

Halal Industry Transformation in the Era of Globalization: Uniting Local Values in the Global Market

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ABSTRACT

This article discusses the transformation of Indonesia's halal industry in the face of the challenges and opportunities of globalization, emphasizing the importance of integrating local values as a competitive strength. Amid the growing global demand for halal products, Indonesia holds a strategic position as the country with the largest Muslim population in the world. However, Indonesia's halal industry competitiveness is still limited by the dominance of regulatory approaches and weak innovation based on culture. This study uses a descriptive qualitative method with a literature review and case study approach, such as small-medium enterprises (SMEs) producing herbal medicine in Pasuruan and the Peh-Preneur community in Kediri. The findings indicate that local wisdom such as mutual cooperation, sustainability, and honesty in production can be a distinguishing element in branding halal products that align with global consumer trends. Furthermore, digitalization plays a crucial role in boosting visibility and market penetration for products based on local values. This article recommends that government policies prioritize local values in halal certification programs and encourage industry players to leverage cultural narratives in product and marketing strategies. The integration of regulation, innovation, and local wisdom is expected to create an inclusive halal industry ecosystem that is highly competitive and deeply rooted in the nation's identity amid a homogeneous global market.

1. Introduction

Over the past two decades, the halal industry has experienced rapid growth and has become one of the most promising sectors of the global economy. This growth is not only driven by the increasing Muslim population worldwide, which is projected to reach 9.3 billion between 2010 and 2050,¹ but also by the global shift in consumer behavior that increasingly values quality, safety, and ethics in consumption. Halal products, once considered exclusive to Muslim communities, have now become a global standard associated with cleanliness, honesty in production processes, and quality assurance.

¹ Aýun Qolbi and others, 'Tren Penelitian Konsumsi Produk Halal Di Dunia; Dengan Pendekatan Bibliometric', *Jurnal Ilmiah Ekonomi Islam*, 10.1 (2024), 911–17 <<https://doi.org/10.29040/JIEI.V10I1.12342>> [accessed 30 April 2025]; RISSC, '10 Negara Dengan Populasi Muslim Terbesar Dunia Menurut RISSC (2021)', *DATABOKS*, 2021; Viva Budi Kusnandar, 'RISSC: Populasi Muslim Indonesia Terbesar Di Dunia', *Katadata*, 2022; Databoks, '10 Negara Dengan Populasi Muslim Terbanyak Dunia 2023, Indonesia Memimpin!', *Databoks*, 2023.

Indonesia, as the country with the largest Muslim population in the world (87.2% of the total population), has significant potential to become the global hub of the halal industry. However, to realize this strategic position, Indonesia is required not only to meet domestic demand but also to improve the competitiveness of its products in the international market. Data from the State of the Global Islamic Economy Report (2023) shows that Indonesia ranks third in the global Islamic economy indicators but still faces challenges in the Islamic finance sector and halal industry downstream activities.² Moreover, an increasing number of non-Muslim countries are beginning to seriously engage in the halal industry, proving that the halal market is no longer exclusive to religion but has become part of an inclusive global economic strategy. Halal products now span sectors such as food, beverages, cosmetics, pharmaceuticals, tourism, and fashion, with an annual growth projection of 8.3% from 2021 to 2026.³

This phenomenon calls for Indonesia to undertake a transformation of its halal industry that is not only regulatory and certification-based but also innovation-oriented, with a focus on local values and a contextual approach to globalization.⁴ In this context, it is important to discuss how local strengths, whether in the form of culture, local wisdom, or work ethics, can add value in building the competitiveness of Indonesia's halal industry on the global stage.

Amid the massive forces of globalization, the world's society is undergoing a significant shift in lifestyle, consumption, and social interaction patterns.⁵ Modernization and the expansion of free markets bring both opportunities and major challenges for developing countries like Indonesia. One of the main challenges is the erosion of local identity and cultural wisdom, which have long served as the foundation of social and economic values in communities. As global products with uniform designs, flavors, and lifestyles dominate the market, local products rich in traditional values are often seen as non-competitive or even outdated.

