

KEY DRIVER IDENTIFICATION OF HALAL INDUSTRY ECOSYSTEM GROWTH: A SYSTEMATIC LITERATURE REVIEW

**Yusraini Muharni¹, Ahmad Hasan Ridwan², Muhammad Anton Athoilah³, Ian Rakhmawan⁴,
Slamet Santoso⁵**

¹Post-graduatel Program UIN Sunan Gunung Djati Bandung, Indonesia

Email: 3230120013@student.uinsgd.ac.id

Abstract

The Halal industry has evolved into a globally significant ecosystem, especially in countries with large Muslim populations, such as Indonesia, where it spans sectors like food, finance, pharmaceuticals, cosmetics, and tourism. However, the industry's rapid growth in Indonesia introduces a unique set of challenges, including regulatory inconsistencies, fragmented standards, and issues in consumer trust, all of which affect its sustainability and global competitiveness. This study presents a systematic literature review of recent research on the Halal industry ecosystem in Indonesia, identifying current challenges and potential opportunities. This study adopt PRISMA methodology. In the initial step, a total of 410 research publications indexed by Scopus were collected, and 39 were analyzed. The analysis highlights the urgent need for standardized certification and effective regulatory frameworks, which are crucial for fostering consumer trust and supporting industry growth. Key driver of Halal Industry ecosystem are identified, addressing these challenges and capitalizing on emerging opportunities could significantly enhance Indonesia's role in the global Halal industry, providing a foundation for future research and a roadmap for policymakers, industry leaders, and investors in navigating this complex ecosystem.

Keyword: Halal Industry, PRISMA, Key Driver, SLR

A. INTRODUCTION

According to the state of global Islamic Economy (SGIE) published by dinarstandard.com, There is an increased in consumer spending about 9.5% year on year, the value reach US\$ 2. 29 Trillion in 2022. The investment also experienced raising up to 128%. The report's national benchmarking Global Islamic Economy Indicator set Indonesia in the third rank together with UAE.

The halal industry now encompasses a wide range of industries, including pharmaceuticals, cosmetics, tourism, and banking, in addition to the food sector. The sector has both potential and challenges as the demand for Halal-certified goods and services grows globally, particularly in areas with sizable Muslim populations. Indonesia, which has the world's largest Muslim population, has emerged as a significant player in this field. Global demand for goods and services that comply with Islamic dietary and ethical standards is reflected in the halal industry's explosive growth.

Research on halal started to change throughout time and include topics like economics. For example, some researchers enhanced the study on the economics of the halal business, study on encouraging export-oriented behavior in halal marketing, and keep expanded to conduct research on halal tourism as a new opportunity for travel industry entrepreneur (Firmansyah et al., 2024). As a component of the Islamic economy, the halal sector has also attracted particular interest from bibliometric analysis experts. The rise of several bibliometric research on halal is indicative of this. For instance, the bibliometric study on halal food by (Mostafa, 2022), the bibliometric analysis on halal cosmetics by (Azmi et al., 2021)

Recognizing the potential for economic growth, Indonesia has made substantial efforts to establish itself as a leader in the global Halal industry by implementing policies and certifications to ensure compliance with Halal standards. (Shahdan et al., 2016) However, Indonesia's Halal industry ecosystem is not without its challenges; regulatory issues, certification inconsistencies, and varying levels of consumer awareness can create barriers to growth. Addressing these issues is crucial for Indonesia to secure its position in the international Halal market and support sustainable economic growth.

This systematic literature review aims to examine the current landscape of the Halal industry in Indonesia, identifying both the key challenges that need to be addressed and the opportunities that could

help strengthen Indonesia's role in the global Halal economy. The systematic literature review will focus on these three research questions below:

RQ1 : What are the key drivers of growth in the Halal Industry ecosystem ?

RQ1 : What are the major challenges hindering the expansion of the Halal Industry ecosystem ?

RQ3 : How can the halal industry ecosystem be optimized to address the needs of diverse global market ?

By providing an in-depth analysis, this review seeks to offer insights for policymakers, industry stakeholders, and researchers interested in advancing the Halal industry in Indonesia.

B. METHODOLOGY

This study adopted PRISMA as the methodology. PRISMA, stand for Preferred Reporting Items for Systematic Reviews and Meta-Analyses is one of the publication standards used to conduct a systematic literature review. (Bidin et al., 2021) According to Moher et al. (Moher et al., 2009), PRISMA stresses the use of reviewed reports that assess random trials as the basis for providing systematic reviews for other kinds of research. The flow of information through the stages of Systematic Literature Review is displayed in Figure 1.

