

## Analysis of the Influence of the Halal Industry on Indonesia's Economic Growth

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### ABSTRACT

The aim of this research is to examine how the halal industry, including halal food, halal clothing, halal medicine and cosmetics, halal travel and tourism, halal media and recreation and halal finance, influences Indonesia's economic growth. This research uses quantitative techniques using multiple linear regression. The data used comes from 2015-2021 and is interpolated monthly. The research results show that halal food and halal clothing partially have a positive and significant effect on Indonesia's economic growth; on the contrary, halal pharmaceuticals and cosmetics, halal travel and tourism, and halal finance have a negative and significant influence on Indonesia's economic growth; then Halal Media and Entertainment has no effect. Simultaneously, research shows that Indonesia's economic growth is influenced by halal food, halal clothing, halal pharmaceuticals and cosmetics, halal travel and tourism, halal media and recreation, and halal finance.

Keywords: Economic Growth, Halal Products, Influence Halal Products.



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### INTRODUCTION

The halal industry has developed as an industry that includes halal food and lifestyle such as Islamic finance, halal media and recreation, halal travel, halal clothing, halal medicine and cosmetics. The word "halal industry" is also used to describe industrial activities which include raw materials to processing processes to produce halal products using resources and methods permitted by Islamic rules (K, 2019) .

Halal industry includes all types of economic activities regarding the processing of main ingredients and utilizing industrial resources to make products using added value or additional profits, including industrial services which can be said to be not haram because they follow Islamic rules (Regulation of the Minister of Industry Number 44 of 2022 ) (Nurhisam, 2020) .

With very rapid development and the large opportunities that exist, various countries are starting to concentrate on developing halal industries to meet the needs of the Muslim ummah. Thomson Reuters world Islamic economic report says that Muslims spend US\$1.2 trillion on food and drink worldwide (Annio Indah Lestari, 2019) .

The growth of the halal industry is due to changes in the perspective of Muslim communities and Muslim consumers throughout the world, including Indonesia (Nurhisam, 2020) . This is shown by the prospects for the halal industry which continues to get higher every year. Based on government reports regarding the Global Islamic Report (2019), approximately 1.8 billion Muslims are customers of the halal industry. With total consumer spending reaching US\$2.2 trillion, the opportunity for consumers in the halal industry is estimated to increase by 5.2 percent every year. From 2018–2024, the CAGR (mixed annual growth rate) of the halal industry is expected to increase to 6.2%. Halal industry consumers will also spend more, reaching \$3.2 trillion in 2024, showing that this industry has a very good future. (State of the global Islamic Economy 2019).

**Table 1 Consumption of Indonesian Halal Products and Indonesian Economic Growth 2015-2021.**

Year	Halal Food (M)	Halal Fashion (M)	Halal Pharmacy & Cosmetics (M)	Halal Travel & Tourism (M)	Halal Media & Recreation (M)	Islamic Finance (M)	Growth Economy (%)
2015	\$154.9	\$13.28	\$5	\$9.1	\$8.8	\$23	4.79%
2016	\$169.7	\$13.5	\$9.4	\$9.7	\$9	\$26.7	5.02%
2017	\$170	\$20	\$9.1	\$10	\$10	\$82	5.07%
2018	\$173	\$21	\$9	\$11	\$10	\$86	5.17%
2019	\$144	\$16	\$9.4	\$10	\$22	\$99.2	5.02%
2020	\$135	\$15.6	\$28.13	\$3.37	\$20.73	\$127.71	2.07%
2021	\$146.7	\$10.1	\$10.1	\$11.2	\$22.4	\$119.5	3.69%

Source: SGIE 2015 – 2021 & Central Statistics Agency

Indonesia has enormous potential to develop the halal industry, largely due to its large Muslim population. Indonesia's population, which is estimated at 273 million people, contributes 12.7% of the world's Muslim population. This means that 87.2% of Indonesia's total population is Muslim (World Population Review, 2020). Due to the large number of Muslims, orders or interest in Halal products are increasing. Indonesia is claimed to be a representation of the world market for the halal industry. In fact, in 2017, Indonesia spent \$218.8 billion on halal goods (Sunarji, 2019) .

