKONOMI HALAL: Prinsip Dan Aplikasi Dalam Produk Halal*. Sidoarjo: Duta Sains Indonesia.

Jannah, M. (2024). *Analisis Tantangan dan Peluang Industri Halal di Indonesia*. *7*(2), 170–175.

Nursita, R. D., Adelia, D., Septiani, R., & Widyaputri, P. D. (2024). The Role of Non-State Actors in Establishing the Halal Ecosystem in Indonesia. *Hasanuddin Journal of International Affairs*, *4*(1), 44–56.

Purnama, R., Indra, & Nurrachmi, R. (2024). Penguatan Halal Value Chain pada Klaster Makanan dan Minuman di Indonesia. *Irtiqo: Postgraduate Journal of Islamic Economics, Finances and Accounting Studies (PJIEFAS)*, *3*(2), 222–246.

Rahmah, S., Wahyuni, S., & Yusaerah, N. (2023). Strengthening The Halal Value Chain Ecosystem in Era Society 5.0. *Al-Mashrafiyah: Jurnal Ekonomi, Keuangan, Dan Perbankan Syariah*, *7*(2), 1–14. https://doi.org/https://doi.org/10.24252/al-mashrafiyah.v7i2.38490.

Sugiyono. (2022). *Metode Penelitian Kualitatif*. Bandung: Alfabeta.

Sukoso, Wiryawan, A., Kusnadi, J., & Sucipto. (2020). *Ekosistem Industri Halal*. Departemen Ekonomi dan Keuangan Syariah-Bank Indonesia dan Pusat Studi Halal Thoyyib-Universitas Brawijaya.

Zed, M. (2018). *Metode Penelitian Kepustakaan*. Jakarta: Yayasan Pustaka Obor Indonesia.