Local wisdom, which reflects age-old practices such as honesty in production, sustainability, mutual cooperation, and harmonious relationships with nature, is increasingly sidelined in modern production and distribution systems. Yet, these values offer uniqueness and high differentiation power when managed well. In the context of the halal industry, local wisdom can serve as a strong differentiating base, as seen in the use of cultural identity in the packaging of herbal medicine products by SMEs in Latek Village, Pasuruan.⁶ Through cultural narratives and representative packaging, these local herbal products successfully attracted a broader market, including internationally.

² Jimmi Qizwini, 'Inovasi Teknologi Dan Transformasi Industri Halal Di Indonesia', *Perbanas Journal of Islamic Economics and Business*, 5.1 (2025), 1–14 <<https://doi.org/10.56174/PJIEB.V5i1.282>> [accessed 30 April 2025]; DataIndonesia.id Monavia Ayu Rizati, 'Jumlah Penduduk Muslim Indonesia Terbesar Di Dunia Pada 2022', *DataIndonesia.Id*, 2022; Kusnandar; RISSC.

³ Farchati Umu Aida, Salsabila Imroatul and Saniatul Khafsoh, 'Inovasi Dan Strategi Pemasaran Produk Halal Di Era Digital', *ASNAF : Journal of Economic Welfare, Philanthropy, Zakat and Waqf*, 3.1 (2024), 49–71 <<https://doi.org/10.32505/ASNAF.V3i1.8586>> [accessed 30 April 2025].

⁴ Etikah Karyani, 'Transformasi Digital Dan Industri Halal : Studi Kasus Pada', *Wikrama Parahita: Jurnal Pengabdian Masyarakat*, 5.2 (2021); Mohamad Khan, 'Transformasi Industri Halal', *Dewan Ekonomi*, 2011; Rihfenti Ernayani and Firman Firman, 'Transformasi Industri Halal: Keberlanjutan Dan Inovasi Dalam Perekonomian Syariah', *Jesya*, 7.1 (2024) <<https://doi.org/10.36778/jesya.v7i1.1490>>.

⁵ Novita Sari and others, 'Dampak Media Sosial Terhadap Gaya Hidup Dan Identitas Budaya Generasi Muda', *DINASTI: Jurnal Sosial Dan Budaya*, 1.01 (2024), 36–44 <<https://ejournal.almusthofa.org/index.php/dinasti/article/view/89>> [accessed 30 April 2025].

⁶ Tamamil Amaliyah and Nur Rokhmat Nuzil, 'MERETAS PASAR GLOBAL: PEMANFAATAN IDENTITAS LOKAL DALAM PENGEMASAN PRODUK UMKM JAMU KELURAHAN LATEK KECAMATAN BANGIL KABUPATEN

Many local communities face challenges in adopting digital technology and modern market strategies.⁷ The digital literacy gap and limited access to business training leave local economic actors behind in the global competition. On the other hand, concepts like Peh-Preneur in Kediri demonstrate that the integration of digital economic literacy with local wisdom can strengthen community competitiveness in the digital age.⁸

If not managed adaptively, globalization can create a process of cultural homogenization that erodes national identity. Therefore, the main challenge is not only preserving cultural heritage but also reconstructing local values into a new economic force that is adaptive and relevant to the global market. In the halal industry context, the integration of local values with global standards is an urgent need to create an industry that is not only competitive but also deeply rooted in the nation's identity.⁹

The transformation of the halal industry in Indonesia involves not just regulatory aspects such as product certification and compliance with national and international halal standards. More fundamentally, this transformation touches on the paradigm shift of the industry, from relying on normative obligations to becoming an integrative, sustainable economic development strategy based on values. In this context, an important question arises: How can the transformation of Indonesia's halal industry synergize with local values in facing the global market?

This question becomes crucial as Indonesia possesses two main strengths that complement each other but have yet to be fully integrated. First, its strategic position as the country with the largest Muslim population in the world provides a demographic advantage in driving market growth and halal product innovation. Second, its rich culture and local wisdom, which reflect values of ethics, sustainability, and spirituality, are inherently aligned with the core principles of the halal industry.

