

Halal Industry of 5.0 Era in Islamic Economic Scholar Perspective

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Abstract

The halal industry is an inevitability of the development of a business where there is demand (demand), then there is someone who provides (supply). And the prospects are very promising with increasing growth from time to time. Even though it is labeled halal which is synonymous with religious symbols, it is not a barrier for consumers of all religions and nations to enjoy it. Because halal in its development is a symbol of guaranteeing cleanliness, safety and product quality for the entire production chain. Modern global society sees the substance as not a skin. The Halal industry is not just a business machine in general, which is materialistic in nature and profit-oriented, but there are messages or values of Islamic teachings originating from the Qur'an and Hadith that must be upheld. Therefore, in his journey must be in accordance with the provisions of the Shari'a. Islamic economists, such as Yusuf Qardhawi, Syed Nawab Heidar Naqvi, Adiwarmar Karim and Mustaq Ahmad gave their opinions on the ideal Halal Industry. They said that the essence of Islamic economics at least has the character of monotheism (uluhiyyah-rububiyyah), humanity (insaaniyah), ethical norms (akhlaqiyyah), balance (wasathiyyah), free will (ikhtiyar) and responsibility (mas'uliyah). If some of these become part of the business of Muslims, such as the halal industry, they will get material success (dhahir) and spiritual happiness (batin).

Keywords: Halal Industry, 5.0. Revolution, Islamic Economic.

1. INTRODUCTION

Industry in its history first appeared in England in 1784 where the invention of the steam engine and mechanization began to replace human work. The second industrial revolution occurred at the end of the 19th century where production machines powered by electricity were used for mass production activities. The use of computer technology for manufacturing automation marked the entry of the third industrial revolution in 1970. Then, the rapid development of sensor technology, interconnection, and data analysis gave rise to the idea of integrating all of these technologies into various industrial fields, presumably as a sign of entering the digital industry era which Known as Industry 4.0 (Prasetyo and Sutopo: 2018), which started in 2011, its influence has grown stronger to date. Globalization is a new era of Industrial Revolution 4.0. It means the world has experienced four stages of revolution. 1) Industrial Revolution 1.0 happened in the 18th century through an invention of condensation engine, then it allowed goods to be mass-produced; 2) Industrial Revolution 2.0 happened in the 19th to 20th centuries through the use of electricity which decreased the production costs; 3) the Third Industrial Revolution occurred in the 1970s through the use of computers; and 4)

the Fourth industrial revolution occurred in the 2010s through intelligence engineering and the internet as the support of the movement and connectivity of humans and machines. It is undeniable that the quality of the workforce is very important for doing the effort of Indonesia Then Social Era 5.0. is a period in which humans and technology share roles to contribute to human civilization (Zuraida and Mu'is: 2023). Era 5.0. was initiated in Japan on January 21, 2019 as a response to the Industrial revolution 4.0. which is destructive. Concerns about the loss of human nature in a revolutionary situation are the main reasons, where the domination in the previous era of machines was so great, digitalization and global industrial capitalization that humans became less valuable (Kholili: 2021). In other words, human dependence on technology is so real that humans care less about each other. Humans become capitalistic and materialistic. What is a source of material gain will be explored optimally, without regard to the limits of human or religious values. It can be said that the social era 5.0 is the antithesis of the industrial revolution 4.0. Technologically it may experience a slowdown, but in terms of humanity and civilization development is an extraordinary development because it combines technological interests and human values. Science, which is the mother of technological developments, must indirectly recognize the existence of value, not 'free of value'. The need for religion and human values anywhere and in any era is a necessity (*sunnatullah*). The response to the social revolution 5.0 is evidence of the condition of modern society.

The emergence of the halal industry in Indonesia is synonymous with political decisions. Where was the first government regulation issued starting in 1976, the Ministry of Health (Menkes) regulation regarding halal labeling. Then in 1985, a joint decree (SKB), Ministry of Health and Ministry of Religion (Kemenag) numbered 427 and 68 concerning the inclusion of halal writing on food labels, but in practice producers are asked to provide their own halal writing, of course this invites manipulation and dishonesty. It was only in 1989 that the government formed a special institution, the Indonesian Council of Ulama (LPPOM-MUI) which handles halal certification, responding to research that most of the food ingredients consumed by the public contain lard. To strengthen previous decisions, in 1996 and 2001 the government was represented by the Minister of Health and the Minister of Religion through Decree No. 519 authorizes MUI as a Halal Food Inspection Agency. But in 2014, the MUI's authority was revoked by the government and handed it over to a new body called the Halal Product Assurance Organizing Body (BPJPH) until now (<https://www.kompasiana.com>).

