



Repositioning the Indonesian halal industry development strategy: SWOT and *maqasid al-Sharia* integration

Azwar Azwar¹, Andi Wawan Mulyawan², Siradjuddin Siradjuddin³,
Rika Dwi Ayu Parmitasari⁴

¹Program Studi Perbandingan Mazhab, Institut Agama Islam STIBA Makassar, Makassar, Indonesia

²Direktorat Jenderal Pajak (DJP), Kementerian Keuangan, Makassar, Indonesia

³Fakultas Ekonomi dan Bisnis Islam, Universitas Islam Negeri Alauddin, Makassar, Indonesia

⁴Fakultas Ekonomi dan Bisnis Islam, Universitas Islam Negeri Alauddin, Makassar, Indonesia

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Corresponding author:

Azwar

azwar@stiba.ac.id

Author's email:

wantax.mulyawan@gmail.com,

siradjuddin@uin-alauddin.ac.id,

rparmitasari@uin-alauddin.ac.id

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Abstract

Purpose – This study aims to identify the strengths, weaknesses, opportunities, and threats that shape the development of the halal industry in Indonesia through the lens of *maqasid al-Sharia*. It also seeks to formulate strategic recommendations to reposition Indonesia's halal industry for global competitiveness, while remaining grounded in *Sharia* values.

Methodology – A mixed-methods approach with an exploratory sequential design was employed, combining qualitative findings from expert interviews and policy documentation with quantitative analysis through IFAS–EFAS weighting and strategic mapping using the internal-external (IE) matrix.

Findings – The halal industry in Indonesia demonstrates major strengths, such as a vast domestic Muslim market, strong regulatory support, increasing halal awareness, abundant raw materials, and potential in halal tourism. However, it faces weaknesses, including inadequate infrastructure, limited human resource capacity, high certification costs, weak institutional coordination, and restricted global access. Externally, the industry benefits from rising global demand, digital transformation, and halal diplomacy but is challenged by intense competition, fragmented standards, and imported product penetration issues. Strategic mapping places Indonesia's halal industry in a growth quadrant, requiring vertical integration strategies that cover halal supply assurance, human capital development, innovation, inclusive distribution, and global branding.

Implications – The results provide practical insights for policymakers and stakeholders to design integrated, sustainable strategies that strengthen the competitiveness and inclusivity of Indonesia's halal ecosystem in line with *maqasid al-Sharia*.

Originality – This study uniquely integrates *maqasid al-Sharia* perspectives with strategic management tools to develop a holistic framework for sustainable and globally competitive halal industry development.

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Center for Islamic Economics Studies
and Development, Faculty of Business
and Economics, Universitas Islam
Indonesia

Introduction

The halal industry has rapidly grown into a strategic sector of the global economy, with consumption reaching US\$2.43 trillion in 2023 and projected to rise to US\$3.36 trillion by 2028. This growth spans key sectors such as food, pharmaceuticals, cosmetics, fashion, media, and

tourism, supported by Islamic financial assets valued at US\$4.93 trillion and expected to reach US\$7.53 trillion (DinarStandard, 2025). In terms of global competitiveness, Malaysia continues to lead the Global Islamic Economy Indicator (GIEI), followed by Saudi Arabia, Indonesia, the United Arab Emirates (UAE), and Bahrain. The UAE and Indonesia have emerged as major investment destinations in the halal economy, highlighting the sector's increasing global significance and investment potential (DinarStandard, 2025).

The scope of the halal economy has expanded in tandem with growing innovation. Initially concentrated on the food and beverage industry, it now encompasses halal Micro, Small, and Medium Enterprises (MSMEs) that form the backbone of local economies, Islamic finance that promotes justice-based financial instruments, halal tourism that offers faith-aligned travel experiences, halal fashion as part of the creative economy, and the halal supply chain that ensures traceability from upstream to downstream processes (Azwar & Nasir, 2024; Kurnia et al., 2023; Mohi-ud-Din Qadri, 2024; Qoyum & Fauziyah, 2019; Ratnasari et al., 2024; Shahid et al., 2023; Syakirunn'am et al., 2025). This evolution demonstrates that *halal* represents an integrated ecosystem—not merely a certification label, but a comprehensive and sustainable economic model.

Indonesia, the world's most populous Muslim-majority nation, holds strategic potential to become a global halal hub. The government's *Masterplan Ekonomi Syariah Indonesia 2019–2024* envisions Indonesia as a leading halal producer, rather than a mere consumer (Badan Perencanaan Pembangunan Nasional, 2018). However, despite its vast domestic and international market potential, Indonesia still lags behind countries such as Malaysia, the UAE, and Saudi Arabia in terms of regulations, certification standards, infrastructure, innovation ecosystems, and product competitiveness (Azwar & Nasir, 2024; Azwar & Saputra, 2023).

This lag reflects several interrelated structural challenges. First, the limited halal industry infrastructure remains a major obstacle. The availability of halal laboratories, research centers, certification bodies, and international-standard logistics facilities is still uneven and insufficient across Indonesia (Amijaya et al., 2024; Surjandari et al., 2024). As a result, the halal certification process is often slow, costly, and less competitive compared to leading countries like Malaysia and the UAE, which have already developed advanced halal ecosystems supported by world-class infrastructure (Amijaya et al., 2024; Naznii, 2023; Nooh et al., 2022). This directly undermines the global competitiveness of Indonesian halal products. Second, the level of halal literacy among business actors—particularly MSMEs—remains low, even though MSMEs contribute more than 60% to Indonesia's GDP. Insufficient understanding of halal standards, certification processes, and the importance of the *Halal Assurance System* prevents many domestic halal products from accessing global markets (Menne et al., 2023). Moreover, low halal literacy often creates dependency on intermediaries or certification brokers, increasing production costs and reducing the autonomy of local halal enterprises.

Third, weak synergy among key actors in the halal ecosystem continues to impede progress. Collaboration between the government, industry players, Islamic financial institutions, academia, and civil society organizations often operates in a fragmented and sectoral manner (Rachman & Sangare, 2023). Government policies are frequently misaligned with industry needs; academic research remains detached from product innovation; and Islamic financial institutions have yet to provide financing schemes tailored to the halal sector's requirements. This fragmentation obstructs the formation of an integrated halal ecosystem—an essential prerequisite for Indonesia to compete with other global halal hubs. Fourth, the strategic approach to halal industry development in Indonesia tends to be pragmatic and technical, focusing narrowly on short-term business and regulatory objectives (Pramita & Saputra, 2024). Such strategies rarely incorporate the normative foundations of Islam—namely, *maqasid al-Sharia*—which should serve as the guiding framework. Consequently, policy directions tend to prioritize immediate economic gains rather than building a sustainable foundation that upholds the protection of religion (*hifẓ al-din*), life (*hifẓ al-nafs*), intellect (*hifẓ al-'aql*), lineage (*hifẓ al-nasl*), and property (*hifẓ al-māl*). Integrating *maqasid*-based principles would not only ensure economic benefits but also foster social justice, ethical sustainability, and competitiveness rooted in moral and spiritual legitimacy.

In the context of globalization, Indonesia needs a halal industry strategy that is adaptive, proactive, and distinctive. While SWOT analysis is widely used in policy formulation, it tends to emphasize economic rationality and overlook the normative foundations essential to the halal industry (Puyt et al. 2020). In contrast, long-term success requires alignment with *maqasid al-Sharia*, which ensures moral, social sustainability, and spiritual sustainability. Integrating SWOT with these principles offers a more comprehensive framework that goes beyond mere competitiveness. Therefore, Indonesia's key challenge lies not only in technical constraints but also in the lack of integration between modern strategic tools and Islamic values—an issue that is central to repositioning its halal industry. Globally, the halal industry has evolved into a highly competitive sector, with countries such as Malaysia, the UAE, and Saudi Arabia leading through integrated and globally recognized systems. Meanwhile, Indonesia, despite having the largest Muslim consumer base, has yet to fully realize its potential and risks remaining a major consumer rather than emerging as a global producer and innovation hub (DinarStandard 2025).

At the national level, this study is particularly urgent, given that the government has already set forth the *Masterplan Ekonomi Syariah Indonesia 2019–2024*, which aims to make Indonesia a leading global halal producer (Badan Perencanaan Pembangunan Nasional, 2018). However, this ambitious goal cannot be achieved through pragmatic, regulation-based, or market-efficiency strategies alone. Indonesia requires a more comprehensive, visionary, and normatively grounded approach to halal industry development. Within this context, *maqasid al-Sharia* can serve as an ethical and philosophical framework to ensure that the growth of the halal industry is not solely oriented toward short-term economic objectives but also toward moral, social, and spiritual sustainability for the wider society.

Methodologically, SWOT analysis has long been employed as a strategic tool across diverse sectors, including halal industry (Puyt et al., 2020; Rangkuti, 2015). However, in its conventional form, SWOT merely produces a rational–instrumental assessment that focuses on internal competencies and external conditions. While this approach remains valuable, it is insufficient for the halal industry, which is fundamentally rooted in Islamic values and *Sharia* principles. When SWOT analysis is not integrated with *maqasid al-Sharia*, the resulting strategies risk losing their normative orientation, reducing the halal industry to a mere economic instrument devoid of its spiritual essence.