However, in practice, there is still a dichotomy between the modernization approach of the halal industry and the potential local values available. Many local SMEs are still unable to translate their cultural uniqueness into products that are accepted by the global market. Meanwhile, the push from globalization demands speed, efficiency, and technology adaptation, which often do not align with community-based economic systems and traditional values.

Previous studies, such as those on the Peh-Preneur community in Kediri, demonstrate that the synergy between digital literacy and local cultural values can create an innovative microeconomic model, based on mutual cooperation, and capable of competing in the digital world. On the other hand, the experience of herbal medicine SMEs in Pasuruan shows that strategically packaged local narratives in product design can open export opportunities and attract global market interest.

Therefore, this problem formulation is not only theoretical but also strategic and practical. Finding ways to integrate the transformation of the halal industry with local values is a crucial step in building a unique halal economic identity for Indonesia while improving global competitiveness without losing the cultural roots that define the nation.

PASURUAN', *PROFICIO*, 5.1 (2024), 588–93 <<https://doi.org/10.36728/JPF.V5I1.3136>> [accessed 30 April 2025].

⁷ Vera Maria and others, 'Meningkatkan Daya Saing UMKM Lokal Melalui Strategi Pemasaran Digital Di Era Digital', *OPTIMAL Jurnal Ekonomi Dan Manajemen*, 4.2 (2024), 208–20 <<https://doi.org/10.55606/OPTIMAL.V4I2.3471>> [accessed 30 April 2025].

⁸ Fitria Nur Masithoh and others, 'Optimalisasi Literasi Ekonomi Digital Berbasis Kearifan Lokal Dalam Meningkatkan Daya Saing Ekonomi', *Proceedings of Annual Conference for Muslim Scholars*, 8.1 (2024), 847–62 <<https://doi.org/10.36835/ANCOMS.V8I1.627>> [accessed 30 April 2025].

⁹ Khodijah Ishak and others, 'PENGEMBANGAN EKONOMI ISLAM DI WILAYAH RUMPUN MELAYU: PELUANG DAN CABARAN', *Journal of Islamic Philanthropy and Social Finance*, 3.1 (2021) <https://doi.org/10.24191/jipsf/v3n12021_37-49>; Hendra Ibrahim and Nisya Fauziah, 'Peran Dan Strategi Peningkatan Sertifikasi Halal Dalam Ekspor Produk Halal Di Pasar Internasional', *Jurnal Minfo Polgan*, 12.2 (2023) <<https://doi.org/10.33395/jmp.v12i2.13311>>.

Indonesia has significant comparative and potential advantages to become the global center of the halal industry. However, these advantages have not yet been fully converted into competitive advantages that can significantly penetrate the global market. One strategic approach that needs further exploration is strengthening the competitiveness of the halal industry through the integration of local values as part of product identity and the uniqueness of the business models offered.

Local values such as mutual cooperation, sustainability, and honesty in production processes not only have cultural meaning but also serve as global selling points in the context of rising consumer awareness of ethical, transparent, and sustainable products. This local wisdom, when developed and communicated effectively in product design, brand stories, and service models, can become a strong source of differentiation amidst the increasingly competitive halal industry.

The main goal of this writing is to analyze how local values play a role in strengthening the competitiveness of the halal industry, particularly in the SME sector, which is the backbone of the national economy. This analysis is crucial so that halal industry policies and practices in Indonesia are not solely focused on formal certification but also leverage the social and cultural strengths of society as capital to survive and thrive in the global market.

Furthermore, this paper also aims to present an integrative strategy that combines three main pillars:

1. Regulation; which provides a legal basis and quality assurance (such as Law No. 33 of 2014 on Halal Product Guarantee and the SJH system).
2. Innovation; particularly in the form of digitalization, technology adaptation, and expansion of creative economy-based business models.
3. Local Wisdom; as a differentiating force and source of social legitimacy that enhances consumer loyalty and trust.