Halal industry has the ability and means to improve the economy. Therefore, the halal industry in Indonesia must be developed. Every year, the halal industry contributes \$3.8 billion to Indonesia's GDP. In addition, the halal industry creates 127,000 jobs every year and has received \$1 billion in investment from foreign investors. The halal industry can increase exports and the country's foreign exchange reserves if optimized again (Ministry of Finance of the Republic of Indonesia, 2019).

Currently, the halal industrial market has developed rapidly, covering the food, beverage, pharmaceutical, cosmetics, tourism, financial and many more sectors (Dewangga, 2018) . This not only provides economic benefits, but also promotes the values of justice, health and trust among society. The halal industry has also helped broaden understanding and appreciation of Islamic culture and beliefs on a global level. By considering sharia principles and integrating them into various sectors, the halal industry also contributes positively to society and continues to experience development and the economy at large (Saadah, 2018) . In general, there are several sectors that are developing in the halal industry, namely the food, clothing, pharmaceutical, travel and tourism, media, cosmetics and finance sectors.

For example, in halal food, along with the growing number of Muslims in various countries, the demand for halal products continues to increase. Countries that produce halal food products have increased their exports to reach customers all over the world (Harmono, 2019) . This creates new business opportunities, increases income and creates jobs. Not only that, the halal industry has also

encouraged discoveries in the food sector, with the development of technology and better production methods. Countries with a developing halal industrial sector have succeeded in attracting investment and cooperation from many countries. Developing halal infrastructure, such as industrial areas and halal technology parks, has produced a safe environment for entrepreneurs and investors to operate (Mufid, 2019) .

Several studies above show that the halal industry has an important influence in increasing Indonesia's economic growth. Therefore, this research aims to examine more deeply the impact of the halal industry on Indonesia's economic growth. The title raised is "Analysis of the influence of the Halal Industry on Indonesia's Economic Growth." "**Analysis of the Influence of the Halal Industry on Indonesia's Economic Growth.**"

### LITERATURE REVIEW

The word "halal" is also used for halal food, kitchens, clothing regulations, cutlery, logos and halal certificates. The halal industry is an industry that produces goods and services that are adapted to use sharia. Everyone is obliged to obey the rules taught in the Koran regarding halal and haram as well as the Sunnah to avoid haram (Soemitra, 2015) .

Halal is taken from the Arabic terms, namely "halla", "hillan", "yahillu", and "halal", which means something that is permitted or permitted by sharia rules. thus, the halal industry considers the production of industrial products mandatory in accordance with sharia regulations, which are permitted in Islam (Masyhud, 2019) . The concept of sharia states that everything eaten by Muslims, both food and non-food, must come from halal sources. According to Law No. 33 of 2014 concerning Halal product guarantees, the aim of the halal industry is that the state is obliged to protect and guarantee the halal status of products (Nurhisam, 2020) . Halal labeling of industrial products is very crucial for evaluating product quality, because halal reflects the goodness of intrinsic values both in the production process and in the final product (K, 2019) .

The halal industry has become the main focus of the world economy in the last decade. In relation to economic growth, many studies have underlined the significant role of the halal industry in its contribution to a country's economic development. In the Indonesian context, the halal industry also has great potential to influence economic growth (Aqwa Naser Daulay, 2019) .

Every year, the halal industry continues to progress. This growth will definitely have a positive impact on the Indonesian economy. It has been proven that sharia economics contributes US Dollar 3.8 billion to Gross Domestic Product (GDP) per year (Mahfudhoh, 2020) . Indonesian people consume halal products and export and import activities are proof of this contribution to GDP. Indonesian people's consumption of halal products is the largest in the world. More than 36% of all households in Indonesia used halal products in 2017. This is also equivalent to 20% of Indonesia's GDP ( Ministry of Finance of the Republic of Indonesia 2019).

Indonesia is one of the many countries developing the halal sector with huge potential. Of course, the large potential is a consequence of Indonesia's large Muslim population (Suryanto, 2019) . Indonesia's natural resources are very abundant. Indonesia's abundant natural resources have great potential to develop and develop various industries, including food, clothing, clothing, tourism, medicine and cosmetics. Production includes industry (Fahmi, 2018) .