The urgency of this study lies in the need to formulate a strategic analytical model capable of bridging managerial rationality and *maqasid*-based values. The integration of SWOT and *maqasid al-Sharia* is expected to yield a more comprehensive analytical framework—one that not only identifies the strengths, weaknesses, opportunities, and threats of the halal industry, but also ensures that every strategic recommendation aligns with the higher objectives of Islamic law: the protection of religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-'aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-mal*) (Al-Khādimī, 2001; Ibn 'Āsyūr, 2001). Within this framework, the development of the halal industry emphasizes not only *competitive advantage* in the global market but also *sustainable advantage* grounded in the moral, ethical, and spiritual legitimacy of Islam.

Recent studies show that Indonesia's halal industry is developing rapidly but is hindered by structural and regulatory limitations. Key challenges include low halal awareness among MSMEs, weak institutional coordination, and limited infrastructure ((Hidayah & Solihah, 2025; Lutfi, 2025; Susanty et al., 2023). Subsectors such as halal food, modest fashion, and tourism also face issues in financing, technology adoption, branding, and meeting international standards (Yuniastuti & Pratama, 2023). In addition, weak standardization, inadequate human capital, and limited government support continue to restrict ecosystem integration (Batubara & Harahap, 2022; Mas'ud & Muwazir, 2025). Overall, these studies indicate that Indonesia's halal industry requires stronger synergy among stakeholders and a multidimensional approach that integrates policies, education, and market strategies.

Despite its substantial economic potential, most existing research employs conventional economic and managerial perspectives, overlooking the Islamic ethical and spiritual dimensions that underpin the halal ecosystem. While SWOT analysis has been widely used for strategic formulation, it generally focuses on internal and external factors without embedding value-based

or *maqasid al-Sharia* -oriented considerations. This gap is significant because the halal industry embodies not only economic activities but also the manifestation of Islamic values across social, cultural and policy domains. To address this, the present study integrates SWOT analysis with *maqasid al-Sharia* to develop a holistic analytical framework that bridges competitiveness with normative, moral, and social sustainability issues. Through this integration, the study aims to contribute both theoretically and practically to the discourse on halal industry strategy, particularly in repositioning Indonesia as a leading global halal hub.

Accordingly, this study pursues two primary objectives. First, it aims to identify the key strengths, weaknesses, opportunities, and threats that determine the trajectory of halal industry development in Indonesia by integrating SWOT analysis with *maqasid al-Sharia* as an evaluative framework. This integration bridges modern strategic management logic with Islamic normative dimensions—an important effort given the disparity between Indonesia's vast potential and its actual performance in the global arena. Through this mapping, the study seeks to produce a more accurate and comprehensive strategic outlook that combines economic rationality with the principles of justice, sustainability, and *maslahah* (public benefit). Second, this study aims to formulate strategic recommendations for repositioning Indonesia's halal industry to achieve global competitiveness while remaining firmly rooted in *Sharia* values. Hence, the research is not merely descriptive but also *normative-applied*, offering actionable policy directions for government bodies, regulators and industry stakeholders.

This study offers both theoretical and practical contributions to the literature. Theoretically, it enriches Islamic economics and strategic management by proposing a model that integrates SWOT analysis with *maqasid al-Sharia*, thereby expanding the epistemological scope of the field. Practically, it provides a policy framework for developing competitive, inclusive, and *Sharia*-compliant halal industry strategies. Strategically, it supports Indonesia's ambition to become a global halal hub through a balanced approach to economic growth, sustainability, and ethical values, with implications for national development and global halal economic diplomacy.

Literature Review

The development of research on the halal industry

Recent studies on Indonesia's halal industry reveal a rapidly evolving yet structurally constrained sector, characterized by regulatory complexity, limited infrastructure, and emerging market dynamism. Research consistently identifies key obstacles, such as low awareness of halal certification among micro, small, and medium enterprises (MSMEs), fragmented governance, and insufficient coordination across institutions (Hidayah & Solihah, 2025; Lutfi, 2025; Susanty et al., 2023; Wahab & Mahdiya, 2026). The modest fashion, halal food, and tourism subsectors face additional challenges related to financing, technological integration, branding, and compliance with global standards (Yuniastuti and Pratama, 2023). Weak standardization, inadequate human resources, and limited government support further constrain the growth of a cohesive halal ecosystem (Batubara & Harahap, 2022; Mas'ud & Muwazir, 2025).

Simultaneously, emerging research highlights positive trends, such as the surge in Muslim tourist arrivals, the expansion of intra-ASEAN halal trade, and the role of digital transformation in shaping halal travel and lifestyle industries (Abimanyu et al., 2024; Arrasyid et al., 2020). The increasing awareness and consumption behavior of young Muslim consumers are also reshaping market demand, positioning Indonesia as a potential leader in the global halal economy (Khaliqi and Pane, 2021). Economically, the halal sector contributes to Indonesia's competitiveness within ASEAN and global markets, although supply chain sustainability, particularly in halal meat, remains fragile (Mahbubi & Uchiyama, 2020). Cultural and social dimensions also play a central role. Islamic local wisdom and socio-cultural responsibility enhance tourist loyalty and strengthen the ethical underpinnings of Indonesia's halal destinations (Alam et al., 2026).

Strategic management and the SWOT framework

The SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis framework is widely recognized as a crucial tool in strategic management. It provides a structured method for assessing both internal and external factors that influence an organization, thereby facilitating informed decision-making and strategic planning. Research demonstrates that the effectiveness of SWOT analysis is significantly enhanced when it is preceded by the formulation of a strategic profile for the organization. Helms and Nixon (2010) indicate that a well-defined pre-planning profile increases the effectiveness of SWOT analysis, leading to successful strategy implementation due to better identification of relevant internal strengths and external threats and opportunities. Moreover, Uhrenfeldt et al. (2012) pointed out that SWOT analyses have been used extensively across various sectors, including healthcare, to align resources and capabilities with the environmental context, underscoring their value in strategic management applications.

The SWOT framework has also been applied outside traditional business environments. For instance, in healthcare, the methodology has been beneficial in contexts such as occupational therapy and animal health policies. Jesus et al. illustrated that stakeholders in these fields utilize SWOT analyses to navigate complex environments, revealing their effectiveness in enhancing strategic decision-making tailored to specific health services (Devitt et al., 2016; Jesus et al., 2022). In educational settings, researchers argue that the SWOT framework serves a foundational role in addressing pedagogical challenges in strategy formulation. Lohrke et al. (2021) suggest that a refined version of SWOT can bridge the gap between theoretical frameworks and practical applications, enriching educator-student engagement in real-world strategic management practices. While contemporary literature acknowledges certain limitations of the SWOT framework, such as the potential oversimplification of complex environments, it concurrently emphasizes its ongoing efficacy. King et al. (2023) articulated that despite criticisms regarding its limitations, SWOT analysis remains the predominant strategic tool in practice because of its straightforward format and adaptability (King et al., 2023).

In conclusion, the literature confirms that SWOT analysis is an integral component of strategic management, applicable across a range of sectors, and instrumental in fostering a nuanced understanding of organizational dynamics. Whether implemented in corporate settings, healthcare evaluations, or educational contexts, the SWOT framework continues to evolve as a dynamic approach that provides strategic foresight and actionable insight.

Maqasid al-Sharia and Islamic economic development

The application of *maqasid al-Sharia* in the context of Islamic economic development encapsulates a transformative approach that aligns economic activities with the moral principles derived from Islamic law. *Maqasid al-Sharia* serves to elevate the social, economic, and spiritual welfare of the community, encapsulating objectives such as the preservation of life, intellect, lineage, wealth, and faith (Karimullah, 2023). These fundamental goals guide the Islamic economic landscape, advocating an ethical framework that seeks to align financial practices with broader societal benefits. A core element of the discourse surrounding *maqasid al-Sharia* is its capacity to foster sustainable economic systems. The integration of Maqāṣid principles into various financial products illuminates the path for ethical investments that prioritize community welfare over mere profit (Syahriani et al., 2024). In their examination of Islamic banks, Ammar emphasizes that institutions must operate under the guidance of *maqasid* to ensure that their financial products resonate with Islamic values, promoting social justice and equity within the Islamic economic framework (Ammar 2023). This claim is further substantiated by Saied et al. (2024), who note that adherence to these principles enhances ethical governance in financial transactions and nurtures economic stability (Saied et al., 2024).

Moreover, recent studies underscore the pivotal role of *maqasid* in formulating Islamic economic policies that are efficient and equitable. Karimullah articulates that embedding Maqāṣid principles in policy development enhances societal welfare and fuels sustainable economic growth by addressing fundamental human needs (Karimullah, 2023). The framework is similarly pivotal in

the context of welfare indices, where Suliswanto et al. assert that incorporating Maqāṣid-based measures provides insights into well-being across economic practices (Suliswanto et al., 2024). Finally, various scholars advocate for the harmonization of Maqāṣid with modern economic frameworks, such as the Sustainable Development Goals (SDGs). The literature reviewed by Zain et al. suggests a symbiosis between *Maqāṣid* and ESG (Environmental, Social, and Governance) principles, paving the way for sustainable practices within Islamic finance and economics (Saleh et al., 2024). This alignment promises to enhance transparency and ethical adherence, establishing a model in which economic growth proceeds without compromising moral imperatives.

In summary, integrating *maqasid al-Sharia* into Islamic economic development facilitates a robust framework for ethical governance, community welfare, and sustainable economic practices. By ensuring that financial mechanisms resonate with Islamic values, practitioners can promote a holistic approach to economic growth that is as much about wealth generation as it is about social justice and community enrichment.