Over time, the global halal industry has developed so rapidly that initially it focused on food and beverages, expanding into other sectors, namely finance, travel, fashion, cosmetics and medicines, media and entertainment, tourism and hotels, as well as other sectors such as healthcare and education (Waharini and Purwantini:2018). The halal industry experiences quite complex challenges, where one side has a capitalist-materialistic connotation, then demands based on Islamic sharia on the other hand. Of course, the hope is that the Halal Industry is in accordance with Islamic teachings as a manifestation of Islamic economics. Islamic economics by Dawam Rahardjo is divided into three meanings, the first is Islamic economics which means economics based on Islamic values or teachings. Second, what is meant by Islamic economics is the system. The system concerns regulation, namely economic regulation in a society or country in a certain way or method. While the third option is Islamic economics in the sense of the Muslim economy (Baitul Kilmah: 2013). And this article will focus on the first meaning in which Islamic economics is economics based on Islamic

teachings as an effort to provide signs so that the currently developing halal industry is in accordance with Islamic teachings which are full of values such as *uluhiyyah*, *insaaniyyah* and *akhlaqiyyah*.

2. RESEARCH METHOD

The method in this paper uses descriptive qualitative methods and literature studies about the phenomenon of the halal industry in 5.0 era according to Islamic Economic scholars. This paper uses a descriptive qualitative approach. That is a study that utilizes existing phenomena and examines and examines various attitudes, views, feelings, and behaviors of individuals or groups of people (Moleong: 2012). Then describe the problems in it without questioning the relationship between research variables (Nazaruddin et al: 2020). The existing research model is based on the postulates of several theoretical studies and research results to investigate Muslim attitudes in 5.0 era choose halal products and the implication for their environment. Then explain the Islamic economic scholars analyze and offering solution to overcome Muslim problem in revolution era.

3. LITERATURE REVIEW

Industry is a field or economic activity related to the processing of raw materials or the manufacture of finished goods in factories using skills and labor and the use of tools in the field of processing agricultural products, and their distribution as the main activity. Therefore, industry is generally known as the next link in the chain of efforts to fulfill (economic) needs related to the earth, namely after agriculture, plantations and mining which are related to the land. In recent times, the position of the industry is increasingly far from the land, which is the basis of the economy, culture and politics. Industry is a process of the production process and the activities of the production process in the industry are called industry (Wikipedia, 2021).

While the definition of industry 4.0. diverse and still under research. Chancellor of Germany, Angela Merkel, believes that industry 4.0 is a comprehensive transformation of all aspects of the industry through the merger of digital and internet technology with conventional industries. Schlechtendahl, emphasizes the definition of the speed element of information availability, namely an industrial environment in which all entities are always connected and able to share information with one another (Prasetyo and sutopo: 2018). Due to the development of today's modern industry, there are at least six designs for Industry 4.0, namely interoperability, virtualization, decentralization, real-time capabilities, service-oriented and modular. Industry is simply a machine, both literally and literally, which produces goods and services to meet consumer needs. However, as needs increase and the variety of needs and limited resources, a person cannot produce to meet these needs. Technically, production is the process of transforming inputs into outputs, but according to economics it will have a broader meaning. Because it is an industry, it will broadly cover quality control, maintenance, marketing strategy and distribution if it is a product (Muflihini: 2018).