### METHODS

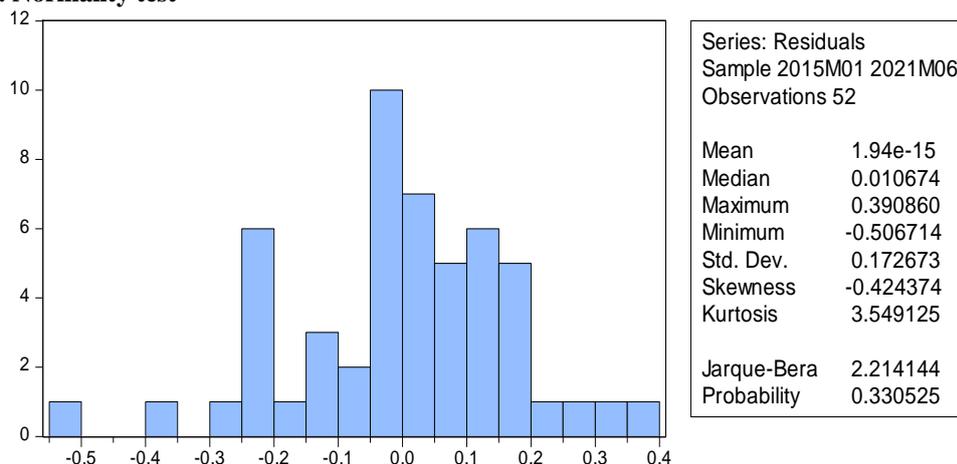
The value of the Adjusted R Square coefficient of determination is 0.972119, referring to the estimated coefficient of determination presented in the table above. This shows that economic growth is influenced by 97.2% by independent variables: halal food, Islamic finance, media and recreation, travel, fashion, pharmaceuticals and cosmetics. The variables not studied contributed 2.8% of the total variables.

## Classic Assumption Test Results

### Normality test

Normality test results are shown below. The normality test is carried out to determine whether the distribution of confounding or residual variables in the regression model has normal characteristics.

**Table 2. Normality test**



Jarque-Bera (JB) probability value = 0.330525, > 0.05, as shown in the normality test results display. therefore, the residual values are normally distributed, and regression analysis is the perfect choice to use.

### Multicollinearity Test

To see the influence of other independent variables, the Multicollinearity Test is used. By looking at the tolerance value and variance inflation factor (VIF), you can determine whether there is multicollinearity in the regression model or not.

**Table 3. Multicollinearity Test**

Variance Inflation Factors  
Date: 05/27/23 Time: 14:01  
Sample: 2015M01 2021M12  
Included observations: 52

Variable	Coefficient Difference	Not centered VIF	centralized VIF
C	16.00099	24623.03	NO
NOTE(X1)	0.673653	26634.63	8.263546
NOTE(X2)	7.57E-05	33.84742	2.942609
NOTE(X3)	0.002606	21.15390	1.400174
NOTE(X4)	0.003505	21.51503	3.783170
NOTE(X5)	0.003244	30.58895	3.572663
LOG(X6)	0.001817	42.87191	3.350932

Source: Data processed in 2023

According to the multicollinearity test table, it can be concluded that the centered VIF value of all independent variables is <10, as a result the regression model test meets the multicollinearity test.

### Heteroscedasticity Test

To see whether the linear regression model error has the same variance or not from one observation to another observation ( $\epsilon$ ). By using this test, you can find out whether from one observation to another there is heteroscedasticity of the variance of the residuals in the regression model. The heteroscedasticity test in this research uses the Harvey test.

**Table 4. Heteroscedasticity Test**

Heteroskedasticity Test: Harvey

F-statistic	1.851628	Prob. F(6.45)	0.1104
Obs*R-squared	10.29603	Prob. Chi-Square(6)	0.1127
Scaled explained SS	16.43081	Prob. Chi-Square(6)	0.0116

Source: Data processed in 2023

According to the Obs\*R-squared P-value of 0.1127, no heteroscedasticity problems were found. This is because the Obs\*R-squared P-value is  $0.1127 > 0.05$ . This shows that there is no heteroscedasticity problem

### Autocorrelation Test

The autocorrelation test aims to find out whether there is a correlation or relationship with confounding errors in the  $t-1$  (previous) period. If the value of  $dL$   $Du$  or  $dL < (4-DW) > dU$  then it can be said that there is no autocorrelation. The Durbin Watson test was used in this research, so the calculated results from the autocorrelation test can be reviewed in the table below:

