

Digital-Driven Entrepreneurship: Strategic Pathways for Halal Industry Competitiveness

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Abstract: The halal industry is experiencing rapid growth, driven by increasing consumer demand for ethical, safe, and Shariah-compliant products. Small and medium-sized businesses play a critical role in sustaining this growth, but many face challenges in adopting digital technologies to remain competitive in an ever-evolving market. This study explores digital-based entrepreneurship strategies that focus on the halal industry at Tasikmalaya. A qualitative approach is used based on field observation and literature study. These findings reveal four digital-based entrepreneurial strategies: (1) intellectual property, by strengthening halal branding and certification through trademarks and digital traceability systems to ensure consumer trust; (2) architecture, by embedding digital platforms for supply chain transparency, and customer engagement; (3) value chain, by integrating suppliers, distributors, and certification bodies through digital platforms to streamline compliance and market access; and (4) disruption, which is leveraging digital innovation to create different halal-certified products and services. The study concludes that digital-based entrepreneurship strategies not only increase competitiveness but also strengthen trust, compliance, and sustainability in the Halal industry, as well as position them as a key driver of digital economy growth.

INTRODUCTION

The growth of the halal industry in Indonesia continues to show a positive and significant trend (Hamid et al., 2019) in line with the increasing global demand for halal products and services. Indonesia itself has the largest Muslim population in the world, which makes it a strategic market as well as a center for halal innovation (*Global Islamic Economy Report, 2023*). The national halal sector is projected to reach a value of USD 281.6 billion by 2025, with the food, fashion, and tourism subsectors as the largest contributors (*Thomson Reuters, 2022*).

Halal Food	Islamic Finance	Modest Fashion	Muslim-Friendly Travel	Halal Pharmaceuticals	Halal Cosmetics	Media & Recreation
• US\$1.43 trillion in 2023, projected to reach US\$1.94 trillion by 2028	• US\$4.93 trillion in assets in 2023, expected to grow to US\$7.53 trillion	• US\$327 billion in 2023, rising to US\$433 billion by 2028	• Fastest-growing sector, expected to grow at 12.1% CAGR, reaching US\$384 billion by 2028.	• US\$107 billion in 2023, forecast to hit US\$149 billion	• US\$87 billion in 2023, projected to grow to US\$118 billion	• US\$ 260 billion in 2023, expected to grow to US\$ 337 billion by 2028

Figure. 1 Sector-specific Growth for Islamic Economic
Source: SGIE Report 2024/2025

Indonesia ranks third in the Global Islamic Economic Indicators (GIEI) 2024, after Malaysia and Saudi Arabia (SGIE Report 2024/2025). This achievement confirms Indonesia's position as the largest sharia economy in the world, supported by the largest Muslim population, vast domestic market potential, and progressive government policies in the development of the halal ecosystem. This performance was supported by significant growth in the halal food, Muslim fashion, Islamic finance, and Muslim-friendly tourism sectors. According to the SGIE 2024/2025 Report, Indonesian Muslim consumer spending in the halal sector reached more than USD 190 billion, with a projected stable growth until 2025. This makes Indonesia not only a market, but also the main producer and exporter of halal products (Kawsar, 2025).

This achievement is in line with the government's policy through the Indonesian Sharia Economic Masterplan (MEKSI) 2019–2024, which encourages the strengthening of the halal industry, Islamic finance, Islamic social funds, and Islamic business activities (Hidayat, 2019). Institutional support such as the Halal Product Assurance Agency (BPJPH) also strengthens the governance of halal certification in Indonesia, thereby increasing competitiveness in the global market. Indonesia and the United Arab Emirates are listed as the two largest investment destinations in the global sharia economic sector in 2023 with a value of more than USD 1.5 billion each (Kawsar, 2025).

In the halal industry, halal labels are very important so that they become a global issue, not only related to sharia compliance, but also quality assurance, food safety, and living standards. Halal-labeled products are believed to be more hygienic, safe, and ethical, so they are in demand by interfaith consumers (Bonne & Verbeke, 2022). Halal labeling is a global concern, especially for product quality assurance and living standards (Pratisti & Maryati, 2019). In addition, halal labeling

is increasingly associated with sustainability and ethical consumption, including food, cosmetics, pharmaceuticals, and fashion (Global Islamic Economy Report, 2023). Non-Muslim countries have also adopted it as a global halal trade and tourism standard (Alserhan, 2021).