Integration of SWOT and *maqasid al-Sharia*: theoretical nexus

The integration of SWOT analysis and *maqasid al-Sharia* principles is a burgeoning area of research that offers a theoretical framework for understanding how Islamic values and strategic assessment tools can be reconciled for various socioeconomic applications. *maqasid al-Sharia*, the objectives of Islamic law aimed at ensuring human welfare, can effectively guide decision-making processes when paired with SWOT analysis, a recognized framework for identifying strengths, weaknesses, opportunities, and threats in organizations.

One significant avenue of research demonstrates how *maqasid al-Sharia* influences the development of Islamic financial products. Syahriani et al. (2024) emphasized that the principles of *maqasid al-Sharia* not only inform product design but also ensure alignment with Islamic values, thereby reflecting community needs and ensuring ethical practices in financial operations. This foundational concept can be integrated into SWOT analysis to evaluate a financial product's strengths (alignment with ethical values), weaknesses (potential market limitations), opportunities (growing demand for Islamic finance), and threats (competition from conventional financial entities). Moreover, the application of *maqasid al-Sharia* in the halal economy has been explored through a SWOT framework, where challenges such as stakeholder resistance and the need for standardization are discussed alongside ethical compliance metrics (Busari 2025). This integration indicates that a halal sector SWOT analysis can benefit from the ethical lens provided by *maqasid al-Shari'ah*, demonstrating its value in performance measurement and ethical alignment.

In the context of governance, Tumiran et al. (2025) proposed integrating sustainable agricultural practices with *maqasid al-Sharia* principles to enhance environmental stewardship. Coupling this with SWOT analysis allows for the identification of strengths (ethical cultivation practices), weaknesses (potential environmental impact), opportunities (organic product market), and threats (regulatory challenges). By applying *maqasid's* objectives, stakeholders can develop strategies that enhance productivity and align with ethical consumption paradigms. Furthermore, the literature on socioeconomic development and business practices supports the notion that *maqasid al-Sharia* can establish broader frameworks, such as financial institution development indices that consider multiple stakeholders (Ali & Kishwar, 2017). This perspective aligns well with SWOT analysis, which could elucidate the strengths (stakeholder engagement), weaknesses (resource allocation inefficiencies), opportunities (better market positioning through ethical practices), and threats (economic downturns).

Moreover, as demonstrated by Zailani et al. (2022), establishing indices based on *maqasid al-Sharia* principles can help monitor socio-economic progress, facilitated by data collection concerning faith, life, intellect, posterity, and wealth. Such indices serve academic purposes and can be used with SWOT analysis to assess the practical implications and areas for improvement in social welfare policies. Collectively, integrating *maqasid al-Sharia* with SWOT analysis not only presents a comprehensive framework for analysis but also enriches the understanding of how Islamic values can synergistically inform strategic decision-making across sectors, thereby supporting efforts in governance, finance, and socio-economic development.

Research gap and conceptual framework

Overall, these studies indicate that Indonesia's halal industry is in a phase of dynamic growth, requiring strong collaboration among industry actors, government agencies, and the wider community to address future challenges in the halal industry. A multidimensional approach that integrates policy, education, and marketing is essential to optimize the halal industry's potential, which has already proven to be a key driver of local and national economies. However, a review of the literature reveals that most previous studies have framed the halal industry within conventional economic and managerial paradigms, with limited systematic integration of Islamic normative and spiritual dimensions. Moreover, while SWOT analysis is widely utilized in strategy formulation, it typically stops at mapping internal and external factors without embedding deeper value-based guidance for the policy direction. To date, no comprehensive attempt has been made to link the SWOT framework with *maqasid al-Sharia* as both an ethical and methodological foundation for halal industry strategy development.

The novelty of this study lies in its development of a strategic framework based on the integration of SWOT and *maqasid al-Sharia*. While SWOT analysis has been extensively used in management and halal industry research, its applications have largely remained confined to internal–external mapping without an ethical–normative foundation. This research introduces a *value-added approach* by embedding *maqasid al-Sharia* as a parameter for strategic evaluation. Through this integration, SWOT transcends its traditional function of generating short-term competitive strategies and instead contributes to the design of strategies that uphold the protection of religion (*hifẓ al-din*), life (*hifẓ al-nafs*), intellect (*hifẓ al-aql*), lineage (*hifẓ al-nasl*), and wealth (*hifẓ al-maal*). This integrative model remains rarely explored in strategic management literature, particularly within the Indonesian halal industry context, thus offering new horizons for theoretical advancement and practical application. This model enhances traditional SWOT analysis by embedding maqāṣid principles as evaluation parameters, enabling strategies that are both competitive and ethically grounded. It represents an innovative methodological contribution that bridges strategic management with Islamic economic ethics, particularly within the Indonesian halal industry context.

Research Methods

This study adopted a mixed-methods approach employing an exploratory sequential design (Creswell & Creswell, 2017). This design was selected to achieve an in-depth understanding of the phenomenon while quantitatively validating these findings. In the first stage, a qualitative approach was utilized to explore the internal (strengths and weaknesses) and external (opportunities and threats) factors influencing the development of the halal industry in Indonesia, particularly in relation to the principles of *maqasid al-Sharia*. The second stage applied a quantitative approach to assign weights, compute scores, and determine strategic positioning using the SWOT and Internal–External (IE) Matrix frameworks.

The data used in this study were derived primarily from secondary sources obtained through document analysis of major policy frameworks, such as the *Masterplan Ekonomi Syariah Indonesia 2019–2024* (Badan Perencanaan Pembangunan Nasional, 2018) and the *Masterplan Industri Halal Indonesia 2023–2029* (MPIHI 2023–2029) as the national roadmap for halal industry development (Komite Nasional Ekonomi dan Keuangan Syariah 2023), international reports such as the *State of the Global Islamic Economy Report*, and relevant academic publications. These sources were used to complement and validate the qualitative findings obtained during the exploratory phase.

Data analysis was conducted in three primary stages (Djamba, 2002). First, data reduction was performed to filter and extract information relevant to the internal and external factors. Second, categorization was undertaken based on the Strengths, Weaknesses, Opportunities, and Threats (SWOT) components (Puyt et al., 2020; Rangkuti, 2015), followed by mapping these components to the dimensions of *maqasid al-Sharia* —namely, the preservation of religion (*hifẓ al-din*), life (*hifẓ al-nafs*), intellect (*hifẓ al-aql*), lineage (*hifẓ al-nasl*), and wealth (*hifẓ al-maal*). (Al-Khādimī,

1998; Al-Rummānī, 1995; Ibn ‘Asyur, 2004). Third, verification was carried out through source triangulation by comparing data obtained from interviews, observations, and documentation.

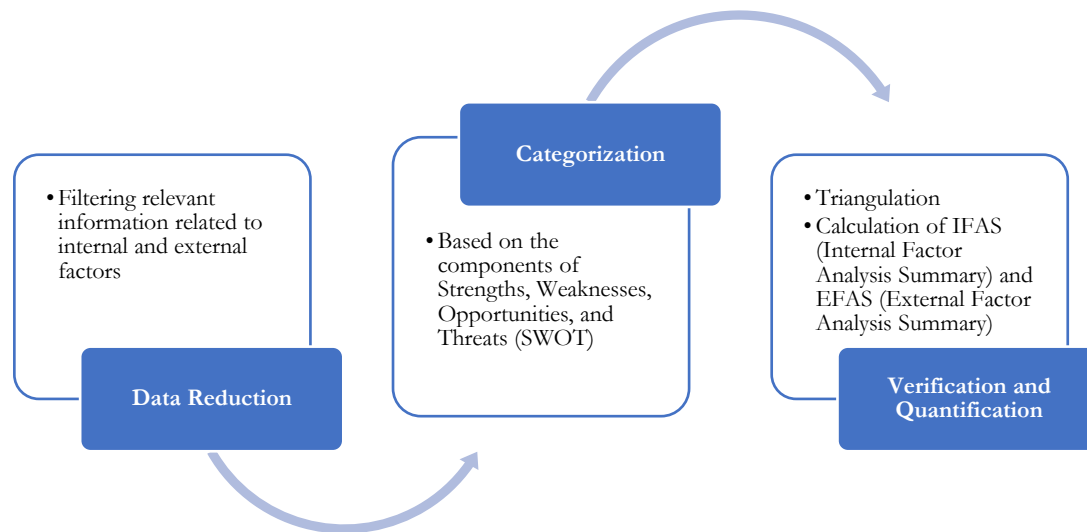


Figure 1. Stages of Data Analysis
Source: Djamba (2002)

The weighting and rating of each SWOT factor were conducted through authorial evaluation grounded in interpretive and documentary analysis rather than expert elicitation. In the absence of primary survey data, this study employed researcher judgment as a systematic interpretive tool—an acceptable approach in exploratory strategy studies (Hunger & Wheelen, 2014) to capture the relative significance of each factor based on: (1) frequency and emphasis of issues in national and international policy documents; (2) consistency across multiple academic and industry sources; and (3) logical relevance to Indonesia’s halal industry context. Each factor was assigned a weight (ranging from 0.05 to 0.25) according to its perceived importance and a rating (on a 1–5 scale) reflecting the current performance or intensity of the factor. Weights within each SWOT category (internal and external) were normalized to ensure that the total equaled 1 (or 100%) (Pratiwi & Sudiarta, 2019; Rangkuti, 2015). Weighted scores were calculated by multiplying each factor’s weight by its rating.