By combining these three pillars, it is expected that an inclusive, contextual, and highly competitive model of Indonesia's halal industry transformation will emerge, not only for the domestic market but also within the global halal economy ecosystem.

2. Research Method

This study uses a descriptive qualitative approach with a literature review and case study as the main methods.¹⁰ P This approach was chosen because the research aims to gain an in-depth understanding of the transformation of the halal industry in the context of globalization, as well as to analyze the integration of regulation, innovation, and local values in strengthening the competitiveness of Indonesian halal products.

This research is descriptive and qualitative in nature, focusing on the exploration of concepts, relationships between ideas, and in-depth interpretation of relevant secondary data. This approach allows the researcher to examine the phenomenon contextually and interpretively, particularly in understanding the role of local wisdom in the dynamics of the global halal industry.

3. Results and Discussion

Halal Certification and Regulatory System

The transformation of Indonesia's halal industry cannot be separated from the regulatory framework that serves as the legal foundation for businesses to meet halal standards. One of the most fundamental regulations is Law Number 33 of 2014 on Halal Product Guarantee (JPH), which

¹⁰ Windy Andriani, 'Penggunaan Metode Sistematis Literatur Review Dalam Penelitian Ilmu Sosiologi', *Jurnal PTK Dan Pendidikan*, 7.2 (2022) <<https://doi.org/10.18592/ptk.v7i2.5632>>.

mandates that every product circulated and traded in Indonesia must have a halal certification. The implementation of this law is supported by Government Regulation Number 39 of 2021 as its implementing regulation, along with supervision by the Halal Product Guarantee Agency (BPJPH) under the Ministry of Religious Affairs.¹¹

This regulation aims not only to protect Muslim consumers but also to enhance global trust in Indonesian products. In the context of globalization, halal certification is no longer just a religious identity but has become a symbol of quality assurance, safety, and transparency in the production process. This aligns with global trends where both Muslim and non-Muslim consumers are increasingly interested in ethical, clean, and independently verified products.¹²

However, in practice, the implementation of the Halal Guarantee System (SJH) still faces several challenges, especially for small and medium-sized enterprises (SMEs), which are the backbone of the national halal industry. Some key issues identified include:

- a. Low literacy levels regarding certification procedures.¹³
- b. High certification costs, particularly for micro-business owners.¹⁴
- c. The limited availability of halal consultants (pendhal) and halal inspection bodies (LPH) at the regional level.
- d. A lack of integration between local values and the standard SJH system, making the certification process feel "foreign" to local business owners.

The success of the halal industry transformation through the SJH is highly dependent on effective system management, including clear procedures, transparent costs, and an educational approach that emphasizes coaching rather than mere oversight.

Additionally, BPJPH has encouraged a more inclusive approach through free halal certification programs for SMEs and the acceleration of establishing campus-based LPH and Islamic organizations. This move opens up collaborative opportunities between the government, civil society, and the private sector to expand access to halal guarantees, while also providing space for the integration of local values as a source of social legitimacy.

From a global perspective, harmonization of halal standards between countries is also an important issue. Many Indonesian halal products face difficulties entering export markets due to differences in standards and certification schemes between countries, such as between Indonesia and Middle Eastern

¹¹ May Lim Charity, 'Jaminan Produk Halal Di Indonesia', *Jurnal Legislasi Indonesia*, 14.1 (2017); May Lim Charity, 'JAMINAN PRODUK HALAL DI INDONESIA (HALAL PRODUCTS GUARANTEE IN INDONESIA)', *Legislasi Indonesia*, 14.1 (2017); Ralang Hartati, 'PERAN NEGARA DALAM PELAKSANAAN JAMINAN PRODUK HALAL', *ADIL: Jurnal Hukum*, 10.1 (2019) <<https://doi.org/10.33476/ajl.v10i1.1066>>.

