



Digital Transformation in the Development of Sharia Entrepreneurship and Islamic Value-Based Halal Markets

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Article Info	Abstract
Article history: Received March 10, 2026 Revised April 13, 2026 Accepted June 27, 2026 Available online August 15, 2026 *Corresponding author email: fifiluthfiah7@gmail.com Keywords: Digitalization, Halal Ecosystem, Halal Market, Islamic Entrepreneurship, Islamic Values. Page: 375-383	Introduction/Main Objectives: This study examines the impact of digital transformation on Islamic entrepreneurship, focusing on opportunities and challenges in expanding the halal market. Research Methods: A qualitative literature review was conducted using relevant articles, books, and academic references. Finding/Results: Digital technology enables Muslim entrepreneurs to expand market reach, improve business efficiency, and increase access to halal products and services. However, challenges remain in Sharia compliance, data protection, digital literacy, and competition with conventional businesses. Conclusion: Sustainable Islamic entrepreneurship in the digital era requires effective digital transformation supported by Islamic values such as trust, honesty, fairness, responsibility, and professionalism. AICIE with CC BY license. Copyright © 2026, the author(s)

INTRODUCTION

The advancement of digital technology has brought about significant changes across various aspects of life, including business and entrepreneurship. The advent of the internet, digital platforms, cloud computing, big data, and artificial intelligence has transformed how businesses operate and grow. This transformation has enabled the creation of more adaptive and efficient business models capable of reaching broader markets, unconstrained by geographical boundaries. Such developments have fostered the rise of digital entrepreneurship, a form of innovation that integrates technology with business activities to enhance competitiveness and productivity. From an Islamic economic perspective, digital transformation opens up new opportunities for the development of Sharia-compliant entrepreneurship. The integration of modern technology and Sharia principles has fostered various innovations that support the growth of the Islamic digital economy. Services such as Sharia fintech, digital payment systems, halal e-commerce platforms, and Sharia-based financial applications demonstrate how technology can expand access to financial services and to business activities aligned with Islamic principles. Beyond enhancing operational efficiency, the use of digital technology can also strengthen transparency, accountability, and public trust in Sharia products and services. (Farah Qalbia, 2024)

The potential for developing Sharia-compliant entrepreneurship continues to rise alongside the growing global demand for halal products. A National Statistics report from Fitch Solutions indicates that the halal food and beverage industry has experienced rapid growth in recent years, driven by the expanding Muslim population across various countries. The global halal market value is projected to reach approximately US\$1.3 trillion (at an exchange rate of US\$1 = Rp15,900), equivalent to Rp20,670 trillion by 2025. (Hasan, 2024) a significant increase compared to the previous period. This growth demonstrates the immense potential of the halal sector to be a key driver of the global economy, while also opening vast opportunities for Sharia-based businesses to expand. In Indonesia, the strengthening of the halal ecosystem is supported by various government policies, including the mandatory halal certification policy administered by the Halal Product Assurance Organizing Agency (BPJPH). Halal certification serves not only as a guarantee that a product complies with Sharia requirements but also provides added value that can enhance product competitiveness in both domestic and international markets. It is a crucial instrument for building consumer trust and strengthening the position of Indonesian halal products amidst global competition. (Apriliani et al., 2025)

In line with these developments, the halal concept has evolved into a universal part of modern lifestyles. Halal is no longer viewed merely as a requirement for Muslims but also as a symbol of quality, safety, cleanliness, and health that appeals to all segments of society. This shift in perception has increased the appeal of halal products among consumers from diverse backgrounds, thereby expanding market potential and creating new opportunities for the growth of the halal industry. (Syariah & Alfalah, 2026). On the other hand, digital transformation also

presents several challenges. While previous studies have examined the digitalization of the Islamic economy and the development of the halal industry, these topics are generally addressed separately. There is a scarcity of research linking digital transformation to the reinforcement of Islamic values and to the opportunities and challenges associated with halal market development. Therefore, this study aims to develop a conceptual synthesis regarding the interconnections among these three aspects, thereby supporting Sharia-based entrepreneurship in the digital era.(Zuchroh, 2024)

METHOD

This study employs a qualitative literature review to examine the transformation of Sharia entrepreneurship in the digital era by integrating Islamic values, while also exploring the opportunities and challenges associated with halal market development. This approach was selected because it enables a comprehensive understanding of the research topic by synthesizing findings from existing studies. The research relies on secondary data obtained from journal articles, books, conference proceedings, government reports, and other credible academic publications. Relevant literature was identified through academic databases, including Google Scholar and Scopus, using keywords such as Sharia entrepreneurship, Islamic values, digital transformation, halal ecosystem, and halal market. Selected sources were evaluated based on their relevance, credibility, and contribution to the research objectives.