Strength factors were rated on a 1–5 scale, where higher values indicated superior performance relative to key competitors. Conversely, weaknesses were generally scored between 1 and 2, with lower values indicating more dominant weaknesses. The scoring system operates inversely for weaknesses and threats compared to strengths and opportunities. The final score for each factor was obtained by multiplying its weight by the corresponding ratings. The cumulative results were then plotted on the Internal–External (IE) SWOT Matrix to determine the overall strategic position of Indonesia’s halal industry. This process also facilitated the formulation of strategic policy alternatives that are most consistent with the nation’s halal industry development objectives. This process serves as the basis for formulating alternative strategic directions consistent with *maqasid al-Sharia* principles (Azwar & Saputra, 2023).

While this approach relies on systematic interpretive judgment rather than expert consensus, it was deemed appropriate for the exploratory purpose of this study. In exploratory strategic research, the use of researchers’ judgment has been recognized as a legitimate and systematic interpretive tool for understanding complex and context-dependent phenomena (Dawes & Landers, 2025; Gandhi et al., 2024; Noy et al., 2022; Sehnem et al., 2022). This method enables researchers to synthesize insights from diverse qualitative and documentary sources, interpret meanings beyond surface-level data, and construct theoretically grounded strategic implications when empirical or expert-based data are unavailable. As emphasized in the prior literature, researcher judgment serves as a rigorous cognitive process rather than a mere subjective opinion, allowing for structured interpretation and triangulation across multiple evidence bases.

		Internal Factors		
		High (3,0-4,0)	Medium (2,0-2,99)	Low (1,0-1,99)
External Factors	High (3,0-4,0)	I Growth: Concentration through Vertical Integration	II Growth: Concentration through Horizontal Integration	III Retrechment: Turn-round Strategy
	Medium (2,0-2,99)	IV Stability	V Growth: Concentration through Horizontal Integration or Stability Profit Strategy	VI Retrechment: Divestment Strategy
	Low (1,0-1,99)	VII Growth Concentric Diversification	VIII Growth: Conglomerate Diversification	IX Liquidation

Figure 2. IE–SWOT Matrix
Source: Pratiwi & Sudiarta (2019)

Nevertheless, this reliance on researcher evaluation is acknowledged as a methodological limitation because it may reduce the degree of intersubjective validation. Future research could therefore enhance objectivity and robustness by employing structured expert-based techniques such as the Delphi method or Analytic Hierarchy Process (AHP), which provide quantitative consensus and comparative weighting mechanisms. Integrating these approaches would strengthen the methodological triangulation and empirical grounding of future SWOT–*maqasid al-Sharia* analyses in the halal industry.

Results and Discussion

Strengths and weaknesses of Indonesia’s halal industry in the perspective of *maqāsid al-syarī‘ah*

Indonesia’s halal industry possesses a strong internal foundation which, when viewed through the lens of *maqasid al-Sharia*, reflects not only economic but also normative, social, and spiritual strengths.

First, Indonesia’s status as the world’s largest Muslim-majority nation—with over 270 million Muslims—positions it as a vast and sustainable halal market (Azwar & Nasir, 2024). From the perspective of *hifz al-din* (protection of religion), the Muslim community’s demand for halal products is not merely a matter of consumer preference but a religious obligation embedded in daily worship. Halal products embody a spiritual dimension by ensuring individual and collective adherence to Islamic law. Consequently, Indonesia’s halal market potential is not just a quantitative indicator (in terms of consumer numbers) but a reflection of a fundamental religious necessity rooted in the objectives of *Sharia*.

Second, the strengthening of regulatory frameworks—such as the Halal Product Assurance Law (*Undang-Undang Jaminan Produk Halal*), the establishment of the Halal Product Assurance Organizing Agency (Badan Penyelenggara Jaminan Produk Halal, BPJPH), and the involvement of Islamic organizations in certification—serves as an essential institutional and social capital (Yazid et al., 2020). Within the framework of *hifz al-nafs* (protection of life), such regulations safeguard consumers from products with uncertain halal status and ensure food safety and public health. Moreover, institutional strengthening enhances consumer trust in the national halal system, a crucial factor in boosting global competitiveness. From the perspective of Islamic economics, consumer trust is integral to *maqasid*, ensuring justice and sustainability in market interactions.

Third, the growing public awareness among Indonesian Muslims regarding the importance of consuming halal products reflects a collective transformation of consciousness (Ahyani et al., 2023). This awareness is closely related to *hifz al-aql* (protection of intellect) and *hifz al-maal*

(protection of wealth). In terms of *hifẓ al-'aql*, consumption of pure and wholesome halal products contributes to both physical and intellectual well-being, as what is consumed directly affects health and cognitive capacity of the consumer. From the perspective of *hifẓ al-māl*, this collective awareness strengthens the circulation of a more equitable and blessed halal economy, fostering the just distribution of economic benefits. This aligns with the principle of sustainability (*istidāmah*) within *maqāṣid*, ensuring the preservation of wealth and resources for the long-term communal benefit.

Fourth, the abundance of raw materials represents a fundamental strength that many other nations do not possess. Indonesia's vast natural resources, from agriculture and plantations to livestock, constitute the backbone of its halal food industry. The availability of meat, tropical fruits, spices, and various other food ingredients not only ensures domestic production sustainability but also opens opportunities to meet the global halal market demand. With proper management aligned with international halal standards, this resource advantage can serve as a key competitive strength in positioning Indonesia as a leading global halal producer.

Fifth, Indonesia's halal tourism potential is a strategic strength. As a Muslim-majority nation with world-class destinations, Indonesia offers great appeal to international Muslim travelers seeking halal-friendly environments. Its natural beauty, cultural richness, and hospitality can be integrated with halal-friendly tourism services, including accommodation, culinary experiences, worship facilities, and Muslim-friendly attractions. With adequate regulatory and infrastructural support, Indonesia could evolve into a global tourism destination and a major halal tourism hub, generating significant added value for the national economy. Hence, the synergy between abundant raw materials and halal tourism potential forms a dual strategic advantage for building a sustainable and globally competitive Halal ecosystem.

In summary, Indonesia's internal strengths in the halal industry derive not only from quantitative factors such as market size or structural aspects such as regulations and institutions, but also from qualitative elements such as collective awareness grounded in Islamic values. If these strengths are optimized, Indonesia can transcend its role as the world's largest halal market to become a global center of halal civilization—integrating economic competitiveness with the ethical and spiritual foundations of *Maqāṣid al-Sharia*.

Table 1. Strengths and Weaknesses of Indonesia's halal industry in the perspective of *maqāṣid al-Sharia*

Aspect	Description	Relevance to <i>Maqāṣid al-Syari'ah</i>
Strengths	<ul style="list-style-type: none"> Indonesia has the largest Muslim population in the world (>270 million), creating a vast and sustainable domestic halal market. 	<ul style="list-style-type: none"> <i>hifẓ al-dīn</i> → The need for halal products represents a Shariobligation, ensuring adherence to Islamic law.
	<ul style="list-style-type: none"> Strong regulatory and institutional support: the Halal Product Assurance Law (Undang-Undang Jaminan Produk Halal), the Halal Product Assurance Organizing Agency (BPJPH), and the involvement of Islamic organizations have strengthened consumer confidence. 	<ul style="list-style-type: none"> <i>hifẓ al-naḥs</i> → Protecting consumers from products with uncertain halal status and ensuring safety and health.
	<ul style="list-style-type: none"> Increasing public awareness of the importance of consuming halal products. 	<ul style="list-style-type: none"> <i>hifẓ al-aql</i> → Halal consumption supports physical and intellectual well-being.
		<ul style="list-style-type: none"> <i>hifẓ al-māl</i> → Reinforces a fair and blessed circulation of the halal economy.
	<ul style="list-style-type: none"> Abundant availability of raw materials: Indonesia possesses rich natural resources, including essential inputs for 	<ul style="list-style-type: none"> <i>hifẓ al-naḥs</i> → Clean, healthy, and ṭayyib raw materials safeguard consumer health.

	the halal food industry such as meat, fruits, and other agricultural products.	
		<ul style="list-style-type: none"> • <i>hijz al-maal</i> → Reduces import dependency and production costs, thereby strengthening national economic competitiveness.
	<ul style="list-style-type: none"> • Tourism potential: Indonesia is a popular travel destination among Muslim tourists worldwide, providing significant prospects for halal tourism development. 	<ul style="list-style-type: none"> • <i>hijz al-maal</i> → Generates foreign exchange, regional income, and local economic empowerment.
Weaknesses	<ul style="list-style-type: none"> • Limited supporting infrastructure (laboratories, research centers, and standardization facilities), which hampers innovation and the certification process. 	<ul style="list-style-type: none"> • <i>hijz al-aql</i> → Weak development of halal knowledge and technology, reducing global competitiveness.
	<ul style="list-style-type: none"> • Limited quantity and quality of halal human resources (competence in halal standards, technology, and supply chain management). 	<ul style="list-style-type: none"> • <i>hijz al-nasl</i> → Threatens the intergenerational sustainability of the halal ecosystem.
	<ul style="list-style-type: none"> • The halal certification process remains relatively complex, particularly for micro, small, and medium enterprises (MSMEs). 	<ul style="list-style-type: none"> • <i>hijz al-maal</i> → Creates economic inequality, making it difficult for MSMEs to benefit from the halal economy.
	<ul style="list-style-type: none"> • Weak coordination among stakeholders (government, certification bodies, Islamic organizations, academia, and industry players). 	<ul style="list-style-type: none"> • <i>hijz al-din</i> & <i>hijz al-nafs</i> → Weakens legitimacy, public trust, and consumer protection for Muslim communities.
	<ul style="list-style-type: none"> • Limited access to global markets: although global demand for halal products continues to increase, many Indonesian halal producers still face barriers to entering international markets due to trade restrictions, regulatory discrepancies, and low brand penetration. 	<ul style="list-style-type: none"> • <i>hijz al-maal</i> → The vast economic potential of global halal trade remains underutilized, constraining the creation of added value that could enhance collective welfare.