However, the competitiveness of the halal industry at the regional level still faces serious challenges, especially in terms of digitalization, business innovation, and global market access. The study of Suryanto & Hidayat (2022) shows that halal MSMEs in Indonesia are still limited in the use of digital technology for marketing and production. In fact, digital transformation has been proven to be able to increase efficiency, expand consumer reach, and drive global competitiveness (Rahman et al., 2023).

A study from Mubarak & Imam (2020) states that the development of the halal industry in Indonesia includes several sectors, namely the food and beverage sector, tourism, fashion, media and recreation, pharmaceuticals and cosmetics, and renewable energy. Sulfati & Wahidah (2024) stated that the growth and sustainability of the halal industry is supported by key pillars and infrastructure. With full support for these pillars and infrastructure, the halal industry can grow sustainably, providing significant economic and social benefits. This industry can meet the needs of global consumers for quality and reliable halal products.

Various sectors that are rapidly growing in the halal industry include the food, finance, travel, fashion, cosmetics and medicines, media and entertainment, health, and education sectors (Ab Talib & Hamid, 2014). For halal MSMEs in Indonesia, including Tasikmalaya, a credible halal label is the key to global market penetration. However, limited access to certification, costs, and digital literacy are still obstacles, so the integration of digital-based entrepreneurship with halal labeling is very strategic to improve the competitiveness and quality of life of the community.

Tasikmalaya, West Java, is one of the centers for the development of sharia-based creative industries, especially in the Muslim fashion, handicrafts, and halal culinary sectors. BPS data (2023) notes that more than 92% of MSMEs in Tasikmalaya are engaged in the halal-based sector, with a significant contribution

to regional economic growth. However, the study of Hidayati et al. (2021) found that most business actors in Tasikmalaya still face limitations in the adoption of digital technology, both in e-commerce, branding, and digital halal certification systems. Digitalization and sustainable trends are essential for halal businesses around the world (Rosana, 2024). Along with the increase in internet penetration in West Java which will reach 83.8% in 2023 (APJII, 2023), opportunities to take advantage of digital-based entrepreneurship are becoming increasingly relevant. This paves the way for more competitive halal business model innovation. Therefore, this study is important to examine how digital-based strategic pathways can strengthen the competitiveness of the halal industry in Tasikmalaya.

The novelty of this research lies in the focus of integrating digital-driven entrepreneurship strategies with strengthening the competitiveness of the halal industry at the regional level, especially in Tasikmalaya, which has not been studied in depth. In contrast to previous research which generally highlighted the growth of Indonesia's halal industry in terms of macro or national regulatory aspects, this study presents a new perspective by linking four lines of digital entrepreneurship strategy, namely intellectual property, architecture, value chain, and disruption into the context of local halal MSMEs. With this approach, the research not only identifies the challenges of halal certification and the limitations of the digitalization of MSMEs, but also offers a more applicable conceptual framework to encourage digital transformation and increase halal competitiveness at the level of the creative economy community.

RESEARCH METHODS

This research uses a qualitative approach by describing strategic digital-based entrepreneurship for the competitiveness of the halal industry in Tasikmalaya, starting from intellectual property, architecture, value chains, and disruption.

The design of this study emphasizes an in-depth understanding of the experiences, strategies, and challenges faced by business actors, thus allowing researchers to capture the phenomenon contextually. The data collection technique

was carried out through observation of halal MSMEs in Tasikmalaya engaged in the Muslim fashion, halal culinary, and handicraft sectors. The observations were carried out directly and indirectly regarding the digital strategies implemented, and halal certification facilities that are easily accessible to industry players.

Furthermore, document analysis is used to strengthen empirical data through a review of official reports (BPS, BPJPH, and APJII), national policies (MEKSI 2019–2024/Bappenas), and global reports on the halal industry (Global Islamic Economy Report, and Thomson Reuters). The analysis of this document serves as a triangulation to improve the validity and reliability of the findings. The results of this study are then used to prepare contextual strategic recommendations for strengthening the halal industry in Tasikmalaya.