The collected literature was analyzed using qualitative content analysis methods to identify, classify, compare, and synthesize key findings from previous studies. This analytical process facilitated the identification of recurring themes, conceptual relationships, and research gaps regarding the application of Islamic values to strengthen Sharia entrepreneurship and expand the halal ecosystem in the digital era. Through this systematic review, the study presents a comprehensive interpretation of existing knowledge. It offers insights into the role of Islamic principles in fostering sustainable Sharia entrepreneurship and supporting halal market growth.

RESULT AND DISCUSSION

RESULT

Digital transformation has significantly impacted the development of Sharia-based entrepreneurship and the halal market. The use of digital technologies such as e-commerce, social media, and fintech enables Sharia businesses to expand their market reach, enhance operational efficiency, and facilitate public access to halal products and services. However, these opportunities are accompanied by various challenges, including maintaining compliance with Sharia principles, bolstering data security and consumer protection, strengthening regulations that support the Sharia digital economy, and improving digital business literacy. Furthermore, competition from conventional companies with superior resources and technology compels

Sharia businesses to continually innovate to remain competitive and support the sustainable growth of the halal market.

DISCUSSION

THE IMPORTANCE OF UPHOLDING ISLAMIC VALUES IN DIGITAL TRANSFORMATION.

The advancement of digital technology has driven a major transformation in the business world. The emergence of the internet, e-commerce, social media, fintech, and various digital platforms enables businesses to operate more quickly and efficiently while reaching broader markets. Through these innovations, Sharia financial services have become more accessible, reaching segments of society that previously had limited access to financial services under conventional systems. Beyond enhancing financial inclusion, these innovations contribute to service efficiency, market expansion, and the strengthening of Sharia financial institutions' role in supporting more inclusive and sustainable economic growth. In the context of Sharia entrepreneurship, digital transformation serves not only to boost business productivity but also to expand public access to products and services aligned with Islamic principles. (Ahmad, Nur Isra, 2025)

Technological advancements must be balanced by strengthening Islamic values to ensure business activities remain aligned with Sharia principles. Values such as amanah (trustworthiness), siddiq (honesty), justice, responsibility, and professionalism serve as the fundamental pillars that must be applied in every digital business activity. Trustworthiness is demonstrated by a business operator's commitment to fulfilling promises made to consumers, while honesty is reflected in providing transparent, non-misleading product information. Upholding these values is crucial for building consumer trust amidst the rising volume of online transactions. (Faruq et al., 2025)

Beyond fostering trust, Islamic values serve as a guide to prevent business practices that conflict with Sharia. While Islam accepts and encourages the use of technology as part of modern economic development, it emphasizes that all economic activities must be conducted in accordance with the principles of justice, honesty, transparency, and barakah (divine blessing) that underpin Sharia teachings. (Asep Hasan Sulaeman, 2026) In the digital realm, the risks of fraud, information manipulation, ambiguous transactions (gharar), usury (riba), and excessive speculation (maisir) can escalate in the absence of robust oversight and moral commitment. Therefore, Sharia-based businesses must ensure that all business processes, from marketing and transactions to customer service, are conducted transparently and fairly, in compliance with Sharia principles. (Ayu Sukreni Hakim, 2024)

Strengthening Islamic values also plays a role in supporting the development of the halal ecosystem in the digital era. As public awareness of halal products grows, consumers are paying attention not only to a product's halal status but also to its production, distribution, and service processes. Business players capable of integrating digital technology with Islamic values will gain

a competitive advantage by meeting market demands while maintaining public trust. Ultimately, this strengthens the competitiveness of Islamic entrepreneurship amidst the growth of the global digital economy. Therefore, understanding the Islamic perspective on economics and business is crucial for business players, ensuring that technology can be utilized without disregarding Sharia principles and values. (Nurhayati, 2025)

