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

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ABSTRACT
The rapid expansion of the halal industry has transformed the development of the Islamic economy from a sector-oriented approach into an ecosystem-based framework. Despite Indonesia's considerable potential to become a global halal industry hub, the integration among key components of the halal ecosystem remains limited, constraining the competitiveness and sustainability of the Islamic economy. This study aims to analyze the role of the halal industry ecosystem as a strategic approach to strengthening the Islamic economy and to develop a conceptual model that explains the interrelationships among its core components. A qualitative library research approach was employed using secondary data collected from scholarly books, peer-reviewed journal articles, conference proceedings, government publications, international reports, and relevant legal documents. The data were analyzed through qualitative content analysis and thematic analysis to identify key concepts and synthesize the relationships among the components of the halal ecosystem. The findings reveal that an integrated halal industry ecosystem consists of six mutually reinforcing components: (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. These components collectively establish an integrated system capable of enhancing industrial competitiveness, promoting value creation, and supporting sustainable Islamic economic development. The study proposes an integrated conceptual model that positions the halal industry ecosystem as a strategic framework for strengthening the Islamic economy. The findings provide theoretical contributions to the ecosystem approach in Islamic economics and offer practical implications for policymakers and stakeholders in formulating integrated halal industry development strategies.

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

Introduction

Over the last two decades, the Islamic economy has evolved beyond its traditional focus on Islamic financial institutions toward a more comprehensive ecosystem-based framework. While Islamic finance once represented the primary pillar of Islamic economic development, the contemporary landscape now integrates the halal industry, Islamic financial services, halal value chains, halal certification, technological innovation, and institutional governance into a unified system. This evolution reflects a fundamental shift in development strategy, whereby the performance of the Islamic economy is no longer assessed solely through the expansion of Islamic financial assets. Instead, greater emphasis is placed on building an integrated halal industry ecosystem capable of creating value-added economic activities, improving industrial competitiveness, and fostering stronger collaboration among stakeholders across 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 طَيِّبًا ۖوَّلَا تَتَّبِعُوْا خُطُوٰتِ الشَّيْطٰنِ ۗ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 combination of *halal* and *tayyib* provides a broader foundation for understanding the halal economy. Halal compliance should not be confined to the permissibility of the final product, but should extend to the quality, safety, integrity, and responsibility of the processes through which goods and services are produced and delivered. In this sense, the Qur'anic notion of *halalan tayyiban* provides a normative foundation for developing an integrated halal ecosystem that connects production, financing, certification, distribution, and consumption within a responsible and sustainable value chain.

Indonesia is widely recognized as having the strategic capacity to emerge as a leading global halal industry hub. This potential is supported not only by its status as the world's largest Muslim-majority country but also by its abundant natural resources, extensive MSME sector, and an evolving regulatory framework that strengthens halal product assurance and advances the national Islamic economic agenda. Reflecting these comparative advantages, the Indonesian government has incorporated halal industry development into its broader economic transformation strategy. Nevertheless, the country's substantial potential has not yet translated into a comparable level of global competitiveness. A major constraint is the fragmented nature of the current halal ecosystem, where critical elements including raw material supply, Islamic financing, halal certification, manufacturing, logistics, marketing, and international market access remain insufficiently integrated (Jannah 2024).

The halal ecosystem has evolved as a conceptual framework that addresses the need for greater integration across the halal economy. Rather than treating the halal industry as a set of isolated business sectors, this approach conceptualizes it as an interconnected network of institutions and stakeholders whose activities are mutually dependent. Within this framework, the long-term performance of the halal industry is shaped by effective collaboration among government agencies, halal certification authorities, Islamic financial institutions, business actors, higher education institutions, research organizations, community groups, and consumers. As coordination among these stakeholders becomes more effective, the halal value chain operates more efficiently, thereby strengthening the competitiveness of the halal industry and supporting the sustainable development of the Islamic economy (Rahmah, Wahyuni, and Yusaerah 2023).