C. RESULT AND DISCUSSION

A final selection of 52 papers was selected for further synthesis after 410 published publications were located during the rigorous initial rounds. The following Table 1 lists the primary drivers of the halal industry. Also, this narrative summary helps readers explore the selected major driving findings. A primary driver for the Halal industry is the increasing global Muslim population, which is projected to reach 2.2 billion by 2030. With a growing demand for products and services that meet Islamic principles, the Halal industry has significant opportunities to expand across various sectors, such as food, finance, cosmetics, and tourism. Indonesia, as the largest Muslim-majority country, plays a central role in both demand and production, influencing the Halal market's global trajectory.

The growing demand for halal products and services globally is driven by several interrelated factors, including demographic shifts, health consciousness, and technological advancements. As the halal market expands beyond traditional Muslim consumers, it increasingly attracts non-Muslim customers who value the perceived quality and ethical sourcing of halal products. The global Muslim population is projected to reach 2.8 billion by mid-century, constituting 30% of the global population, which significantly boosts demand for halal products (Attwood et al., 2023). The halal market is expanding in non-Muslim countries, with increasing interest from diverse consumer bases, including those in the U.S., U.K., and Europe (Rahman & Ali, 2024).

Industry standardization is a critical driver in achieving effective Halal standardization, especially as the global Halal industry expands across various sectors like food, cosmetics, finance, and pharmaceuticals. By implementing clear and universally recognized standards, the Halal industry can overcome fragmentation, build confidence, and ultimately drive the global reach and impact of Halal products and services.