**Table 5. Autocorrelation Test Results**

R-squared	0.975399	Mean dependent var	4.518462
Adjusted R-squared	0.972119	SD dependent var	1.100909
SE of regression	0.183825	Akaike info criterion	-0.425016
The sum of the squares is located	1.520622	Schwarz criteria	-0.162349
Note the possibilities	18.05043	Hannan-Quinn criteria.	-0.324316
F-statistics	297.3691	Durbin-Watson Statistics	0.458417
Problem (F-statistics)	0.000000		

Source: Data processed in 2023

In the Watson durbin above, a value of 0.458417 was obtained. then the values are compared using  $dL$  and  $du$ . The  $dL$  value is the lower Durbin Watson Statistics value, while  $du$  is the Upper Durbin Watson Statistics value. From the Durbin Watson table, the  $dL$  and  $du$  values can be seen at a significance level of 5% or 0.05, the number of samples is  $n$ , the number of variables is  $K$ . The value of  $dL = 1.3090$ ,  $du$  value = 1.8183,  $K = 6$  and  $n = 54$ .

In this way, after carrying out calculations and making comparisons with the Watson Durbin table, the Watson Durbin value is 0.458417, and the value of  $4-dw = 3.541583$  is between  $dL$  and  $du$ , namely  $1.3090 < 3.541583 > 1.8183$ . As a result, it can be concluded that there is no autocorrelation in the regression model in this study.

### Partial Test (T)

A significance test for the correlation between variable & recreation ( $X_5$ ) and halal finance ( $X_6$ ) partially influence the economic growth variable ( $Y$ ). Below is a table of partial test results.

**Table 6. Partial Test (T)**

Dependent Variable: Y

Method: Least Squares

Date: 05/27/23 Time: 13:57

Sample (adjusted): 2015M01 2021M06

Included observations: 52 after adjustments

Variables	Coefficient	Std. Error	t-Statistics	Problem.
C	-41.54663	4.000124	-10.38634	0.0000
NOTE(X1)	9.719268	0.820764	11.84173	0.0000
NOTE(X2)	0.064929	0.008699	7.463822	0.0000
NOTE(X3)	-1.133376	0.051046	-22.20305	0.0000
NOTE(X4)	-0.659210	0.059207	-11.13405	0.0000
NOTE(X5)	-0.059014	0.056960	-1.036065	0.3057
NOTE(X6)	-0.107009	0.042630	-2.510177	0.0157
R-squared	0.975399	Means var depends		4.518462
Adjusted R-squared	0.972119	SD-dependent var		1.100909
SE regression	0.183825	Akaike info criteria		-0.425016
The sum of the squares is located	1.520622	Schwarz criteria		-0.162349
Note the possibilities	18.05043	Hannan-Quinn Criter.		-0.324316
F-statistic	297.3691	Durbin-Watson stat		0.458417
Prob(F-statistic)	0.000000			

Source: Data processed in 2023

Referring to the partial test table using the t test, the analysis is as follows:

1. The t- statistic value of the halal food variable is 11.84173 which is greater than the t-table value of 2.01410 (t-Statistic > t-table) , with a significance level of 5% with a t test probability value of 0.0000 smaller than 0.05 (0.0000 < 0.05) as a result hypothesis one (Ha1) is accepted . The results of the analysis show that sanya partially there is a positive and significant influence between the halal food variable on economic growth.
2. The t- statistic value of the halal fashion variable is 7.463822 which is greater than the t-table value of 2.01410 (t-Statistic > t-table) , with a significance level of 5% with a t test probability value of 0.0000 smaller than 0.05 (0.0000 < 0.05) as a result hypothesis two (Ha2) is accepted . The results of the analysis show that sanya partially there is a positive and significant influence between the halal fashion variable on economic growth.
3. The t- statistic value of the halal pharmacy & cosmetic variable is -2.510177 which is greater than the t-table value of 2.01410 (t-Statistic > t-table) , with a significance level of 5% with a t test probability value of 0.0000 smaller than 0.05 (0.0000 < 0.05) as a result hypothesis three (Ha3) is accepted . The results of the analysis show that sanya partially there is a negative and significant influence between the halal pharmacy & cosmetic variables on economic growth.
4. The t- statistic value of the halal travel & tourism variable is -11.13405 which is greater than the t-table value of 2.01410 (t-Statistic > t-table) , with a significance level of 5% with a t test probability value of 0.0000 smaller than 0.05 (0.0000 < 0.05) as a result hypothesis four (Ha4) is accepted . The results of the analysis show that sanya partially there is a negative and significant influence between the halal travel variables & tourism on economic growth.
5. The t- statistic value of the halal media & recreation variable is -1.036065 which is smaller than the t-table value of 2.01410 (t-Statistic < t-table) , with a significance level of 5% with a t test probability value of 0.3057 greater than 0.05 (0.3057 > 0.05) as a result hypothesis five (Ha5) is rejected . The results of the analysis show that sanya partially there is no significant influence between the halal media & recreation variables on economic growth.
6. The t- statistic value of the halal finance variable is -2.510177 which is greater than the t-