Then the word halal comes from the root word which means "free" or not bound. Something that is lawful is something that is free from the bonds of worldly and *ukhrowi* dangers. Therefore the word "halal" also means "permissible". In legal language, this language includes everything that is permissible by religion, whether that permissibility is sunnah, recommendations to be carried out, makruh (recommendation to be abandoned) or *mubah* (neutral/permissible) (Shihab: 2013). In consuming food (or property), one must follow the rules determined by *syara'* or sharia, eating or

using property in a lawful manner (according to Islamic religious rules). This rule is contained in the Qur'an surah al-Baqarah (2) verse 168. Then in the Qur'an it is mentioned as *halalan tayyiban*, meaning that food is permissible to be consumed according to shari'ah and is good for the body according to health (medical)). Food is called halal at least, fulfilling three criteria, namely the substance is halal, the way it is obtained, and the way it is processed (Djakfar: 2013). Understand of halal concept is important, because it's knowledge. Knowledge includes, but is not limited to, descriptions, hypotheses, concepts, theories, principles and procedures that Bayesian probabilities are correct or valuable. Knowledge generally refers to facts, feelings, or experiences owned by individuals or groups. However, it can also be interpreted as awareness or a habit acquired from experience or learning. Especially, knowledge means experience and expertise acquired by individuals or groups (Devy and Ismanto: 2022).

Referring to the definition of halal above, the Halal Industry can be interpreted as everything that is done by the center of economic activity to meet the needs of people's lives based on sharia provisions. This means that what is part of the industry must be halal, starting from raw materials, production processes, marketing, maintenance, quality checking, to distribution must be halal or in accordance with Shari'a. If the service industry is coupled with service to consumers, it must be '*halal tayyiban*.' Industries that postscript tend to be materialist because they are pursuing profit oriented or business activities that provide economic benefits, coupled with halal which aims to seek goodness, safety in this world and the hereafter. There are two poles that want to be united, capitalist-materialistic with something based on spirituality and religiosity. The word halal is also often referred to interchangeably with sharia, because there are adjacent meanings. While the Qur'an, uses the term *shari'ah* in the sense of *ad-din* (religion), with the understanding of the path determined by God for humans. In its development, the word is defined as, "Way or guidelines for human life based on the provisions of Allah SWT (Ghofur: 2017). Therefore, the word halal is not only an element of the brand, but is already a belief system, moral code of ethics, and an integral part of everyday life. As a result, whether the term halal or fulfillment of sharia principles a process or value acquired in it plays an important role to shape the minds of Muslim consumers, especially when it requires consumption (Jaelani: 2017). The global community is starting to realize that halal is not only a religious matter, but is already a symbol of guaranteeing the quality and quality of a product. Hence, it has become a very promising industry. Therefore, other countries and societies, which are non-Muslims, besides being consumers and producers as well.

In addition to the explanation above, if one is caught there is a phenomenon, by borrowing the term of al-Faruqi, a Muslim scientist from Pakistan, that is as if there is an attempt to Islamize a materialistic industry. That's why in various terms it is said, halal or sharia tourism, sharia hotels, sharia banking and so on in an effort to improve the image of secular modern industrial tools towards industries full of spiritual, Islamic values. Was this attempt successful? Judging from the statistics, the public's impression of the halal industry's offer is indeed quite promising, but it is still far from expectations. Because efforts to change the image to become an option are not only determined by promotion but improvement in various aspects, especially infrastructure and human resources. Don't be impressed by the term halal, sharia is only a business 'cover' to get big profits from consumers who are predominantly Muslim.

4. RESULTS AND DISCUSSION

Islamic economics is certainly different from conventional economics which is materialistic. Conventional economics is represented by capitalists and socialists with their differences but in principle they hold the same basic assumptions about humans, society and economic activity. Both believe that humans can and must manage their economic life without any moral constraints (Masykuriah: 2020). With this view, conventional economics is not only materialistic but ignores values or is value-free. The universalism promoted by capitalism raises excessive dependence on what is called profit-oriented or capital-oriented, so that other values, apart from material profit, are something that is impossible (Muhammad: 2007), and this is different from Islamic economics. Islamic economics is the principles and activities of economic activities based on the teachings of the holy book, al-Qur'an and Hadith. Allah SWT says in the Qur'an which means:

"And seek what Allah has bestowed on you (happiness) in the hereafter, and do not forget your happiness from worldly (enjoyment) and do good (to others) as Allah has done good to you, and do not do mischief on (the face of) the earth. Verily, Allah does not like those who do mischief" (QS. Al-Qasas (28: 77).