RESULTS AND DISCUSSION

Development of the Halal Industry in Indonesia

Indonesia is home to the world's largest Muslim population, positioning it as a natural leader in the global halal industry. This demographic advantage provides a broad domestic market while serving as a strong base for export-oriented growth. The halal industry in Indonesia is multidimensional, encompassing sectors that are aligned with consumer demand, government strategies, and global economic trends.

The development of the halal industry in Indonesia has recently shown a rapid growth trend, in line with increasing Muslim consumer awareness, regulatory support, and strengthening of the national halal ecosystem. Indonesia is included in the Top 3 Global Islamic Economy (2023), up from the previous ranking. The growth of the halal industry in Indonesia is characterized by the following strategies:

1. **Strengthening Regulations and Certification Bodies**

Indonesia's halal ecosystem is strengthened through an increase in the number of Halal Inspection Institutions (LPH) from Islamic universities and mass organizations. This system is managed by BPJPH (Halal Product Assurance

Agency) in accordance with Law No. 6 of 2023. This aims to accelerate halal certification of domestic products to meet global targets (Yulia, 2025).

2. Indonesia's Position on the Global Sharia Economic Map

Indonesia managed to rise to 3rd position in the 2023 SGIE (State of Global Islamic Economy) Report. Free halal certification programs and halal industry policy reforms are the main factors driving Leondy's global competitiveness (Darmawan et al. 2024)

3. Investment and Innovation in the Field of Halal Biotechnology. Investment opportunities in the halal biotechnology industry, especially in the development of risk-based halal detection kits. The 2023–2024 period is marked by increasing fiscal support and friendly regulations for halal startups (Sigit, 2024)

Digital-Driven Entrepreneurship for Halal Industry Competitiveness

The halal industry in Tasikmalaya, West Java, has great potential because the majority of MSMEs are engaged in halal-based sectors, especially fashion, culinary, and Muslim handicrafts. However, global competitiveness is still limited due to constraints on digital technology adoption, entrepreneurial literacy, and market access. Therefore, the implementation of digital-based entrepreneurship strategies can be a transformation path that strengthens the position of halal MSMEs in the domestic and international markets. The following four strategic paths can be used as a framework for development.

1. Intellectual Property Strategy

Intellectual property focuses on halal branding and digital traceability. Strengthening intellectual property is key to building consumer trust through trademark protection, halal certification, and the implementation of a digital traceability system. This system allows consumers to track raw materials to the production process through QR codes or halal applications. In addition, halal MSMEs in Tasikmalaya can increase competitiveness by creating innovative ideas that are unique and add value, such as Muslim fashion designs based on local culture, such as batik-patterned Muslim clothing located in the center of the

Tasikmalaya batik industry, halal culinary products such as at Mambo Culinary Night, or crafts with Islamic identity located in the center of the kelom gelis industry or rattan crafts in Rajapolah. Through intellectual property rights (IPR), business actors can still control their products and brands. This strategy not only provides legal protection, but also creates differentiating value that is difficult for competitors to replicate. With the support of digital platforms, MSMEs can market exclusive products to existing partner customers, while building loyalty.



Figure 2. Aplikasi Halal Kementerian Agama

Source: <https://bpjph.halal.go.id/>

The embroidery-based Muslim fashion industry in the center of the embroidery industry, in Kawalu Tasikmalaya, for example, can register IPR for exclusive Muslim fashion designs that combine traditional embroidery typical of Tasikmalaya with modern trends. Through halal certification for textile materials (e.g. halal natural dyes), these products receive legal protection as well as high differentiation value in the domestic and export markets. This strengthens halal branding and increases the selling value of products.

2. Architecture Strategy

The architecture strategy emphasizes on building a new digital-based value chain ecosystem that connects business actors, consumers, and certification bodies.

This model allows MSME actors in Tasikmalaya to reach new customers with more integrated offers, such as halal tour packages that combine Tasikmalaya's culinary, fashion, and culture. With the digitalization of supply chains, the specific needs of stakeholders, ranging from consumers, local governments, to local and national markets, can be met more effectively.