table value of 2.01410 ( $t\text{-Statistic} > t\text{-table}$ ), with a significance level of 5% with a  $t$  test probability value of 0.0157 which is smaller than 0.05 ( $0.0157 < 0.05$ ) as a result hypothesis six ( $H_{a6}$ ) is accepted. The results of the analysis show that sanya partially there is a negative and significant influence between the halal finance variables on economic growth.

### Simultaneous Test (F)

The  $f$  test is intended to test the significance of the correlation between variable and halal finance ( $X_6$ ) influence the economic growth variable ( $Y$ ) simultaneously. Below is a table presenting the results of simultaneous tests.

**Table 7. Simultaneous Test (F)**

R-squared	0.975399	Mean dependent var	4.518462
Adjusted R-squared	0.972119	SD dependent var	1.100909
SE of regression	0.183825	Akaike info criterion	-0.425016
The sum of the squares is located	1.520622	Schwarz criteria	-0.162349
Note the possibilities	18.05043	Hannan-Quinn criteria.	-0.324316
F-statistics	297.3691	Durbin-Watson Statistics	0.458417
Problem (F-statistics)	0.000000		

Source: Data processed in 2023

Referring to the table above, the simultaneous test or  $f$  test that has been carried out shows the results of the impact analysis of the variables halal food ( $X_1$ ), halal fashion ( $X_2$ ), halal pharmacy & cosmetic ( $X_3$ ), halal travel & tourism ( $X_4$ ), halal media & recreation ( $X_5$ ) and halal finance ( $X_6$ ) influence the economic growth variable ( $Y$ ), obtained an  $F$ -statistic value of 297.3691 and an  $F$ -table value of 2.31 ( $F\text{-statistic} > F\text{-table}$ ) with a probability value of  $0.000000 < 0.05$ , it can be concluded that hypothesis seven ( $H_{a7}$ ) is accepted. the results of the analysis provide results that simultaneously (together) there is a significant impact of the variables halal food ( $X_1$ ), halal fashion ( $X_2$ ), halal pharmacy & cosmetic ( $X_3$ ), halal travel & tourism ( $X_4$ ), halal media & recreation ( $X_5$ ) and halal finance ( $X_6$ ) on the economic growth variable ( $Y$ ).

### Coefficient of Determination Test

**Table 8. Coefficient of Determination Test**

To measure the magnitude of the proportion of impact of the independent variable on the dependent variable. After testing the coefficients on the independent and dependent variables, the results are obtained in the table below:

R-squared	0.975399	Mean dependent var	4.518462
Adjusted R-squared	0.972119	SD dependent var	1.100909
SE of regression	0.183825	Akaike info criterion	-0.425016
Sum squared resid	1.520622	Schwarz criterion	-0.162349
Log likelihood	18.05043	Hannan-Quinn Criter.	-0.324316
F-statistic	297.3691	Durbin-Watson stat	0.458417
Prob(F-statistic)	0.000000		

Source: Data processed in 2023

Referring to the estimated coefficient of determination presented in the table above, it is found that the value of the Adjusted R Square coefficient of determination is 0.972119. This means that 97.2% of the variation of all independent variables is halal food ( $X_1$ ), halal fashion ( $X_2$ ), halal pharmacy & cosmetic ( $X_3$ ), halal travel & tourism ( $X_4$ ), halal media & recreation ( $X_5$ ). ) and halal

finance (X6) influence economic growth, while the remaining 2.8% is explained by other variables not studied.