Thus, upholding Islamic values during digital transformation is crucial to the sustainability of Islamic entrepreneurship. While technology can accelerate business growth, Islamic values must remain the fundamental basis, ensuring that such development delivers benefits, justice, and well-being to society, in alignment with the objectives of Islamic law (*maqasid sharia*). By adhering to these principles, Islamic entrepreneurship in the digital era can not only adapt to technological advancements but also contribute positively to economic development that is inclusive, ethical, and oriented towards well-being. (Farah Qalbia, 2024)

The literature reviewed in this study demonstrates that Islamic values represent more than a moral foundation for business practices; they also serve as key enablers of the digital transformation of Sharia entrepreneurship. The evidence indicates that the consistent implementation of values such as *amanah*, honesty, justice, and transparency enhances consumer trust, promotes long-term business sustainability, and improves the competitive position of Sharia-oriented enterprises in digital markets. These findings directly address the first objective of this study by confirming that reinforcing Islamic values is a critical factor in supporting the transformation of Sharia entrepreneurship in the digital landscape.

HUGE OPPORTUNITIES FOR THE HALAL MARKET IN THE DIGITAL ERA

Technological advancements and the digital economy have created significant opportunities for the growth of the global halal industry and market. Today, the halal market extends beyond food and beverages, encompassing diverse sectors such as Islamic finance, cosmetics, pharmaceuticals, Muslim-friendly tourism, modest fashion, and even media and entertainment industries grounded in Islamic values. The growth of the global Muslim population has also driven rising demand for a wide range of halal products and services. In an increasingly dynamic business environment, leveraging digital technology is essential for ensuring long-term viability and enhancing competitiveness. (Daru et al., 2026) The emergence of various digital platforms such as e-commerce, marketplaces, and social media offers opportunities for halal industry players to expand market access, reach a more diverse consumer base, and introduce halal products to a wider audience, both domestically and internationally.

The halal industry is a sector with unique characteristics, as it focuses not only on achieving economic profit but also on applying Sharia values across all business activities. Product halal integrity, adherence to Islamic guidelines during production, and the practice of sound business ethics are crucial elements for maintaining consumer trust. (Koswara, 2025) Technological advancements and digital transformation offer various opportunities to drive the halal industry forward, ranging from improved operational efficiency to enhanced product

competitiveness in the market. Leveraging digital technology enables businesses to streamline halal certification processes, increase supply chain transparency, and expand market reach through various digital platforms. Furthermore, digitalization creates greater opportunities for businesses, particularly MSMEs, to access wider domestic and international markets without compromising the Sharia principles that serve as the industry's foundation. (Apriliyani et al., 2025)

Beyond broadening market access, advancements in digital technology also boost consumer confidence in halal products. The implementation of technologies such as blockchain, the Internet of Things (IoT), and digital supply chain systems enables the entire process from raw material procurement and production to distribution to be recorded transparently and made easily traceable. (Ahmad, Nur Isra, 2025). This allows businesses and consumers to readily access information on ingredient origins, processing methods, and product distribution channels, thereby ensuring greater certainty in the product's halal status. Such transparency helps alleviate consumer hesitation during purchasing and reinforces their confidence in the product's quality and halal integrity. Rising consumer confidence serves as a key driver of sustainable growth in the halal market. Furthermore, the expansion of e-commerce platforms creates significant opportunities for halal businesses to market their products to consumers across various regions, transcending geographical boundaries and thereby expanding market reach and sales potential. (Dan et al., 2026)

The global halal market is showing an increasingly positive trend, driven by rising public awareness regarding the importance of consuming products that comply with Sharia regulations. Currently, the scope of halal products has expanded beyond the food and beverage sector to encompass other areas, including cosmetics, pharmaceuticals, Muslim fashion, halal tourism, Islamic finance, and the Islamic media and entertainment industry. (Sholihah, 2026) This product diversity has emerged in response to evolving consumer needs and fosters economic activity aligned with Islamic principles. Indonesia holds a strategic position as one of the world's largest hubs for both the production and consumption of halal products. Furthermore, a strong interest in halal products is evident in various non-Muslim countries, including the United States, demonstrating their growing acceptance due to high standards of quality, safety, and reliability. These conditions indicate that the potential for global halal market development remains immense and continues to grow. (Suciati, 2025)