In Tasikmalaya, this can be applied to halal culinary centers by creating a digital platform that provides supply chain transparency, starting from raw materials, processing processes, to distribution. The platform not only facilitates market access, but also allows customer engagement through digital reviews, live trading features, and online orders. With this digital architecture, MSMEs can reach new consumers outside Tasikmalaya through culinary events such as "Mambo Culinary Night", or through existing tourism communities such as Tasikmalaya Culinary Tourism Community (KWKT).

3. Value Chain Strategy

In the value chain strategy, Tasikmalaya halal MSMEs can collaborate with business partners who already have an established market network, such as the national halal market, Islamic banks, and logistics institutions. So focus on Digital Integration with Suppliers and Certification Bodies. The position of MSMEs in this chain is as a provider of special products that are tailored to the needs of partners. For example, small-scale halal food manufacturers can enter the supply chain of large supermarkets or halal delivery platforms by offering products according to quality standards. This strategy is similar to the consulting model, where MSMEs tailor their products or services to the demands of partner organizations. For example, Tasikmalaya's typical food product is Tutug Oncom Instan. These products are a characteristic of Tasikmalaya's culinary that can not only be obtained from the place of origin, but can also be marketed through digital flatforms, supermarkets, and can even be marketed to the international market.

In Tasikmalaya, for example, sharia handicraft centers (suits, cocoa, and embroidered mukena) can integrate raw material suppliers, distributors, and BPJPH (Halal Product Assurance Agency) through a digital platform that can be accessed through [the https://bpjph.halal.go.id/](https://bpjph.halal.go.id/) page. This integration will accelerate the halal

certification process while expanding market access to the domestic and foreign halal tourism sectors. This model resembles digital consulting, where MSMEs adjust their products to partner quality standards, while gaining wider distribution access. In this way, MSMEs play a role as a provider of added value in the supply chain of business partners.

4. Disruption Strategy

This strategy focuses on digital innovation. The disruption strategy aims to create new value for *niche segments* that are underserved by large players. For example, many Tasikmalaya halal MSMEs can utilize social media, live commerce, and short messaging applications to reach young Muslim consumers who are looking for unique, personalized, and affordable halal products. By redefining the value chain, for example from traditional distribution to digital-based direct distribution, MSMEs can compete with large players who are less flexible. Disruption can also arise through the adoption of halal sustainability, such as Muslim clothing made from environmentally friendly materials or organic halal culinary, which is the attraction of the market. Such as in the center of the kawalu embroidery industry and Karangnunggal which produces mukena with typical embroidery, convection suits, and Muslim fashion clothes in Tamansari and in Cibeureum, Tasikmalaya City.

In addition, fashion MSMEs in Tasikmalaya can create Muslim clothing made from recycled or organic materials and distinctive such as Muslim clothing with batik patterns from the Tasikmalaya batik industry center for the niche segment of young consumers who care about sustainability and culture. Similarly, culinary actors can produce organic-based halal food and market it directly through social media, live shopping, or other digital platforms. This model cuts through traditional distribution, redefines value chains, and challenges large players that have not yet focused on this niche.

CONCLUSIONS AND RECOMMENDATIONS

The digital-based entrepreneurship strategy shows that digital transformation in halal entrepreneurship in Tasikmalaya is not just a marketing tool,

but a strategic direction to create a competitive halal ecosystem. Intellectual property strategies strengthen product differentiation, architecture strategies build new value chain ecosystems, value chain strategies expand collaboration with key partners, and disruption strategies open up niche markets through innovation. The synergy between these strategies will support Tasikmalaya's halal MSMEs in strengthening competitiveness, expanding market access, and increasing their contribution to the national and global halal economy.

Future research on digital-driven entrepreneurship in Tasikmalaya's halal creative industry should prioritize comparative regional analyses, consumer trust dynamics, supply chain innovations, and supportive policy frameworks to enhance competitiveness. Greater attention to digital marketplace integration, and the intersection of halal tourism with creative industries will enrich inclusivity and market diversification. Furthermore, addressing certification costs and sustainability challenges is essential to ensuring resilience and expanding opportunities for small enterprises within the halal economy.

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