### Multiple Linear Regression Test

This analysis is used to calculate how big the impact of the independent variables are, namely, halal food (X1), halal fashion (X2), halal pharmacy & cosmetic (X3), halal travel & tourism (X4), halal media & recreation (X5) and halal variables. finance (X6) on the economic growth variable (Y). The regression model tested is:

$$PE = \alpha + \beta_1 HFD + \beta_2 HFS + \beta_3 HPC + \beta_4 HTT + \beta_5 HMR + \beta_6 HFN + \epsilon$$

The results of the analysis using Eviews software are as follows:

**Table 9. Multiple Linear Regression Test**

Dependent Variable: Y

Method: Least Squares

Date: 05/27/23 Time: 13:57

Example (customized): 2015M01 2021M06

Including observations: 52 after adjustment

Variable	Coefficient	Std. Error	t-Statistics	Problem.
C	-41.54663	4.000124	-10.38634	0.0000
NOTE(X1)	9.719268	0.820764	11.84173	0.0000
NOTE(X2)	0.064929	0.008699	7.463822	0.0000
NOTE(X3)	-1.133376	0.051046	-22.20305	0.0000
LOG(X4)	-0.659210	0.059207	-11.13405	0.0000
LOG(X5)	-0.059014	0.056960	-1.036065	0.3057
LOG(X6)	-0.107009	0.042630	-2.510177	0.0157

Source: Data processed in 2023

The results of multiple linear regression analysis are presented in the table above with equations and will be explained as follows:

$$P.E = -41.54663 + 9.719268HFD + 0.064929HFS - 1.133376HPC - 0.659210HTT - 0.059014HMR - 0.107009HFN$$

- The constant value is -41.54663, which means that the variables are halal food (X1), halal fashion (X2), halal pharmacy & cosmetic (X3), halal travel & tourism (X4), halal media & recreation (X5) and halal finance (X6) remains or is equal to zero, then economic growth has reached 41.55 units.
- The coefficient value is 9.719268 for halal food, meaning that if the halal food variable increases by 1 unit, economic growth will increase by 9.72 units.
- The coefficient value of 0.064929 for halal fashion means that if the halal fashion variable increases by 1 unit, economic growth will increase by 0.06 units.
- The coefficient value is -1.133376 for halal pharmacy & cosmetic, which means that if the halal pharmacy & cosmetic variable increases by 1 unit, economic growth will decrease by 1.13 units.
- The coefficient value is -0.659210 for halal travel & tourism, which means that if the halal travel & tourism variable increases by 1 unit, economic growth will decrease by 0.66 units.
- The coefficient value of -0.059014 for halal media & recreation means that if the halal media & recreation variable increases by 1 unit, economic growth will decrease by 0.06 units.

The coefficient value of -0.107009 for halal finance means that if the halal finance variable increases by 1 unit, economic growth will decrease by 0.11 units.

## RESULTS AND DISCUSSION

### **The Influence of Halal Food on Economic Growth in Indonesia**

The results of hypothesis testing using a partial test (t test) show that the halal food variable has a t-statistic value of 11.84173 which is greater than the t-table value of 2.01410 (t-statistic is greater than t-table), with a significance level of 5% , and the t test probability value of 0.0000 is smaller than 0.05 ( $0.0000 < 0.05$ ). Thus, hypothesis one ( $H_{a1}$ ) is accepted. The results of the analysis show that factors related to halal food have a partially positive and significant impact on economic growth. Also according to the results of hypothesis testing using multiple linear regression tests, the coefficient value obtained was 9.719268 for halal food, meaning that if the halal food variable was 1 unit higher, economic growth would increase by 9.72 units.

It is shown in the analysis results that there is a positive impact of Halal Food on Economic Growth, if halal food consumption increases, it will result in economic growth also increasing. Previous studies also found that halal food businesses helped the Indonesian economy and increased total economic production by 1.5 trillion rupiah. Apart from that, the increasing popularity of the halal living trend has an impact on the involvement of this industry regarding the country's economy (Ministry of Finance of the Republic of Indonesia, 2021). The halal industry market space in relation to GDP is increasing from 24.3% in 2016 to 24.86% in 2020. Research shows that the population and per capita income of each country influence the competitiveness of Indonesian frozen shrimp in 5 countries. Apart from that, Indonesia is one of the countries exporting fisheries commodities in the world, with an export market share of 3.2% in 2021, or reaching USD 5.26 billion (Sintaini Fi Sholiha, Fauzi Arif Lubis, Khairina Tambunan, 2023).