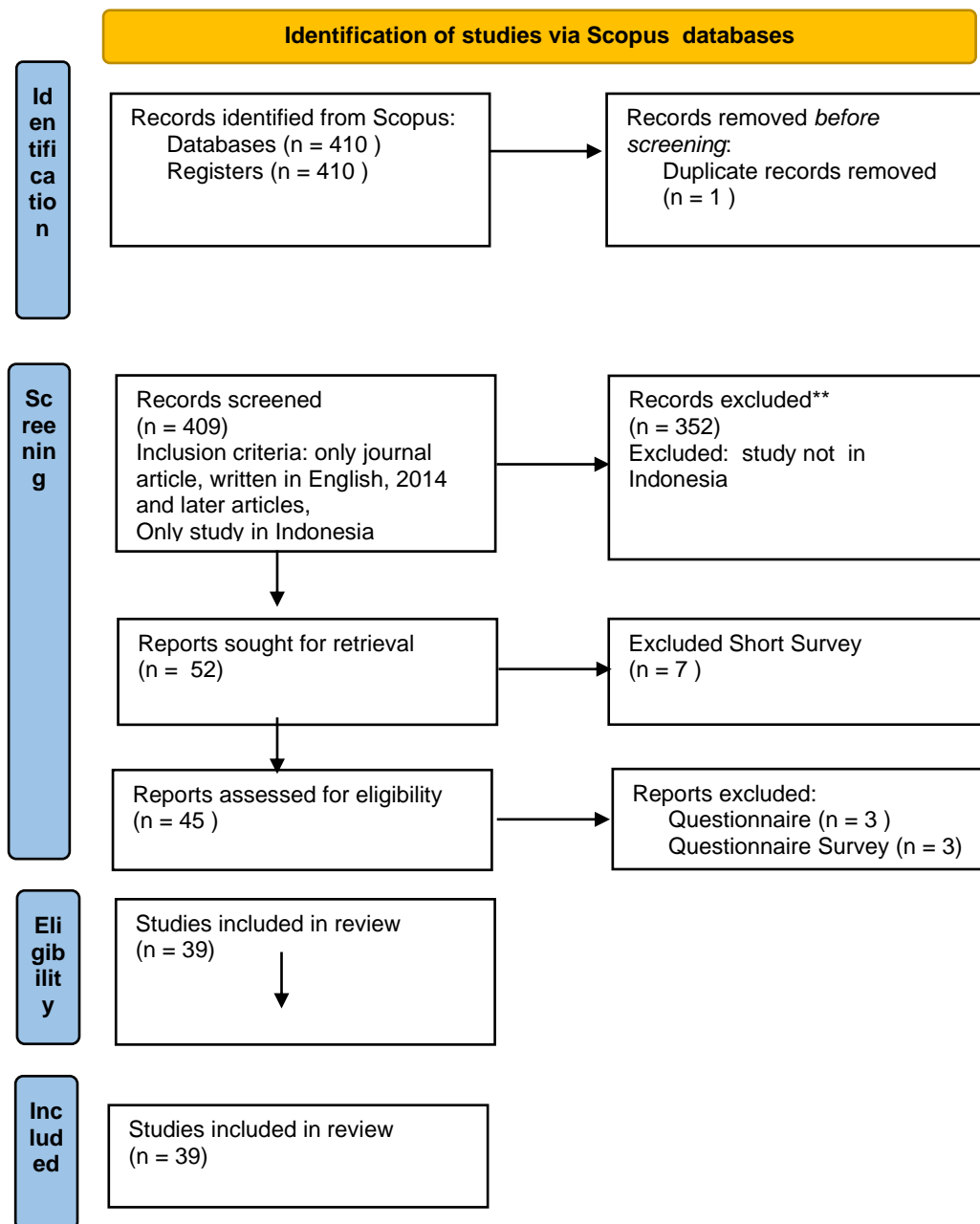


Figure 1. information flow across the various stages of SLR protocol used in this study (adapted from (Moher et al., 2009) 2009)

Table 1. Key driver Identification

Objectives	Key drivers	Authors
Leading in global halal market	Growing demand of halal product and services	(Lubis et al., 2016)
Strengthening Food Security	Food Industry value chain	(Idris et al., 2022)6/1/2025 3:15:00 pm
Standardization and regulatory fragmentation	Standardize industry practices, enhance product credibility	(Wilkins et al., 2019)
Indonesia Halal Legal Compliance	UU No 33 Tahun 2014	(Ahyar, 2020)
Islamic capital market	Halal industry integration	(Sulistiawati et al., 2024a)
Sustainable employment	The role of halal entrepreneur	(Salaheldeen & Battour, 2024)
Social stability and resilience	Halal risk management	(Utomo et al., 2021)
Strengthening Halal Industry stakeholders	Governments, customer, Industry, Business owner, Investor	[8]
Indonesia's strong Islamic economic ecosystem	UMKM as halal product producers, Islamic finance development, technology innovations, and regulatory enhancements.	(Sulistiawati et al., 2024b)

Standardization promotes transparency and reliability, essential for building consumer trust in Halal products. When consumers recognize a universally accepted Halal certification symbol or understand that products meet stringent, standardized requirements, they are more likely to trust the authenticity of the product. This trust drives consumer preference for certified products, strengthens brand loyalty, and increases demand, further encouraging companies to adopt and maintain Halal standards.

The integration of the halal industry encompasses various dimensions, including supply chain management, sustainability, and compliance with Islamic principles. This integration is crucial for enhancing competitiveness and ensuring that halal products meet both consumer expectations and regulatory standards. Effective integration of halal logistics and manufacturing practices is essential for maintaining compliance with halal standards while enhancing organizational competitiveness often face challenges in resource allocation for optimizing these practices, which can hinder their performance in the global market (Karudin et al., 2024).

The Islamic Capital Market (ICM) serves as a vital component of the Islamic financial system, facilitating transactions that comply with Shariah principles. It acts as a financial intermediary, channelling funds from surplus to deficit units, and operates parallel to conventional capital markets. The ICM has seen significant growth since its inception in the 1970s, driven by increased awareness of Islamic finance and the need for Shariah-compliant investment options. The ICM includes equity markets (stocks) and debt markets (sukuk), which are Shariah-compliant alternatives to conventional bonds.

The role of halal entrepreneurs is pivotal in fostering sustainable economic growth and innovation within the halal industry. Halal entrepreneurship, or "Halalpreneurship," integrates Islamic principles into business practices, distinguishing it from conventional entrepreneurship. This unique approach not only enhances market performance but also aligns with broader Sustainable Development Goals (SDGs) by promoting ethical practices and social welfare. (Salaheldeen et al., 2021)