¹² Firdaus Firdaus, 'IMPLIKASI SERTIFIKAT HALAL DALAM MANEJEMEN BISNIS INDUSTRI MAKANAN DAN MINUMAN', *At-Tawazun, Jurnal Ekonomi Syariah*, 11.02 (2023) <<https://doi.org/10.55799/tawazun.v11i02.322>>; Viajeng Purnama Putri and Sri Nastiti Andharini, 'PENDAMPINGAN UMKM DALAM MEMENUHI PERSYARATAN SERTIFIKASI HALAL UNTUK MENINGKATKAN DAYA SAING', *Studi Kasus Inovasi Ekonomi*, 07.02 (2023); Fazlur Syarif and Naif Adnan, 'Pertumbuhan Dan Keberlanjutan Konsep Halal Economy Di Era Moderasi Beragama', *Jurnal Bimas Islam*, 12.1 (2019) <<https://doi.org/10.37302/jbi.v12i1.97>>.

¹³ Mashuri Mashuri and others, 'Pemberdayaan Berkelanjutan UMKM Sadar Halal Di Madiun Guna Mendukung Proses Sertifikasi Halal', *Sewagati*, 6.6 (2022) <<https://doi.org/10.12962/j26139960.v6i6.169>>.

¹⁴ Adrianus Aprilius, Maat Pono and Abd Razak Munir, 'STRATEGI PENGEMBANGAN USAHA RESTORAN MENGGUNAKAN ANALISIS SWOT DAN QSPM (QUANTITATIF STRATEGIC PLANNING) DI RESTORAN LA PIZZA MAKASSAR', *JURNAL ILMU EKONOMI & SOSIAL*, 9.1 (2018) <<https://doi.org/10.35724/jies.v9i1.735>>.

or European countries.¹⁵ Therefore, in the future, a halal diplomacy framework is needed, not only based on law but also considering cultural aspects and local values as a key element of global bargaining power

Integration of Local Values in the Halal Industry

Case Study of UMKM Jamu in Pasuruan: Packaging Based on Cultural Identity

One concrete example of integrating local values into the halal industry is the practice carried out by jamu MSMEs in Latek Village, Bangil District, Pasuruan Regency. This area is known as a center for traditional jamu production, passed down through generations. However, in the face of globalization challenges and changing consumer tastes, local jamu entrepreneurs have begun making strategic transformations, particularly in product packaging.

The jamu MSMEs in Pasuruan have successfully utilized local identity as a key strength in their branding strategy and market expansion.¹⁶ Product packaging is designed not only to protect and enhance the appearance but also to convey a narrative of local culture. Visual elements such as traditional Pasuruan batik motifs, natural colors, and traditional symbols are used in the packaging design. Additionally, product names, material descriptions, and the origins of the jamu are communicated using language that highlights the local cultural heritage.

This strategy serves two main functions:

1. It enhances the added value of products in the eyes of both local and global consumers, as it offers authenticity and a backstory behind the product.
2. It builds trust among Muslim consumers, demonstrating that the product is not only halal in substance but also has integrity in its production process from the selection of local natural ingredients to traditional and clean processing methods.

This effort aligns with halal value chain principles, where every stage of the production and distribution process takes into account halal aspects, cleanliness, and ethics. Professionally packaged local identity has proven to increase the competitiveness of Pasuruan jamu products, even reaching international markets through participation in international exhibitions and leveraging digital platforms.

However, challenges remain. Not all MSME entrepreneurs have access to design training, digital literacy, or capital for high-quality packaging production. Therefore, the role of local governments, academics, and the creative community is crucial for providing ongoing support both in enhancing production capacity and aligning local values with halal standards and modern market tastes.

This case study shows that local cultural identity is not a barrier but rather a strategic asset in the development of the halal industry. When packaged with an aesthetic and narrative approach, local values can create a strong positioning in the midst of the global, homogeneous, and competitive market.