Source: Processed Data (2025)

Despite its substantial strengths, Indonesia's halal industry remains constrained by several internal weaknesses that hinder accelerated growth. From the perspective of *Maqāṣid al-Syarī'ah*, these weaknesses are not merely technical but also concern the sustainability of public welfare (*maṣlahah*).

First, the lack of adequate supporting infrastructure, such as halal testing laboratories, research centers, and standardization facilities, remains a fundamental issue. This limitation impedes innovation and slows the verification process for new halal products. Viewed from *hijz al-aql*, weak research infrastructure restricts the development of halal science and technology, which is essential to enhancing global competitiveness. Without immediate improvement, Indonesia risks becoming a "large halal consumer" rather than a "leading halal producer and innovator" in the global ecosystem.

Second, the quantity and quality of human resources (HR) in the halal sector remain relatively limited in terms of numbers and competence. The competency gap encompasses a deep understanding of halal standards, food and pharmaceutical technology skills, and halal supply chain management. This gap undermines the governance and efficiency of the halal industry in Malaysia. From the perspective of *hijz al-nasl* (protection of progeny), inadequate HR capacity poses a risk to the halal ecosystem's intergenerational sustainability. Without substantial investment in HR

development, the aspiration to make the halal industry a key driver of national economic growth may remain unfulfilled.

Third, the high cost of halal certification, particularly for Micro, Small, and Medium Enterprises (MSMEs), remains a significant barrier. As the backbone of Indonesia's economy, MSMEs often struggle to access certifications due to limited capital, information, and technical assistance. This gap creates inequality in accessing the benefits of the halal economy in Indonesia. From the lens of *ḥifẓ al-māl*, such inequity undermines economic justice, as only medium and large enterprises can capitalize on halal certification opportunities, while MSMEs remain marginalized and excluded. Consequently, the *maqāṣid* objective of ensuring an equitable distribution of wealth and collective prosperity is not fully achieved.

Fourth, weak coordination among stakeholders— governments, certification bodies, Islamic organizations, academics, and business actors—also constitutes an internal weakness. Fragmented policies and programs cause the halal industry to develop in a partial rather than an integrated manner. Within the framework of *ḥifẓ al-dīn* and *ḥifẓ al-nafs*, this condition risks diminishing public trust in the consistency and legitimacy of the national halal system of Malaysia. Therefore, clarity of authority and institutional cohesion are vital for preserving consumer protection and reinforcing the credibility of halal governance.

Fifth, although the global demand for halal products continues to rise, many Indonesian producers face serious challenges in penetrating international markets. Trade barriers, regulatory discrepancies among countries, and weak brand presence limit Indonesia's market expansion potential. Consequently, opportunities to enhance the global reach of Indonesian halal products remain underutilized. From the *maqāṣid* perspective, this limitation relates to *ḥifẓ al-māl*, as the economic potential that could substantially contribute to public welfare remains constrained. Strengthening global market access would not only increase economic value, but also create new employment opportunities and promote national economic independence. Therefore, limited international market penetration impedes not only business growth but also the broader realization of *maṣlahah* through the equitable distribution of prosperity.

Opportunities and challenges of Indonesia's halal industry in the perspective of *maqāṣid al-syarī'ah*

Indonesia's halal industry has vast potential for growth, both regionally and globally. When analyzed through the lens of *maqāṣid al-Sharia*, these opportunities extend beyond the economic dimension, offering a pathway toward achieving comprehensive societal well-being (*maṣlahah al-ummah*) in multiple aspects of life.

First, the growing global demand for halal products presents major opportunities. This phenomenon is not confined to Muslim-majority countries but is also evident in Western nations, where non-Muslim consumers increasingly recognize the superior quality, hygiene, and safety standards of Halal products. This aligns with *ḥifẓ al-nafs* (protection of life) because halal products are perceived as healthier and safer, and *ḥifẓ al-dīn* (preservation of faith) as they facilitate Muslim adherence to Islamic principles. Consequently, Indonesia's halal industry has the potential to become a leading supplier in the global value chain, reinforcing the nation's strategic role as a halal economic hub.

Second, digital transformation, particularly in e-commerce and financial technology (fintech), has accelerated the distribution and accessibility of halal products. Digital platforms enable halal MSMEs to reach international markets at lower costs, streamline certification and product traceability, and enhance consumer trust (Mukherjee et al., 2022). From the perspective of *ḥifẓ al-māl* (protection of wealth), digitalization expands market access, strengthens efficiency, and promotes the equitable distribution of economic benefits. Moreover, it facilitates global halal education, aligning with *ḥifẓ al-aql* (preservation of intellect) through knowledge and awareness dissemination.

Third, cross-sectoral integration offers opportunities for the halal industry's holistic development. For instance, synergies between the halal and tourism sectors create comprehensive

halal travel experiences, while integration with the pharmaceutical and cosmetic industries enhances public health and well-being (*ḥifẓ al-nafs*). Similarly, collaboration with Islamic finance fosters a *Sharia*-compliant funding ecosystem, ensuring fair asset management and benefit distribution (*ḥifẓ al-māl*).

Fourth, increasing international attention to sustainability provides strategic opportunities (Sumarliah & Al-hakeem, 2023). The *halal*, rooted in purity, cleanliness, and justice, resonates strongly with the global Sustainable Development Goals (SDGs). This alignment enables Indonesia to position its halal industry not only as a religious necessity but also as a model for sustainable economic development. This perspective reinforces *ḥifẓ al-nasl* (protection of future generations) by cultivating an environmentally conscious and future-oriented halal ecosystem.

Fifth, expanding international cooperation opens new pathways for Indonesia to strengthen halal economic diplomacy (Azam & Abdullah, 2020). By enhancing its branding as “The Global Center for the Halal Industry,” Indonesia can elevate its global influence not only in trade but also in promoting the values of *Islam rahmātan lil-‘ālamīn*. Within the framework of *ḥifẓ al-dīn* and *ḥifẓ al-‘aql*, this opportunity transcends economics, serving as a medium for reinforcing the Islamic civilizational identity on the global stage.

However, despite these promising opportunities, Indonesia’s aspiration to become a global halal hub faces several complex and external challenges. If not properly managed, these threats can weaken competitiveness and erode strategic potential.

First, the intensifying global competition places Indonesia in a vulnerable position. Countries such as Malaysia, Thailand, and Brazil have established comprehensive halal ecosystems encompassing certification, regulation, and international marketing. This situation risks diminishing Indonesia’s market share in the global halal trade. From the perspective of *ḥifẓ al-maal*, this poses a threat to the sustainability of the domestic halal economy, as profits and market opportunities may shift toward the competitors.

Second, the lack of harmonized international halal standards represents a serious challenge (Mohi-ud-Din Qadri 2024). Fragmentation among global certification bodies can create consumer confusion and business uncertainty, undermining trust in halal products in Indonesia. From the perspective of *ḥifẓ al-dīn*, this threatens the religious confidence of Muslim consumers in ensuring the purity and legitimacy of the products they consume.

Third, geopolitical dynamics and globalization present additional risks. International political tensions, trade wars, and protectionist policies in certain countries can disrupt Indonesia’s halal exports (Mohi-ud-Din Qadri, 2024). Meanwhile, the influx of cheaper imported halal products—especially from countries with more efficient production systems—can weaken domestic production. This threat directly relates to *ḥifẓ al-maal* (economic protection) and *ḥifẓ al-nasl* (protection of generations), as overreliance on imports may undermine long-term economic independence.

Fourth, the proliferation of global halal products that neglect social and environmental sustainability can damage the halal industry’s integrity (Kurniawati & Cakravastia, 2023). For instance, low-cost halal products from abroad may overlook labor justice and ecological preservation issues. From the perspective of *ḥifẓ al-nasl* and *ḥifẓ al-‘aql*, this poses a risk to the quality of life and impedes the development of a sustainability-oriented halal ecosystem.

Fifth, the growing secularization of the global halal market presents another challenge. In several contexts, the concept of *halal* has been reduced to a mere label of hygiene or quality assurance, detached from its spiritual and normative significance. If Indonesia follows this trend, the *Sharia* spirit underpinning the halal industry could be diluted. From the perspectives of *ḥifẓ al-dīn* and *ḥifẓ al-‘aql*, this challenge extends beyond economic concerns; it endangers the moral and philosophical foundation of *maqāṣid*-based halal practices.