In terms of Islamic economic principles, Yusuf Qardhawi stated, basically Islamic economics adheres to four values, *uluhiyyah*, *insaniyyah*, *akhlaqiyah*, and *washatiyyah* (Djakfar:2017). It is said to be *uluhiyyah* or *rabbaniyyah*, because Islamic economics (*shariah*) relies principally on divine values (monotheism-faith), which originate from the teachings of the Koran and the Sunnah of the Prophet Muhammad. *Insaniyyah* or humanitarian economy that is appreciative of people's lives. *Akhlaqiyah*, namely an economy based on moral-ethics, and *tawazun*, an economy of balance. Balance here means aligning obligations and rights (Djakfar: 2014).

Then according to Syed Nawab Haidar Naqvi, the characteristics of Islamic economics include unity (Tawhid), this axiom shows the vertical dimension of the ethical system that is true guidance from Allah. Unity on the other hand is unity as reflected in the concept of monotheism which integrates all aspects of Muslim life both in the economic and social fields into a homogeneous whole, and emphasizes the overall concept of consistency and order. Balance (*al 'adl wal ihsan*), balance or justice describes the horizontal dimension of Islamic teachings related to overall harmony in the universe. The laws and order that we see in the universe reflect a harmonious balance. Free will (*ikhtiyar*), is Islam's most original contribution to social philosophy regarding the concept of a "free" human being. Only God is free, humans are also given the freedom to guide their lives as caliphs on earth. and responsibility (self-responsibility), humans have responsibility for themselves and their environment, because responsibility is a dynamic principle related to human behavior (Desiana and Afrianty: 2017).

Even Karim completes it with *tawhid*, *'adl* (justice), *khilafah* (governance), *nubuwwah* (prophecy) and *ma'ad* (return). Adiwarman further explained that monotheism is the concept of the oneness of God which functions to give direction to economic actors because everything belongs to God, while humans are merely trustees. There is a system of accountability for every economic action. Finally, on a macro scale, this principle encourages the realization of economic justice ('Adl) in a society. However, to realize this justice, it is necessary to have the intervention of *khilafah* (government) as a regulator, as was well manifested in the existence of civil society or civil society

during the time of the Prophet (nubuwwah). The ultimate goal of all well-organized economic activities through this system is to maximize results (return/ma'ad) which not only use material measures but also religious aspects (Desiana and Afrianti: 2017).

In addition to the Islamic economic thinkers above, there is Mustaq Ahmad, with a business concept based on the Qur'an, which divides it into three main points. Namely, the first is a profitable business, which has three basic elements, by knowing the best investments, making logical, sound and reasonable decisions, and following good behavior. Second, a loss-making business. This business is the opposite of the first, because it lacks the underlying elements of a profitable business according to the Koran. All actions or transactions that make it possible to bring profit eventually turn out to be detrimental. This loss is described as destroying the proportion of the eternal treasury of the hereafter against the temporary pleasures of this world. and maintenance of achievements, rewards and punishments. Third, maintenance of achievement, reward and punishment. In this case the Qur'an explains that all human actions cannot be separated from the attention and recording of Allah SWT. Precisely because of that, for anyone who performs a positive achievement will get a reward (reward), whereas for a negative achievement he deserves a proper punishment (Desiana and Afrianti: 2017).

Based on some of the Islamic economic thoughts above, it can be concluded that at least Islamic economics has divine characteristics (*uluhiyyah-rububiyah*), humanity (*insaniyah*), ethical norms (*akhlaqiyyah*), balance (*wasathiyah*), free will (*ikhtiyar*), responsibility (*masuliyyah*) and maintains its achievements for doing business that benefits the world and the hereafter for the perpetrators. Halal industry actors (operators) should pay attention to these values so they don't get stuck in a capitalist-secular industry that ignores transcendental values. Because all our deeds will be held accountable before Allah swt. Especially on behalf of the halal industry which is of course based on Shari'a, Islamic teachings.