¹⁵ Ervin Lutfika, Feri Kusnandar and Dase Hunaefi, 'Analisis Perbandingan Standar Halal Dan Harmonisasinya Untuk Pengembangan Usulan Standar Halal Global', *Repository.lpb.Ac.Id*, 2021; Muhammad Suhaimi and Marliyah Marliyah, 'PELUANG DAN TANTANGAN INDUSTRI HALAL MENUJU PUSAT INDUSTRI GLOBAL', *Ekonom : Jurnal Ekonomi Dan Bisnis*, 3.1 (2023) <<https://doi.org/10.58432/ekonom.v3i1.768>>.

¹⁶ Tamamil Amaliyah and Nur Rokhmat Nuzil, 'MERETAS PASAR GLOBAL: PEMANFAATAN IDENTITAS LOKAL DALAM PENGEMASAN PRODUK UMKM JAMU KELURAHAN LATEK KECAMATAN BANGIL KABUPATEN PASURUAN', *PROFICIO*, 5.1 (2024), 588–93 <<https://doi.org/10.36728/JPF.V5I1.3136>> [accessed 30 April 2025].

The village tourism model based on tetrapreneurship has become one of the innovative approaches relevant to integrating local values into the halal industry, especially in the context of community-based economics. A study of Karangasem Village Tourism in Bantul Regency, Yogyakarta, shows that the development of tourism products and services is not solely focused on exploiting natural or cultural potential but is carried out through a strategic approach rooted in mutual cooperation and the cultural heritage of the local community. The Tetrapreneur model implemented in Karangasem consists of four main pillars:¹⁷

- a. Chainpreneur; Building a value chain from bamboo craft production to market distribution
- b. Marketpreneur; Creating community-based market mechanisms such as product galleries, tourism bazaars, and village digital platforms.
- c. Qualitypreneur; enhancing local human resources through product quality training, including halal aspects and ethical production standards.
- d. Brandpreneur; strengthening the village tourism brand identity with cultural narratives, local icons (bamboo crafts), and traditional symbols in promotions.

Karangasem Village uses bamboo crafts as its flagship product, which not only functions as an economic commodity but also represents local cultural values. Tourism activities such as batik workshops, bamboo craft practices, and cultural activities are packaged as educational tourism packages. This becomes part of the halal ecosystem that not only offers products free from prohibited elements but also a comprehensive halal experience both spiritually and socially.

The village branding strategy places local wisdom at the core of its value proposition, where cultural uniqueness is used as a distinguishing factor from other products or destinations. Narratives about mutual cooperation, ancestral wisdom, and sustainability of natural resources become the main content of the village's promotion, whether through social media, websites, or halal tourism exhibitions.

The application of the tetrapreneur model also addresses classic challenges in village tourism management, such as dependence on the government and institutional stagnation. By building a strong community-based economic system, Karangasem Village has transitioned from a “start-up tourist village” category to an “advanced tourist village,” with the target of becoming an independent tourism village with a global halal product identity.

More broadly, this approach shows that halal branding does not have to detach from local roots. On the contrary, when local values such as simplicity, sustainability, and spirituality are packaged in a strategic narrative, the resulting products and services become more authentic and attractive to a global market increasingly seeking experience-based halal lifestyles.

The tetrapreneur model is also highly replicable to other tourist villages in Indonesia by adjusting to each locality's characteristics.¹⁸ This presents a significant opportunity to create a halal industry cluster based on villages and culture, which is economically independent and strongly rooted in identity.

¹⁷ Samsul Arifin, 'Mengembangkan Kualitas Usaha Desa Wisata: Perancangan Sistem Usaha Pokdarwis Dengan Menggunakan Model Kemitraan', *Journal of Dedicators Community*, 6.2 (2022)

<<https://doi.org/10.34001/jdc.v6i2.1660>>; Zilal Afwa Ajidin and Rika Fatimah TL, 'HALAL APPROACH ON FOOD PRODUCT DESIGN IN THE VILLAGE LEVEL', *Imara: JURNAL RISET EKONOMI ISLAM*, 6.1 (2022)

<<https://doi.org/10.31958/imara.v6i1.5797>>.

¹⁸ Dien Noviany Rahmatika and others, 'Strategi Pengembangan Kualitas Bumdes ; Pendekatan Model Tetrapreneur Serta Kemitraan', *Jurnal Industri Kreatif Dan Kewirausahaan*, 2.2 (2019).