In summary, Indonesia’s external challenges encompass not only economic competition but also issues of *Sharia* legitimacy, social sustainability and global positioning. Hence, the strategic repositioning of Indonesia’s halal industry must be grounded in *maqāṣid al-Sharia*, ensuring resilience in economic, normative, and ethical sustainability.

Table 2. Opportunities and challenges of Indonesia's halal industry in the perspective of *Maqasid al-Sharia*

Aspect	Description	Relevance to <i>Maqasid al-Syarī'ah</i>
Opportunities	<ul style="list-style-type: none"> The global demand for halal products continues to rise, including in Western countries. 	<ul style="list-style-type: none"> <i>hifẓ al-nafs</i> → ensures safety and health; <i>hifẓ al-din</i> → supports Muslim adherence to Islamic law.
	<ul style="list-style-type: none"> Digital transformation (e-commerce and fintech) expands the global halal market at low cost, enhances traceability, and promotes halal education. 	<ul style="list-style-type: none"> <i>hifẓ al-maal</i> → protects wealth through efficiency and equitable economic distribution; <i>hifẓ al-aql</i> → promotes the dissemination of halal knowledge.
	<ul style="list-style-type: none"> Cross-sectoral integration (tourism, pharmaceuticals, cosmetics, Islamic finance) strengthens the halal ecosystem. 	<ul style="list-style-type: none"> <i>hifẓ al-nafs</i> → enhances public health and well-being; <i>hifẓ al-maal</i> → Islamic finance ensures asset sustainability.
	<ul style="list-style-type: none"> Growing international support for sustainability issues (SDGs) provides opportunities to position Indonesia's halal industry as a model of sustainable economy. 	<ul style="list-style-type: none"> <i>hifẓ al-nasl</i> → safeguards future generations through an environmentally friendly halal ecosystem.
	<ul style="list-style-type: none"> Potential for international cooperation and halal diplomacy strengthens Indonesia's branding as the global hub for the halal industry. 	<ul style="list-style-type: none"> <i>hifẓ al-din</i> and <i>hifẓ al-aql</i> → reinforce global Islamic identity and the values of <i>rahmatan lil-'ālamīn</i>.
Challenges	<ul style="list-style-type: none"> Intense global competition from more established players such as Malaysia, Thailand, and Brazil. 	<ul style="list-style-type: none"> <i>hifẓ al-maal</i> → risk of losing market share and economic gains.
	<ul style="list-style-type: none"> Variations in international halal standards cause consumer confusion and business uncertainty. 	<ul style="list-style-type: none"> <i>hifẓ al-din</i> → weakens Muslim consumers' confidence in product halalness.
	<ul style="list-style-type: none"> Geopolitical dynamics, trade wars, and the influx of low-cost halal imports undermine local producers. 	<ul style="list-style-type: none"> <i>hifẓ al-maal</i> → erodes domestic revenue; <i>hifẓ al-nasl</i> → reduces national economic independence.
	<ul style="list-style-type: none"> Inexpensive imported halal products often disregard social and environmental sustainability. 	<ul style="list-style-type: none"> <i>hifẓ al-nasl</i> → threatens the welfare of future generations; <i>hifẓ al-aql</i> → diminishes the overall quality of life.
	<ul style="list-style-type: none"> Secularization of the halal market reduces halal to mere hygiene or quality certification, detaching it from its spiritual essence. 	<ul style="list-style-type: none"> <i>hifẓ al-din</i> and <i>hifẓ al-aql</i> → risks eroding the <i>Shari</i> spirit of the halal industry.

Source: Processed data (2025)

The SWOT analysis of Indonesia's halal industry reveals that its development is not merely an economic or competitive issue but is also deeply interwoven with the principles of *Maqasid al-Sharia*, which emphasize the preservation of the five essential values (*al-darūriyyāt al-khamsah*). The halal industry's success directly contributes to achieving holistic well-being in society.

- Hifẓ al-din* (preservation of faith): This is realized through the assurance of halalness in sectors such as food, cosmetics, pharmaceuticals, and services. It represents obedience to Islamic law while facilitating Muslims' ability to practice their faith in everyday consumption. At the global level, Indonesia can embody *Islam rahmatan lil-'ālamīn* by promoting halal standards that reflect not only technical compliance but also profound spiritual values.
- Hifẓ al-nafs* (protection of life and health): The halal industry ensures the availability of hygienic, safe, and wholesome (*tayyib*) products, thereby improving public health and quality of life. Halal assurance also prevents the consumption of harmful or doubtful (*shubhat*) products, thereby reinforcing human well-being and safety.

3. *Hifẓ al-aql* (preservation of intellect and knowledge): This principle is embodied through continuous research, innovation, and education. Universities, research centers, and halal certification institutions play crucial roles in maintaining the credibility of the halal food sector. Moreover, heightened consumer awareness fosters religiously compliant consumption and a broader understanding of ethical business and sustainability.
4. *Hifẓ al-nasl* (preservation of future generations): The rise of the halal lifestyle transforms halal consumption into a sustainable cultural value, instilling spiritual consciousness and social responsibility in younger generations. This ensures the intergenerational continuity of a self-reliant, globally competitive halal economy.
5. *Hifẓ al-maal* (protection of wealth and economic justice): halal industry optimizes Indonesia's vast economic potential through *Shari*-compliant governance. It contributes to job creation, msme empowerment, and export growth while preventing exploitation, inequality, and monopolization, ensuring a fair distribution of economic benefits.

This integration shows that developing Indonesia's halal industry is not just a strategic economic initiative but also a civilizational mission rooted in Islamic ethics. Anchored in *maqasid al-Sharia*, the halal industry can serve as a model for inclusive development that balances spiritual, social, and material dimensions, thereby enhancing both human welfare and Indonesia's strategic position in the global economy.

Strategic positioning

Based on the identification and evaluation of internal and external factors—covering strengths, weaknesses, opportunities, and threats—the next stage involves assigning weights and ratings to these factors. This process determines Indonesia's current positioning and identifies the most suitable strategic alternatives for strengthening the halal industry's development.

Table 3. Analysis of strengths and weaknesses

No	Internal Factor Analysis Summary (IFAS)	Weight	Rating	Score
Strengths (S)				
1	Large domestic market: Muslim population >230 million	0,11	5	0,56
2	Regulatory and institutional support (Halal Product Assurance Law, BPJPH, Islamic organizations)	0,11	5	0,56
3	Increasing public awareness of halal consumption	0,09	5	0,44
4	Availability of raw materials	0,11	5	0,56
5	Potential for halal tourism	0,09	4	0,36
Total Strength Score (S)		0,51		2,47
Weaknesses (W)				
1	Limited supporting infrastructure (laboratories, research, standardization)	0,11	2	0,22
2	Insufficient halal human resources (competence, technology, supply chain)	0,11	1	0,11
3	High cost of halal certification for MSMEs	0,09	2	0,18
4	Weak coordination among stakeholders	0,09	1	0,09
5	Limited access to global markets	0,09	2	0,18
Total Weakness Score (W)		0,49		0,78
Overall Total		1,00		3,24

Source: Processed Data (2025)

The results of the internal environmental factor analysis are shown in Table 3. Based on the IFAS Matrix shown in the table, Indonesia's halal industry's development position falls within the *moderately strong* category, with a total score of 3.24. This indicates that the halal industry in Indonesia has a relatively solid internal foundation. Its key strengths, such as a vast domestic Muslim market, robust regulatory and institutional support, and growing public awareness, serve as strategic assets for advancing the halal industry. However, several weaknesses remain, including inadequate infrastructure, limited quality of halal human resources, high certification costs, and weak coordination among stakeholders. These challenges continue to pose obstacles, but they have

not eroded the industry's strategic advantages. Consequently, the development strategy of Indonesia's halal industry can be considered to be on the right track, namely, by optimizing internal strengths to mitigate existing weaknesses.

Table 4. Analysis of Opportunities and Threats

No.	External Factor Analysis Summary (EFAS)	Weight	Rating	Score
Opportunities (O)				
1	Increasing global demand for halal products, including in Western countries	0,10	4	0,39
2	Digital transformation (e-commerce, fintech, traceability, education)	0,10	5	0,49
3	Cross-sector integration (tourism, pharmaceuticals, cosmetics, Islamic finance)	0,10	4	0,39
4	International support for sustainability issues (SDGs)	0,10	4	0,39
5	Potential for international cooperation and halal diplomacy	0,10	4	0,39
Total Opportunity Score (O)		0,49		2,05
Threats (I)				
1	Intense global competition (Malaysia, Thailand, Brazil)	0,10	2	0,20
2	Differences in international halal standards	0,10	2	0,20
3	Geopolitical tensions, trade wars, and cheap halal imports	0,12	2	0,24
4	Imported halal products often neglect socio-environmental aspects	0,10	2	0,20
5	Secularization of the halal market (reduced to hygiene labeling without spiritual value)	0,10	2	0,20
Total Threat Score (I)		0,51		1,02
Overall Total		1,00		3,07

Source: Processed Data (2025)

The results of the external environmental factor analysis are shown in Table 4. Based on the EFAS Matrix in the table, Indonesia's halal industry falls within the *moderately favorable* category, with a total score of 3.07. This indicates that, overall, external opportunities—such as the growing global demand for halal products, digital transformation, cross-sectoral integration, international support for sustainability, and prospects for global cooperation—are more dominant than the existing threats. However, challenges such as intense global competition, varying international halal standards, geopolitical dynamics, and the secularization of the halal market remain critical issues that require attention.