The values of tauhid uluhiyah in the Halal Industry must be implemented with all their might because they are the primary cause, the core and main of other values. In other words, rububiyyah or uluhiyyah values, as stated by Yusuf Qardhawi, will direct the actors (business-industry) to an atmosphere of economic activity based on faith (tawhid) (Djakfar: 2017). Containing the understanding that halal industry players must be able to control their business appetites so that they are in accordance with these Islamic values. According to various research reports that consumers of the halal industry are not only enjoyed by the Muslim community but those who are non-Muslims as well. One of them, according to the 2016/2017 Global Islamic Economy report is Russia, which is known for its socialist-communist views, is ranked 9th in the world as a consumer of halal food with an achievement of 37 billion US dollars (Faiqotul and Purwantini: 2018). With the expansion of halal industry consumers who are not limited to Muslims but also non-Muslim communities, human values or human characteristics should be applied universally, namely by providing excellent and maximum service regardless of ethnicity, status and religion so that consumers feel satisfied. In addition, good friendships are maintained between fellow human beings from various nations in the world.

The halal industry must prioritize *akhlaqiyyah* values, meaning that it implements the nobility of morality as exemplified by Rasulullah SAW. Therefore, we as his people must reflect his commendable character in every aspect of life. Yusuf Qardhawi reinforces what the Prophet exemplified by emphatically stating that all aspects of life cannot be separated from the aspect of

morality (Djakfar: 2017). Then at the halal industry level the form is to act as honest, trustworthy, convey openly, and be based on adequate knowledge and skills. The main objective of the halal industry is to make a profit like business in general, it is not wrong. In Islam, commerce or business is legal, meaning that efforts to get results are not prohibited. There is even a hadith narrated by Imam Bukhari, which states that the best job is from commerce or business. However, Islam teaches however that corporates should not prioritize their own interests, regardless of the interests of consumers which must be respected or protected. Therefore, the element of *washatiyah* or justice and balance should be applied in the Halal Industry. The balance here is that in the halal or sharia industry it is not only the pursuit of physical, material or pleasure satisfaction. But also inner satisfaction, namely spiritual values, by ensuring that all activities carried out in the halal industry are truly in accordance with sharia standards. Even though Islam allows the birth of materialism, as we are currently observing, according to Qardhawi, it must be based on the power of the revelation that was revealed. This is what is meant by the need for a balance between the material (internal) and spiritual (inner-transdent), in the halal industry (Djakfar: 2017).

Apart from the values above, the halal industry also needs to provide freedom and responsibility as stated by Syed Nawab Haidar Naqvi. In Islam there is also freedom, but this freedom has limits. Because after all it must be in the corridor of sharia provisions as has been taught. Humans are free to choose whatever business they are interested in, because that is a sign of limited freedom according to Islamic teachings. It should be realized that the chosen business is not value-free. Individual freedom is guided by broad guidelines and if individuals get unlimited willing it has the potential to cause harm to humans. Freedom is limited by Islamic values, which are *rahmatan lil 'aalamiin*. Based on this axiom of will, humans have freedom for economic activities, but a Muslim must believe that the one who has free and absolute will is Allah SWT. The freedom of will is closely related to unity and balance it is limited by responsibility (Desiana and Afriyanty: 2017).

5. CONCLUSION

The halal industry is an inevitability of the development of a business where there is demand (demand), then there is someone who provides (supply). And the prospects are very promising with increasing growth from time to time. Even though the identical halal label is a religious symbol, it is not a barrier for consumers across religions and nations to enjoy it. Because halal in its development is a symbol of guaranteeing cleanliness, safety and product quality for the entire production chain. The global community really appreciates and wants the existence of such an industry.

The Halal industry is not just a business machine in general, which is materialistic in nature and profit-oriented, but there are messages or values of Islamic teachings originating from the Qur'an and Hadith that must be upheld. Therefore, in his journey must be in accordance with the provisions of the Shari'a. Islamic economists, such as Yusuf Qardhawi, Syed Nawab Heidar Naqvi, Adiwarmar Karim and Mustaq Ahmad gave their opinions on the ideal Halal Industry. They said that the essence of Islamic economics at least has the character of monotheism (*uluhiyyah-rububiyah*), humanity (*insaaniyah*), ethical norms (*akhlaqiyyah*), balance (*wasathiyyah*), free will (*ikhtiyar*) and responsibility (*masuliyyah*). If some of these become part of the business of Muslims, such as the halal industry, they will get material success (*dhahir*) and spiritual happiness (inner-transcendence).

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