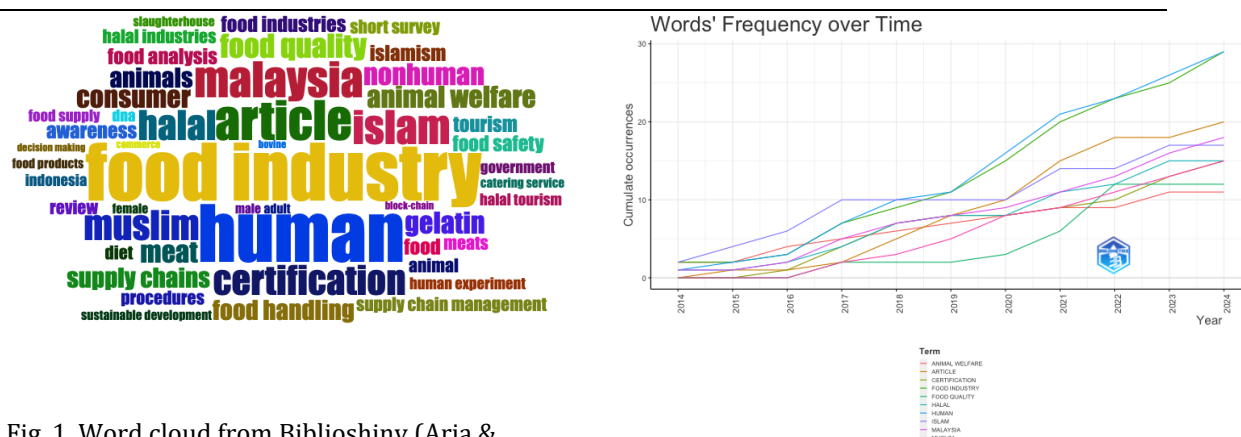


Fig. 1. Word cloud from Biblioshiny (Aria & Cuccurullo, 2017) shows Food Industry is the most frequent word as

The expansion of the Halal Industry ecosystem faces several major challenges. Low halal awareness among producers and consumers is a significant obstacle. The growth of the sector is impeded by inadequate infrastructure and a restricted supply of raw materials certified as halal. There are challenges in putting halal product guarantee laws into practice. Challenges arise from the absence of internationally accepted halal certification standards and disparities in halal product requirements among Muslim nations (Samsul et al., 2022). According to Yuli and Wojtyla (Yuli & Wojtyla, 2020) human resource development is essential and calls for transformation and digitization methods. Another obstacle is the unbalanced distribution of halal products in the supply chain (Siswoyo, 2021). Challenges also include the surge of imported goods and the low competitiveness of local products (Fathoni, 2020). Improving the halal industry's competitiveness in the global market and fortifying its ecosystem require addressing these problems.

D. CONCLUSION

This study has successfully identified key driver of Halal Industry ecosystem through a systematic literature review. The result shows that food industry appears as the major challenges of the Halal Industry ecosystem in the Scopus published articles. The halal industry ecosystem can be optimized by focusing on key driver and choosing the best course of action.

REFERENCES

- Ahyar, M. K. (2020). Halal Industry and Islamic Banking: A Study of Halal Ecosystem Regulation in Indonesia. *Journal of Finance and Islamic Banking*, 2(2). <https://doi.org/10.22515/jfib.v2i2.1929>
- Aria, M., & Cuccurullo, C. (2017). bibliometrix: An R-tool for comprehensive science mapping analysis. *Journal of Informetrics*, 11(4), 959–975. <https://doi.org/10.1016/j.joi.2017.08.007>
- Azmi, N. A. N., Mohd Noor, N. A., & Elgharbawy, A. A. M. (2021). Bibliometric Analysis on Halal Cosmetics Over Twenty Years. *Halalpsphere*, 1(1), 53–71. <https://doi.org/10.31436/hs.v1i1.9>
- Bidin, R., Razak, M. N. F., Mohamad, B., Osman, M. N., Bakar, M. S. A., Tham, J. S., Atan, R., Handayati, P., & Utaberta, N. (2021). Halal Industry's Organizational Performance Factors: A Systematic Literature Review. *Pertanika Journal of Social Sciences and Humanities*, 29(4), 2545–2568. <https://doi.org/10.47836/pjssh.29.4.25>
- Fathoni, M. A. (2020). Potret Industri Halal Indonesia: Peluang dan Tantangan. *Jurnal Ilmiah Ekonomi Islam*, 6(3), 428. <https://doi.org/10.29040/jiei.v6i3.1146>
- Firmansyah, Luqman Hakim Handoko, Mariam Kamila, & Mohd Noor, M. N. (2024). Unravelling Halal Bibliometric Research: Bibliometric Analysis and Systematic Literature Review. *The Journal of Muamalat and Islamic Finance Research*, 37–58. <https://doi.org/10.33102/jmifr.557>
- Idris, P. S. R. P. H., Musa, S. F. P. D., & Sumardi, W. H. H. (2022). Halal-Tayyiban and Sustainable Development Goals: A SWOT Analysis. *International Journal of Asian Business and Information Management*, 13(2). Scopus. <https://doi.org/10.4018/IJABIM.20220701.oa9>