The halal industry ecosystem is not formed solely by the development of halal products; rather, it comprises various interconnected components that support the industry's sustainability. These components include: (1) Regulation and governance, serving as the foundation for the halal product assurance system, policies, and legal certainty; (2) The halal industry, encompassing sectors such as food, beverages, cosmetics, Muslim fashion, halal tourism, and Sharia-based creative industries; (3) Sharia finance, providing financing support and financial instruments aligned with Sharia principles; (4) The halal value chain, ensuring end-to-end integrity from upstream to downstream across raw materials, production, marketing, and distribution until the goods reach the consumer; (5) Innovation and digitalization, facilitating industrial activities through technologies such as e-commerce, digital marketing, artificial intelligence, and transparent, efficient halal information systems; and (6) Inter-institutional collaboration, involving not only the government but also halal authorities, Sharia

financial institutions, universities, business players, industry associations, and the public at large to realize sustainable Sharia economic development.

Although research on the halal industry has expanded considerably in recent years, much of the existing literature remains fragmented and sector-specific. Previous studies have predominantly examined halal certification, consumer behavior, the halal food sector, halal tourism, and Islamic finance as separate areas of inquiry. Other scholars have explored the halal value chain, primarily from the perspectives of supply chain management and halal logistics. While these contributions have enriched the understanding of individual components of the halal economy, limited attention has been given to integrating them into a unified halal industry ecosystem capable of supporting broader Islamic economic development. As a result, the dynamic interactions among the halal industry, Islamic financial institutions, governance mechanisms, innovation, and economic competitiveness have yet to be fully conceptualized and systematically examined (Purnama and Nurrachmi 2024).

This research gap underscores the importance of adopting a holistic approach to Islamic economic development. Efforts to strengthen the Islamic economy should extend beyond increasing the number of halal-certified products or expanding the assets of Islamic financial institutions. Instead, they should focus on developing an integrated ecosystem that links all stages of the halal industry value chain. Within this ecosystem, the halal industry acts as the engine of the real economy, Islamic finance mobilizes productive financial resources, governments provide supportive regulatory and institutional frameworks, universities generate research and technological innovation, and communities participate both as consumers and as producers within the halal economy. The integration of these complementary elements is expected to foster a more resilient, inclusive, competitive, and sustainable Islamic economic system.

Against this background, the present study seeks to examine how the halal industry ecosystem can serve as a strategic framework for strengthening the Islamic economy. It also aims to develop a conceptual model that explains the interrelationships among the key components of the halal ecosystem and their collective contribution to Islamic economic development. By offering a more integrated perspective, this study is expected to enrich the theoretical discourse on the Islamic economy while providing practical insights for policymakers and other stakeholders in designing more coherent and integrated strategies for halal industry development.

Methods

This study employs a qualitative research approach based on library research. The research design was chosen to facilitate a comprehensive conceptual synthesis of the relationship between the halal industry and the development of the Islamic economy through the critical examination of existing scholarly works. The study relies exclusively on secondary sources, including peer-reviewed journal articles, academic books, conference proceedings, reports issued by international organizations, government publications, and relevant legal and policy documents concerning the halal industry and Islamic economic development. To ensure that the analysis reflects current scholarly debates, the literature review primarily focuses on journal articles published between 2019 and 2025. Nevertheless, seminal and classical works are incorporated where they remain theoretically significant and continue to provide a robust conceptual foundation for the analysis (Zed 2018).

The collected data were analyzed using qualitative content analysis. The analysis began with the identification of the principal concepts discussed across the selected literature, followed by the organization of related themes into meaningful categories. Similarities and differences in the perspectives presented by previous scholars were then critically examined to develop a comprehensive understanding of the halal industry ecosystem. Finally, the findings were synthesized to construct a conceptual framework that explains the interconnections among the

halal industry, Islamic finance, the halal value chain, institutional governance, and Islamic economic development as mutually reinforcing components of an integrated ecosystem.

To enhance the trustworthiness of the findings, source triangulation was employed by comparing evidence obtained from multiple types of literature, including scholarly books, peer-reviewed journal articles, legal and regulatory documents, as well as official publications issued by government agencies and international organizations. In addition, each source was critically evaluated based on its substantive relevance, the credibility of its publisher, and its contribution to the conceptual development of the study. This rigorous evaluation process helped 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 rapid expansion of the halal industry within the global economy has been accompanied by a significant shift in its underlying development paradigm. Rather than being viewed as an isolated industrial sector, the halal industry is increasingly understood as an integrated ecosystem that connects multiple economic activities. Traditionally, the halal industry referred primarily to the production of goods and services that comply with Islamic principles, particularly in sectors such as food and beverages, pharmaceuticals, cosmetics, and selected service industries. However, the growing scale and complexity of the global halal market have broadened this understanding, giving rise to the concept of the halal ecosystem. This concept emphasizes the integration of the entire business process from raw material procurement and Islamic financing to production, halal certification, distribution, marketing, and final consumption within a coordinated and mutually supportive network.