Local Wisdom as Social Capital

Cultural Values: Mutual Cooperation, Honesty, and Sustainability

In the context of halal industry transformation, local cultural values not only serve as aesthetic complements or product identities but also as crucial social capital in building an inclusive, sustainable, and community-based halal economy foundation. Values such as mutual cooperation, honesty, and sustainability have long been embedded in Indonesian society and have proven to contribute significantly to local economic resilience.¹⁹

a. Mutual Cooperation as a Social Institutional Pillar:

Mutual cooperation is not just physical collaboration; it is a social solidarity mechanism that fosters a sense of collective responsibility.²⁰ In halal economic practice, this value becomes an important force for:

- 1) Building community-based production and distribution networks,
- 2) Reducing operational costs through informal collaboration,
- 3) Increasing trust and loyalty among entrepreneurs, consumers, and society.

Examples can be found in the Peh-Preneur community in Kediri, which utilizes mutual cooperation as the foundation for forming micro-business groups based on local wisdom.²¹ In this community, MSME actors share resources, knowledge, and market access voluntarily, creating a resilient and adaptive business ecosystem to market dynamics.

b. Honesty as Halal Production Ethics

Honesty is a moral value that forms the foundation of Shariah in every line of the halal industry chain.²² In the local context, honest practices are manifested in:

- 1) Transparency in the use of raw materials
- 2) Openness in the production process
- 3) Sincerity in customer service

This value not only supports the halal principle normatively but also creates trust that is vital in the global halal market. Consumers, both domestically and internationally, increasingly consider the integrity of business players when choosing products. Thus, strengthening local-based honesty ethics in production becomes a selling point that cannot be overlooked.

¹⁹ Magdalia Alfian, 'Potensi Kearifan Lokal Dalam Pembentukan Jati Diri Dan Karakter Bangsa', *Prosiding The 5th International Conference on Indonesian Studies: "Ethnicity and Globalization"*, 2013; Kanisius Kono and Melkianus Suni, 'Modal Sosial Dan Pembangunan Daerah Berbasis Kearifan Lokal', *Jurnal Poros Politik*, 4.1 (2022) <<https://doi.org/10.32938/jpp.v4i1.2574>>; Ibrahim I. Umar, Yakob Napu and Icam Sutisna, 'Kearifan Lokal Walima Sebagai Modal Sosial Masyarakat', *Student Journal of Community Education*, 2022 <<https://doi.org/10.37411/sjce.v2i1.947>>.

²⁰ Tri Pranadji, 'Penguatan Kelembagaan Gotong Royong Dalam Perspektif Sosio Budaya Bangsa: Suatu Upaya Revitalisasi Adat Istiadat Dalam Penyelenggaraan Pemerintahan', *Forum Penelitian Agro Ekonomi*, 27.1 (2017) <<https://doi.org/10.21082/fae.v27n1.2009.61-72>>.

²¹ Fitria Nur Masithoh and others, 'Optimalisasi Literasi Ekonomi Digital Berbasis Kearifan Lokal Dalam Meningkatkan Daya Saing Ekonomi', *Proceedings of Annual Conference for Muslim Scholars*, 8.1 (2024), 847–62 <<https://doi.org/10.36835/ANCOMS.V8I1.627>> [accessed 30 April 2025].

²² Khodijah Ishak, 'Konsep Etika Produksi Dalam Sistem Ekonomi Islam Menurut Afzalur Rahman Dan Yusuf Qordhowi', *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita*, 4.1 (2015); Muslich, 'Etika Bisnis Islam (Islamic Bussinnes Athics)', *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita*, 4.1 (2004).

c. Sustainability as a Value-Based Economic Principle

The value of sustainability in Indonesia's local wisdom is reflected in how communities treat nature and resources wisely. Many indigenous and local communities have long applied the principle of production in moderation, utilizing natural materials, and preserving the environment in their economic cycles.