Accordingly, the development strategy of Indonesia's halal industry is proceeding in the right direction by maximizing major opportunities while minimizing external threats. Furthermore, based on the internal (strengths and weaknesses) and external (opportunities and threats) factor analyses presented in Tables 3 and 4, the strategic position can be mapped onto the SWOT Quadrant Model, as illustrated in Figure 3.

The analysis of both internal and external environments indicates that Indonesia's halal industry lies within the High–High coordinate (3.24:3.07), corresponding to Cell I in the IE SWOT Matrix. This position recommends adopting a Growth Strategy through concentration via vertical integration. In essence, the halal industry's development and strengthening should capitalize on internal strengths while simultaneously leveraging available external opportunities. Indonesia's key internal strengths include its large and growing Muslim population, abundant raw material resources, deep cultural understanding of Islamic values, increasing consumer awareness, strong governmental support, high potential of the halal tourism sector, and advancing technological innovation. Collectively, these form a strategic foundation to capture external opportunities, such as rising global export demand for halal products, expansion of strategic partnerships, growth in the domestic halal market, diversification into non-food halal products, digital technology utilization, increased investment flows, and growing international support for sustainability initiatives. Therefore, the most appropriate strategy for Indonesia's halal industry is to strengthen the synergy between internal and external factors to drive sustainable and globally competitive growth in the halal industry.

		Internal Factors		
		High (3,0-4,0)	Medium (2,0-2,99)	Low (1,0-1,99)
External Factors	High (3,0-4,0)	I Growth: Concentration through Vertical Integration	II Growth: Concentration through Horizontal Integration	III Retrenchment: Turn-round Strategy
	Medium (2,0-2,99)	IV Stability	V Growth: Concentration through Horizontal Integration or Stability Profit Strategy	VI Retrenchment: Divestment Strategy
	Low (1,0-1,99)	VII Growth Concentric Diversification	VIII Growth: Conglomerate Diversification	IX Liquidation

Figure 3. Coordinate Position of the IE SWOT Matrix
Source: Processed Data (2025)

Growth–vertical integration strategy for Indonesia’s halal industry in the perspective of *maqāṣid al-syari’ah*

To realize the vision of positioning Indonesia as the global hub of the Islamic economy, a strategy is required that not only emphasizes economic and competitive dimensions but also firmly stands on the principles of *Maqāṣid al-Syari’ah*. Based on the internal and external factor analyses and the strategic positioning indicating a High–High (3.24:3.07) coordinate on the IE Matrix, the most appropriate approach for Indonesia’s halal industry is a growth strategy through vertical integration.

This strategy emphasizes comprehensive integration from upstream to downstream, covering raw material supply, production processes, distribution, and global branding enhancement. This approach ensures the sustainability of the halal value chain while optimizing domestic potential and global opportunities to reinforce Indonesia’s competitiveness. Vertical integration can be operationalized through a series of applicative, measurable, and *Maqāṣid al-Syari’ah*-aligned programs, ensuring that halal industry development fosters not only economic growth but also holistic social welfare (*maṣlahah*).

Upstream: raw materials and foundational infrastructure

Strengthening Indonesia’s halal industry must begin at the upstream level, focusing on the availability of halal, safe, and *ṭayyib* raw materials, and supported by solid foundational infrastructure. This is vital not only for ensuring product quality but also for maintaining national self-sufficiency and reducing dependency on imports of these products. This includes raw materials for food and beverages, pharmaceuticals, cosmetics, and modest fashion, all of which must comply with international Halal standards.

Strategic initiatives may include: (i) ensuring a verified halal raw material ecosystem through strict certification and early stage monitoring; (ii) strengthening national halal laboratories, raw material research centers, and traceability technologies to enable transparent and accountable supply chain oversight; and (iii) establishing productive partnerships with *pesantren*, MSMEs, cooperatives, and local communities to build a sustainable and inclusive halal supply chain.

From the *maqasid al-Sharia* perspective, upstream empowerment embodies *hifz al-din* (protection of religion) by ensuring that the Muslim community consumes only genuinely halal products, and *hifz al-nafs* (protection of life) by guaranteeing consumer safety and health. Thus, upstream strategies represent not only economic efficiency but also a moral and spiritual responsibility to safeguard communal welfare.

Production: Halal Industry and Human Capital Development

The production stage forms the core of halal industry strengthening, where *halal* values are embedded throughout the entire business process, not merely as a label. Implementing the halal value chain is imperative, encompassing raw material processing, production technology, hygienic packaging systems, and credible halal certification. As a result, every product embodies both industrial quality standards and *Shari* spiritual values.

The success of the halal industry is inseparable from the quality of human capital. Therefore, strengthening halal-oriented human resources (HR) is a strategic priority for the industry. Developing education based on halal curricula, technical training, professional certification, and mastery of innovative technologies are essential steps. Competent halal professionals ensure the integrity and global competitiveness of the halal value chain.

Supporting MSMEs is crucial for building an inclusive ecosystem. Through mentoring, access to financing, and innovation-based incubation, halal MSMEs can scale up from local actors to regional and global players.

In the framework of *Maqāṣid al-Syari'ah*, this production-oriented strategy aligns with *hifẓ al-aql* (protection of intellect) by promoting knowledge, research, and skill development, and with *hifẓ al-maal* (protection of wealth) by creating production efficiency, value-added growth, fair wealth distribution, and enhanced competitiveness. Thus, halal production serves as both an economic and an intellectual transformation tool for society.

Distribution: Logistics, finance, and market access

Distribution represents the strategic link that determines the extent to which halal products reach consumers efficiently, safely and sustainably. Without a robust distribution system, achievements in the upstream and production stages lose their significance. Therefore, strengthening halal logistics infrastructure, including halal-certified logistics and *cold chain* systems, is critical to maintaining product quality, freshness, and compliance.

In addition to physical infrastructure, adequate financial support is essential, especially for MSMEs, the halal industry's backbone. The establishment of a National Halal Fund (NHF) as a Sharia-based financing mechanism can expand MSME capacity, enhance competitiveness, and broaden market reach. Integrating distribution with digital platforms, such as halal e-commerce and Islamic fintech, enables access to both domestic and international markets, positioning Indonesia as a key player in the global halal trade.

From the *maqasid al-Sharia* standpoint, this distribution strategy embodies *hifẓ al-maal* (protection of wealth) through efficiency, affordability, and fairness in product circulation, ensuring that economic value is maximized without exploiting the producers or consumers. Furthermore, ensuring halal-certified distribution supports *hifẓ al-nasl* (protection of progeny) by maintaining product purity, sustainability, and intergenerational continuity of halal consumption. Thus, distribution functions not only as an economic mechanism but also as a civilizational instrument upholding *Shari* values in daily life.

Global branding: Halal awareness and economic diplomacy

Global branding is a critical pillar for positioning Indonesia as a global halal industry hub. Beyond product labeling, *halal* should be framed as a brand identity that unites religiosity with global quality standards. The development of the *Halal Brand Indonesia* should therefore highlight *halal* not only as a religious marker but also as a symbol of cleanliness, health, sustainability, and social responsibility (*halalan tayyiban*). Such narratives make Indonesia's halal products universally appealing—not only to Muslim consumers but also to ethically conscious global audiences.

Within the context of globalization, promoting a halal lifestyle serves as an effective form of economic diplomacy. Through educational campaigns, digital media engagement, and participation in international halal forums, Indonesia can enhance its influence and strengthen the global Islamic economic networks. This brand will be further reinforced by expanding exports, ranging from halal food and Muslim fashion to pharmaceuticals and halal tourism, showcasing Indonesia's competitive advantages in the global market.

From the *maqasid al-Sharia* perspective, global branding represents *hifz al-din* (protection of religion) by strengthening the global Islamic identity through consistent *shar'ī*-compliant products, and *hifz al-'ird* (protection of dignity) by positioning Indonesia's halal brand as a symbol of honor, credibility, and integrity. Hence, Indonesia's halal industry stands not merely as an economic sector but as a civilizational project advancing faith, dignity, and sustainable human prosperity.

Table 4. Growth–vertical integration strategy of Indonesia's halal industry in the perspective of *maqasid al-Sharia*

Stage	Strategic Focus	Key Implementation	<i>Maqasid al-Sharia</i> Perspective
Upstream (Raw material input & basic infrastructure)	Ensuring the availability of halal, clean, safe, and <i>tayyib</i> raw materials	Strict certification and monitoring from the upstream level	<i>hifz al-din</i> : preserving compliance with Islamic law
		Strengthening halal laboratories and traceability research	<i>hifz al-nafs</i> : protecting life through safe and healthy products
		Partnerships with pesantren, MSMEs, farmers, and cooperatives	
Production (Halal industry & human resources)	Implementing the halal value chain and strengthening halal human capital	Hygienic production process, halal packaging, and certification	<i>hifz al-'aql</i> : developing knowledge and human competency
		Education and professional halal certification	<i>hifz al-māl</i> : promoting efficiency, added value, and economic competitiveness
		Halal startup incubation and MSME mentoring	
Distribution (Logistics, finance & market access)	Ensuring efficient, fair, and sustainable halal distribution	Halal logistics and cold chain infrastructure	<i>hifz al-māl</i> : protecting wealth through fair and efficient distribution
		National Halal Fund (NHF) for sharia-based financing	<i>hifz al-nasl</i> : ensuring halal consumption across generations
		Halal e-commerce and Islamic fintech	
Global Branding (Halal awareness & economic diplomacy)	Building Indonesia's Halal Brand and halal diplomacy	Promoting halal as a symbol of quality and social responsibility (<i>halālan ṭayyiban</i>)	<i>hifz al-din</i> : strengthening the global identity of the Muslim community
		Halal lifestyle campaigns and digital media engagement	<i>hifz al-'ird</i> : preserving national dignity through a trusted halal brand
		Export of halal food, Muslim fashion, pharmaceuticals, and halal tourism	

Source: Processed data (2025)

Vertical integration within the framework of the *Masterplan Pengembangan Industri Halal Indonesia* (MPIHI) is not merely a technical strategy to enhance competitiveness; it represents a conceptual foundation that reinforces the intrinsic connection between the halal value chain and the objectives of *maqasid al-Sharia*. Each stage of the halal industry value chain—from upstream to global branding—does not operate in isolation but functions synergistically within an integrated and sustainable ecosystem.