From the perspective of Islamic economics, the development of a halal industry ecosystem extends beyond the pursuit of economic growth and commercial profitability. Its broader objective is to realize the maqaṣid al-shariʿah by promoting economic activities that embody the principles of halal compliance, justice, transparency, and sustainability. Within this framework, the halal industry and the Islamic financial system are inherently interconnected, as both function as complementary pillars in advancing social welfare and inclusive economic development. Consequently, the performance of the Islamic economy should not be assessed solely by the expansion of Islamic financial institutions or the growth of their assets. Equal attention must be given to the development of the real sector, where halal goods and services generate productive economic value, employment opportunities, and long-term societal benefits.

The ecosystem perspective also broadens the conventional understanding of halal, moving beyond its traditional association with product certification alone. In contemporary practice, halal is increasingly recognized as a comprehensive governance framework that safeguards the integrity of products and services throughout the entire value chain. This governance model requires coordinated participation from a wide range of stakeholders including regulatory authorities, halal certification bodies, Islamic financial institutions, business enterprises, academic institutions, research organizations, and consumers to ensure that halal principles are consistently implemented from upstream production to downstream distribution and consumption. Viewed from this perspective, the halal industry is not merely a component of the Islamic economy but also a strategic instrument for national economic development, capable of enhancing industrial competitiveness while fostering long-term economic sustainability.

Core Components of an Integrated Halal Industry Ecosystem.

A synthesis of the reviewed literature indicates that an integrated halal industry ecosystem is composed of six interrelated components. Rather than functioning independently, these components complement and reinforce one another, forming a comprehensive framework that supports the sustainable development of the halal industry and the broader Islamic economy.

a. Regulatory and Governance Framework
A robust regulatory and governance framework serves as the cornerstone of a credible halal ecosystem. Legal certainty is established through comprehensive halal assurance systems, standardized certification procedures, effective monitoring mechanisms, and supportive public policies. These regulatory instruments not only protect the interests of producers and consumers but also reduce transaction costs, enhance market confidence, and improve the overall competitiveness of halal industries (Fadilah et al. 2026).

The enactment of the law was reinforced by the issuance of Government Regulation No. 31 of 2019 concerning Halal Product Assurance. This regulation is expected to provide certainty regarding information and transparency for consumers of halal products, while simultaneously fostering the growth of the halal industry market in Indonesia(Sukoso 2020). International competition is also driving Indonesia to strengthen standardization and innovation in halal products. Countries such as Malaysia and Thailand have successfully become major players in halal product exports by developing research and more established halal quality assurance systems. Consequently, Indonesia must improve the governance of the halal industry across the board including by enhancing human resource capabilities and university-based halal research, as well as strengthening credible and professional certification bodies(Habibi 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 expansion of the halal concept from the food sector to non-food sectors has also spurred the growth of the halal industry. This definition is grounded in Law No. 33 of 2014, which defines products as goods and/or services related to food, beverages, medicines, cosmetics, chemical products, biological products, and genetically engineered products, as well as goods utilized or consumed by the public. The link between the halal industry and this article aligns with the definition of an industry as a business, process, or activity involving the transformation of raw materials whether in a raw or semi-finished state into goods of higher economic value that 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 and Hidayah 2020).

d. Halal Value Chain
The halal value chain ensures that halal principles are consistently upheld throughout every stage of economic activity, from raw material sourcing and production to storage, transportation, distribution, and marketing. Maintaining the integrity of the value chain is essential for preserving consumer confidence and ensuring compliance with halal standards. Consequently, halal certification should be regarded as an integral component of a comprehensive quality management system rather than merely an administrative requirement (Fadilah et al. 2026).