- Lubis, H. N., Mohd-Naim, N. F., Alizul, N. N., & Ahmed, M. U. (2016). From market to food plate: Current trusted technology and innovations in halal food analysis. *Trends in Food Science and Technology*, 58, 55–68. Scopus. <https://doi.org/10.1016/j.tifs.2016.10.024>
- Moher, D., Liberati, A., Tetzlaff, J., & G. Altman, D. (2009). Preferred Reporting Items for Systematic Reviews and Meta-Analyses: The PRISMA Statement. *Annals of Internal Medicine*.
- Mostafa, M. M. (2022). Three decades of halal food scholarly publications: A PUBMED bibliometric network analysis. *International Journal of Consumer Studies*, 46(4), 1058–1075. <https://doi.org/10.1111/ijcs.12813>
- Salaheldeen, M., & Battour, M. (2024). Fostering innovation capability and sustainable innovation in halal industry: The role of halal entrepreneurs' success. *Journal of Islamic Marketing*, 15(3), 777–799. Scopus. <https://doi.org/10.1108/JIMA-12-2022-0323>
- Salaheldeen, M., Battour, M., Nazri, M. A., & Bustamam, U. S. A. (2021). Prospects for achieving the Sustainable Development Goals 2030 Through A Proposed Halal Entrepreneurship Success Index (HESI). *SHS Web of Conferences*, 124, 08001. <https://doi.org/10.1051/shsconf/202112408001>
- Samsul, S., Muslimin, S., & Jafar, W. (2022). Peluang dan Tantangan Industri Halal Indonesia Menuju Pusat Industri Halal Dunia. *Al-Azhar Journal of Islamic Economics*, 4(1), 12–24. <https://doi.org/10.37146/ajie.v4i1.135>
- Shahdan, I. A., Regenstein, J. M., Shahabuddin, A. S. M., & Rahman, M. T. (2016). Developing control points for halal slaughtering of poultry. *Poultry Science*, 95(7), 1680–1692. Scopus. <https://doi.org/10.3382/ps/pew092>
- Sulistiawati, N., Said, M., & Aisyah, M. (2024a). Halal In The Contemporary Economic And Business Ecosystem. *Cakrawala Repositori IMWI*, 6(6), 2809–2816. <https://doi.org/10.52851/cakrawala.v6i6.604>
- Sulistiawati, N., Said, M., & Aisyah, M. (2024b). Halal In The Contemporary Economic And Business Ecosystem. *Cakrawala Repositori IMWI*, 6(6), 2809–2816. <https://doi.org/10.52851/cakrawala.v6i6.604>
- Susilowati, I., Furoida, A. N., Musliha, C., Kusumawardhani, H. A., & Wardhani, A. A. (2024). Effectiveness of food safety for halal industry in Indonesia. *International Food Research Journal*, 31(2), 320–330. Scopus. <https://doi.org/10.47836/ifrj.31.2.04>
- Utomo, S. B., Sekaryuni, R., Widarjono, A., Tohirin, A., & Sudarsono, H. (2021). Promoting Islamic financial ecosystem to improve halal industry performance in Indonesia: A demand and supply analysis. *Journal of Islamic Marketing*, 12(5), 992–1011. <https://doi.org/10.1108/JIMA-12-2019-0259>
- Wilkins, S., Butt, M. M., Shams, F., & Pérez, A. (2019). Product standardisation in the food service industry: Post-purchase attitudes and repurchase intentions of non-Muslims after consuming halal food. *Journal of Strategic Marketing*, 27(3), 210–226. Scopus. <https://doi.org/10.1080/0965254X.2017.1384749>
- Yuli, S. B. C., & Wojtyła, E. (2020). Challenges and strategies in developing human resources for the halal industry: Evidence from Indonesia. *Journal of Innovation in Business and Economics*, 4(02), 77–86. <https://doi.org/10.22219/jibe.v4i02.8270>