In the halal industry, this sustainability principle can be synergized with the concept of *halalan thayyiban*-not only legally halal but also good, clean, and environmentally friendly. Traditional jamu products, bamboo handicrafts, and local cuisine are examples of how this principle is applied in concrete forms that hold high commercial value when packaged modernly and according to market standards.

Integrating mutual cooperation, honesty, and sustainability into the halal industry system is not only ethically relevant but also strategically important for the economy. These values create production and distribution systems that are more humane, efficient, and long-term oriented. When these values are positively capitalized in branding, product design, business narratives, and community management, Indonesia becomes not only a halal product producer but also a pioneer in a value-based halal economy model rooted in unique cultural identity and globally recognized.

Peh-Preneur Community: Synergy Between Technology and Traditional Values

The transformation of the halal industry will not be optimal without touching on technology and digital literacy aspects. In the globalization era, digitalization becomes a tool that not only accelerates product distribution and promotion but also strengthens the narrative of values and local identity. One interesting study showing the success of synergy between technology and local wisdom is the Peh-Preneur community in Kediri, East Java.²³

Peh-Preneur is a local entrepreneurship community formed by MSME actors from various backgrounds in crafts, culinary arts, and creative products with a spirit of mutual cooperation and economic independence. The name "Peh" comes from Javanese, meaning a strong drive to advance, while "Preneur" refers to the entrepreneurial spirit. This community has demonstrated how traditional values such as togetherness, simplicity, and honesty can harmoniously merge with modern digital tools such as:

- a. E-commerce for selling local products to national and international markets,
- b. Social media to strengthen culturally-based product branding,
- c. Digital payment systems to facilitate cross-regional transactions,
- d. Online training to enhance entrepreneurs' capacities.

One of the community's main strengths is its participatory and localized training approach. Rather than imposing large-scale industrial patterns, they build digital economic literacy starting from local culture. For example, business actors are invited to create narratives about the history of their products, the meaning of local symbols used in packaging, and the Islamic values that form the basis of their production processes, so that their products are not only halal in substance but also tell a spiritual and social story. Furthermore, Peh-Preneur places sustainability and honesty as digital ethics. This means

²³ 'Optimalisasi Literasi Ekonomi Digital Berbasis Kearifan Lokal Dalam Meningkatkan Daya Saing Ekonomi | Proceedings of Annual Conference for Muslim Scholars'
<<https://proceedings.kopertais4.or.id/index.php/ancoms/article/view/627>> [accessed 29 April 2025].

that every online information displayed whether about materials, processes, or product benefits must align with the reality, building long-term trust with consumers.

From an innovation perspective, this community shows that digital transformation in the halal industry does not have to sacrifice local values. On the contrary, technology becomes an amplifier of traditional values, expanding market reach without losing the identity's roots. The Peh-Preneur model can serve as a prototype for building a community-based halal ecosystem in the digital space. With proper support from the government, academics, and Islamic finance institutions, such communities can accelerate the integration of local values into a dynamic halal economy system that responds to the global market.

4. Conclusion

The transformation of the halal industry in the era of globalization is not just a technical issue related to regulations and technology utilization, but also a matter of values. The success of Indonesia's halal industry lies in its ability to elevate and preserve local values such as honesty, mutual cooperation, and sustainability as the main competitive advantage that distinguishes Indonesian products from those of other halal-producing countries.

These local values not only enrich the identity of products but also become an essential element in building market trust and consumer loyalty, both domestically and globally. Therefore, the transformation of the halal industry cannot be separated from efforts to preserve culture and integrate local wisdom into the entire halal production and distribution chain.

Recommendations

The government should mainstream policies based on local values in halal certification programs. Halal certification should not only guarantee legal compliance and product safety but also encourage business actors to maintain local characteristics that reflect the identity and values of the Indonesian people.

Industry players should be encouraged to package halal products with local cultural narratives to attract global markets. The use of cultural narratives, stories of product origins, traditional symbols, and visual approaches that reflect local wisdom can enhance the appeal and differentiation of Indonesian halal products in an increasingly competitive international market.

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