The halal value chain or halal supply chain is being strengthened through several initiatives. These include establishing halal hubs and halal industrial zones in regions with high potential, as well as developing halal centers to assist industries and MSMEs with halal certification and other aspects of halal industry development. The value chain spans the entire process, from raw material producers to the final products ready for consumer consumption. Halal industrial zones encompass producers, banking services, warehousing, halal testing facilities, and distribution networks, ultimately enabling the production of halal goods for both domestic consumption and export(Prof. Dr. Euis Amalia M.Ag Dr. Indra Rahmatillah SH., MH Dr. Bukhari Muslim 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 and Nurrachmi 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

A sustainable halal ecosystem cannot be developed by individual institutions acting in isolation. Effective collaboration among government agencies, the Halal Product Assurance Organizing Agency (BPJPH), the Indonesian Ulema Council (MUI), Islamic financial institutions, universities, research organizations, business actors, industry associations, and local communities is essential. Such collaboration facilitates policy coordination, knowledge exchange, resource mobilization, and institutional synergy, distinguishing a truly integrated halal ecosystem from fragmented sectoral initiatives (Fadilah et al. 2026).

Indonesia's halal industrial zones—designed to supply raw materials for halal products and support production, distribution, and services—lack fully completed infrastructure. This is despite the fact that these zones are expected to strengthen the halal ecosystem and aim to capture both domestic and global halal markets. Inter-institutional cooperation supporting Indonesia's halal industry remains weak. Key stages of the halal value chain—including raw material preparation, production, distribution, marketing, sales, and after-sales service—have yet to function effectively. The pursuit of numerous halal sectors simultaneously has prevented Indonesia from focusing on a cohesive halal value chain strategy to boost the industry's value and achieve a competitive edge in the global market(Purnama and Nurrachmi 2024).

g. The Integrated Halal Industry Ecosystem Model

To consolidate these six components into a coherent strategic architecture, this study proposes the Integrated Halal Industry Ecosystem Model. This conceptual model illustrates that the strengthening of the Islamic economy is an emergent property of the systematic synergies among all six components. At the structural center, the real Halal Industry acts as the primary engine generating tangible goods and services. This engine is continuously fueled by Islamic Finance, which provides shariah-complainant capital allocations (ranging from commercial banking to social finance tools such as zakat and productive waqf) tailored to the operational needs of halal enterprises.

Simultaneously, the Halal Value Chain operationalizes end-to-end integrity, ensuring that raw material inputs, logistics and processing adhere strictly to halalan tayyiban criteria. Innovation

and Digital Transformation function as a horizontal catalysts across the ecosystem, where advanced technologies like blockchain, Internet of Things (IoT) and Artificial Intelligence (AI) enhance real-time traceability, lower compliance verification costs, and guarantee supply chain transparency. Enclosing and guiding these operational activities is the Regulatory and Governance Framework, which provides institutional trust, standardization, and legal certainty. Finally, Multi-Stakeholder Collaboration (a Penta helix network involving state authorities, religious board, academia, business actors, and civil society) acts as the biding mechanism that orchestrates policy harmonization and collective resource allocation.

Conclusion

This study demonstrates that strengthening the Islamic economy requires a shift from fragmented sectoral initiatives toward an integrated halal industry ecosystem. The findings indicate that the halal industry should not be viewed merely as a collection of independent sectors but as an interconnected system in which regulation and governance, the halal industry, Islamic Finanfinance, the halal value chain, innovation and digital transformation, and multi-stakeholder collaboration operate in a mutually reinforcing manner. The effectiveness of the Islamic economy depends on the degree of integration among these components rather than on the performance of individual sectors alone. This study contributes to the literature by proposing an Integrated Halal Industry Ecosystem Model that conceptualizes the relationships among the six core components as a strategic framework for strengthening the Islamic economy. Unlike previous studies that have predominantly examined halal certification, Islamic finance, or halal value chains separately, this study offers a holistic perspective that integrates these dimensions into a single conceptual framework. The proposed model highlights that sustainable Islamic economic development requires coordinated policies, stronger institutional collaboration, productive Islamic financing, technological innovation, and integrated halal value chains. From a policy perspective, governments should prioritize ecosystem-based development strategies by strengthening institutional coordination, harmonizing regulations, expanding productive Islamic financing, promoting innovation and digital transformation, and fostering collaboration among public institutions, academia, industry, and society. Such an integrated approach is expected to enhance the competitiveness of the halal industry while supporting inclusive and sustainable economic growth.

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Conflicts of interest

The authors declare that there are not conflicts of interest.

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