At the upstream stage, the availability of halal, pure (*tayyib*), and safe raw materials is a fundamental priority. This priority not only addresses the needs of production but also reflects *hifz*

al-din (the protection of religion) by ensuring compliance with *Sharia* principles and *hifẓ al-nafs* (the protection of life) by guaranteeing that consumer products are safe and wholesome.

In the production stage, the development of halal-oriented human capital, professional certification, and technological innovation are the central pillars of progress. This phase embodies *hifẓ al-aql* (the protection of intellect) through knowledge transfer and competency enhancement, while simultaneously realizing *hifẓ al-maal* (the protection of wealth) through efficiency, competitiveness, and economic sustainability within the halal framework.

The distribution stage focuses on strengthening halal logistics, expanding access to Islamic finance, and integrating digital platforms to ensure that halal products reach the market in a fair, efficient, and sustainable manner. This stage reflects *hifẓ al-maal* by safeguarding economic continuity and *hifẓ al-nasl* (the protection of progeny) by ensuring the intergenerational sustainability of halal food consumption.

Finally, in the global branding dimension, the development of the Halal Brand Indonesia extends beyond economic diplomacy; it represents civilizational diplomacy. This branding effort affirms *hifẓ al-din* as the spiritual identity of the Muslim community and *hifẓ al-'ird* (the protection of dignity) by positioning Indonesia's halal brand as a symbol of national honor and integrity on the global stage.

Accordingly, the growth–vertical integration strategy within Indonesia's halal industry transcends the pursuit of economic efficiency. It constitutes a comprehensive framework that harmonizes the spiritual, social, and economic dimensions of development in alignment with *Maqasid al-Sharia*, which seeks to preserve religion, life, intellect, progeny, wealth, and human dignity.

Conclusion

This study underscores that the development of Indonesia's halal industry cannot be viewed solely as an economic or managerial issue; rather, it represents an endeavor to realize *maṣlahah* (collective well-being), which is normative, social, and spiritual in nature. By integrating SWOT analysis with the *maqasid al-Sharia* framework, this study provides a more comprehensive identification of the strengths, weaknesses, opportunities, and threats shaping the dynamics of the national halal industry.

First, in terms of strengths, Indonesia possesses the world's largest domestic Muslim market, a steadily improving regulatory and institutional environment, and a rapidly growing collective awareness of the importance of halal products. Moreover, the abundance of natural resources provides a strong foundation for halal food development, and Indonesia's vast halal tourism potential positions it as a leading destination for global Muslim travelers. These strengths are not merely economic but also have *maqāṣid* dimensions—preserving religion (*hifẓ al-din*), life (*hifẓ al-nafs*), intellect (*hifẓ al-'aql*), and wealth (*hifẓ al-māl*). However, several structural weaknesses persist, including limited halal infrastructure, suboptimal human capital quality, high certification costs for MSMEs, weak inter-stakeholder coordination, and restricted access to global markets. If left unaddressed, these weaknesses could undermine long-term *maṣlahah* and relegate Indonesia to the position of a major halal consumer rather than a leading one.

Second, the emerging opportunities—rising global demand, digital transformation, cross-sectoral integration, support for sustainability agendas, and the expanding space for halal-based economic diplomacy—offer Indonesia a golden opportunity to establish itself as the global halal industry center. These opportunities align with *maqāṣid* principles by protecting life, intellect, wealth, and progeny through the provision of healthy, high-quality halal products. However, these opportunities coexist with external threats, such as intensifying international competition, fragmented global halal standards, geopolitical shifts, the influx of imported goods, and the secularization of halal values in global markets—factors that impact not only economic performance but also *Sharia* legitimacy, social sustainability, and national dignity.

Third, strategic mapping using the IE Matrix positions Indonesia's halal industry in the High–High quadrant (3.16:3.07), recommending the adoption of a growth strategy through vertical

integration. This strategy involves strengthening the halal value chain from upstream to downstream: ensuring the availability of halal raw materials (*hifẓ al-din, hifẓ al-nafs*); developing innovation-driven production supported by skilled human capital (*hifẓ al-‘aql, hifẓ al-māl*); establishing inclusive and efficient halal distribution networks (*hifẓ al-māl, hifẓ al-nasl*); and reinforcing global branding that preserves both religious identity and national dignity (*hifẓ al-din, hifẓ al-‘ird*). Thus, the repositioning of Indonesia’s halal industry is not confined to economic competitiveness; it is grounded in the *maqasid al-Sharia* as a civilizational foundation.

The integration of SWOT and *maqasid al-Sharia* highlights the need for Indonesia’s halal industry to move from conceptual ideas to coordinated and actionable strategies. A key priority is establishing an integrated Halal Industry Coordination Council involving BPJPH, KNEKS, MUI, and the Ministry of Trade to harmonize regulations, standardize certification, and strengthen international recognition, ensuring credible and unified halal governance (*hifẓ al-din*). At the same time, strengthening the ecosystem requires investment in infrastructure and innovation through initiatives such as a Halal Innovation Fund to support laboratories, digital traceability, and research, promoting knowledge and sustainable growth (*hifẓ al-‘aql*). Empowering halal-oriented MSMEs should also be central, particularly through inclusive Islamic financing mechanisms like a National Halal Fund using *muḍārabah* or *musyarakah* models, supported by digital market access. This approach enhances productivity and equitable value distribution (*hifẓ al-māl*). In parallel, human capital development must be strengthened through education, vocational training, and a national halal certification scheme to ensure professional competence and long-term capacity (*hifẓ al-nasl*). Finally, positioning Indonesia as a global halal hub requires a strong nation-branding strategy, such as a “Halal Brand Indonesia” campaign that emphasizes not only compliance but also quality and ethical integrity (*ḥalālan ṭayyiban*), reinforcing national dignity (*hifẓ al-‘ird*). In general, these measures translate *maqasid al-Sharia* into practical policies that support sustainable, inclusive, and ethical national development.

Despite these contributions, this study has several limitations. First, it relies primarily on secondary data, which may not fully reflect real-world field dynamics. Second, the analysis remains macro in scope, without a detailed examination of specific sectors such as halal food, pharmaceuticals, cosmetics, fashion, and tourism. Third, the application of *maqasid al-Sharia* is qualitative and lacks quantitative measurement, while the weighting and rating processes are based on subjective author judgment rather than expert consensus, potentially affecting the robustness of the results of this study.

Based on these limitations, future research should adopt more empirical approaches, such as surveys, interviews, and focus group discussions, to enhance validity and contextual depth. Sector-specific studies are also required to develop more targeted strategies. Additionally, developing a Maqāṣid-based halal industry index is crucial for quantitatively assessing its multidimensional impact. Comparative international studies can provide further insights into more advanced halal ecosystems. Finally, incorporating validation methods, such as the Delphi technique or Analytic Hierarchy Process (AHP), is recommended to improve methodological rigor, objectivity, and generalizability.

Author contribution

Conceptualization: Azwar Azwar, Andi Wawan Mulyawan, Siradjuddin Siradjuddin, Rika Dwi Ayu Parmitasari

Data curation: Azwar Azwar, Andi Wawan Mulyawan

Formal analysis: Azwar Azwar, Andi Wawan Mulyawan

Investigation: Azwar Azwar, Andi Wawan Mulyawan, Siradjuddin Siradjuddin, Rika Dwi Ayu Parmitasari

Methodology: Azwar Azwar, Andi Wawan Mulyawan

Project administration: Azwar Azwar

Supervision: Azwar, Andi Wawan Mulyawan, Siradjuddin Siradjuddin, Rika Dwi Ayu Parmitasari

Validation: Azwar, Andi Wawan Mulyawan, Siradjuddin Siradjuddin, Rika Dwi Ayu Parmitasari

Visualization: Azwar Azwar

Writing – original draft: Azwar Azwar

Writing – review & editing: Azwar Azwar, Andi Wawan Mulyawan, Siradjuddin Siradjuddin, Rika Dwi Ayu Parmitasari

Declaration of generative AI and AI-assisted technologies in the writing process

The authors declare that the Artificial Intelligence (AI) tool (ChatGPT) was used solely to assist with the translation from Bahasa Indonesia into American English and to improve language clarity and readability. These tools were not used to generate scientific ideas, conduct analyses, or produce interpretations. All AI-assisted outputs were carefully reviewed, revised and validated by the authors. The authors take full responsibility for the accuracy, integrity, and final content of this manuscript.

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