The findings from the reviewed literature indicate that digital technology has created substantial opportunities to expand the halal market by enhancing market accessibility, increasing supply chain transparency, and reinforcing consumer trust through digital platforms. In addition, the studies reveal that digitalization allows halal businesses, particularly micro, small, and medium-sized enterprises (MSMEs), to broaden their access to international markets more effectively while remaining compliant with Sharia principles. These findings are consistent with the second objective of this study, demonstrating that digital transformation plays a significant role in accelerating the growth and competitiveness of the halal market in the digital era.

CHALLENGES FACED BY SHARIA BUSINESS OPERATORS

One of the primary challenges in developing the halal market in the digital era is maintaining compliance with Sharia principles. Every product, service, and transaction must be free from elements of *riba* (interest/usury), *gharar* (uncertainty/speculation), and *maisir* (gambling). Achieving this requires effective oversight mechanisms, the use of supporting technologies, and experts with a solid understanding of both Sharia principles and developments in digital technology. The consistent application of Sharia principles is crucial to boosting public trust in the halal market. (Muhammad Rizky Dwi Kurniawan, 2024)

Furthermore, data security and consumer protection are key concerns within the digital ecosystem. The rise in business activity on online platforms has increased risks to data ecosystems and cybersecurity. Consequently, businesses must implement robust data protection systems and provide complaint and dispute-resolution platforms that are easily accessible, transparent, and aligned with Sharia values. (Aini et al., 2026) Another challenge is the limited regulatory framework supporting the development of the Sharia digital economy. Although various fatwas have been issued to guide Sharia business operations, their implementation still requires more comprehensive policy support. Clear and robust regulations are essential to provide legal certainty, enhance oversight, and foster the optimal application of Sharia principles within digital economic activities. (Farah Qalbia, 2024) Furthermore, low levels of digital literacy and stiff competition from conventional businesses also hinder the development of the halal market. Many Sharia-compliant businesses, particularly MSMEs, still face limitations in leveraging digital technology to grow their operations. In contrast, conventional companies generally possess more advanced resources, technology, and networks. This situation compels Sharia-compliant businesses to continually enhance their competencies, adapt to technological advancements, and innovate to compete effectively in the digital marketplace. (Puteri et al., 2025)

Further review of the studies indicates that while digital transformation offers significant opportunities for advancing Sharia-based entrepreneurship and the halal market, several critical challenges continue to hinder its sustainable development. The literature consistently identifies the need to maintain compliance with Sharia principles, enhance cybersecurity, strengthen regulatory frameworks, and improve entrepreneurs' digital literacy as key obstacles to building a resilient halal ecosystem. These findings suggest that the success of digital transformation in the halal sector depends not only on technological innovation but also on robust institutional support, effective governance, and continuous capacity building for Sharia entrepreneurs.

CONCLUSION

The advancement of digital technology has created significant opportunities for the growth of Islamic entrepreneurship by expanding markets, enhancing operational efficiency, and facilitating access to halal products and services. However, the mere adoption of digital

technology is insufficient to guarantee the successful development of the halal market. Success hinges largely on the ability of business players to adopt digital innovations while upholding the Sharia principles that underpin Islamic business activities. Conversely, digital transformation also presents various challenges that require attention. Obstacles such as low digital literacy, a lack of regulations that can accommodate the growth of the digital Sharia economy, and rising data security risks must be addressed. Furthermore, Sharia-compliant businesses, particularly MSMEs, face stiff competition from conventional companies that possess advantages in technology, capital, and human resources. These conditions indicate that strengthening the digital Sharia ecosystem requires more comprehensive support to ensure sustainable competitiveness.

Therefore, synergy among the government, Sharia financial institutions, academia, and business players is essential to strengthen regulations, enhance digital competence, and foster innovation grounded in Islamic values. In this way, digital transformation serves not only as a tool to boost business competitiveness but also as a means to realize an Islamic entrepreneurship ecosystem that is sustainable, possesses integrity, and aligns with the objectives of Maqasid Sharia.

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