Apart from that, halal product certification, especially those related to halal food, also helps develop the halal business environment in Indonesia (Lubis, 2020) . For customers, halal certification provides protection, guarantees, and information about product halalness, and is a tool for business ethics. For businesses, halal certification increases customer confidence and enters the global halal food market (Warto, Samsuri, 2020).

Analysis shows that the halal food industry currently provides new opportunities for economic growth and development. It is said to be a new opportunity because the development of the halal industry involves Muslim majority countries as well as Muslim minority countries (Angraini, 2020) . Therefore, the Indonesian government is trying to develop the halal food and beverage industry in that country as well. Law number 33 of 2014 concerning Halal Product Guarantee Article 4 stipulates that halal product certification is a must to encourage the implementation of halal standardization, one of which is halal certification (Fuadi, Andri Soemitra, Zuhri M Nawawi, 2022).

From January 2023, the Ministry of Religion's Halal Product Guarantee Organizing Agency has also issued 2,171 halal certificates (SH). The number of halal certificates is very large, especially since it takes about one month (Prudential, 2022) .

### **The Influence of Halal Fashion on Economic Growth in Indonesia**

the results of hypothesis testing using a partial test (t test) show that, with a significance level of 5% and a t test probability value of 0.0000 less than 0.05 ( $0.0000 < 0.05$ ), the t-statistical fashion variable value is 7, 463822 is greater than the t-table value of 2.01410 (t-statistical > t-table). The results of the analysis show that the fashion variable partially has a positive and significant impact on economic growth. Also according to the results of hypothesis testing using the multiple linear regression test, the coefficient value obtained was 0.064929 for halal fashion, namely that if the fashion variable was 1 unit higher, economic growth would be 0.06 units higher.

Indonesian Muslim culture is also very crucial. Muslim clothing continues to develop every year. Muslim clothing exports in 2019 reached 9.2 billion dollars, or 9.8% of total processing industry exports. Consumption of Muslim clothing products in the domestic market reached 20 billion

dollars, with an average growth of 18.2% (FIN Editorial 2019). Apart from that, this potential is increasingly possible to achieve thanks to the government's support and work, such as the ratification of Law number 33 of 2014 concerning Halal Product guarantees, the many Muslim clothing designers and Muslim clothing exhibition events, and positive public responses (AI Faried 2019; Aan Nasrullah 2018). Apart from the potential that exists in each sector, technological advances also have potential for the halal industry in Indonesia as a whole. Technological advances have encouraged increased socialization and promotion of the halal industry in Indonesia, as well as making halal industrial products more efficient and effective (Faried, 2019; Jaelani, 2017).

Based on the 2020–2021 State of Global Islamic Economy (SGIE) Report, Indonesia is ranked third in the Top 10 Modest Fashion World, behind the United Arab Emirates and Turkey. from the State of global Islamic Economy Report 2019, Serra is included in the Top 10 Muslim Fashion Consumer Markets with total consumer spending of USD 21 billion. Even though there is halal certification on the product, halal labeling is also important for manufacturers because they are responsible for Muslim customers. Halal labeling can prevent customers from eating, medicines and cosmetics made from non-halal ingredients. (Khotimah, 2018).

#### **The Influence of Halal Pharmacy and Cosmetics on Economic Growth in Indonesia**

According to the results of hypothesis testing using the partial test (t test), it was found that the pharmaceutical and cosmetic variables had a t-statistic value of -271.5778 which was greater than the t-table value of 2.01410 (the t-statistic was greater than the t-table) , with a significance level of 5%, and a t test probability value of 0.0000 which is smaller than 0.05 ( $0.0000 < 0.05$ ). This shows that hypothesis 3 (Ha3) is accepted. The results of the analysis show that pharmaceutical and cosmetic variables have a partially negative and significant impact on economic growth.

And according to the results of hypothesis testing using the multiple linear regression test, the coefficient value of -1.133376 for pharmaceutical & cosmetics is that if the pharmaceutical & cosmetic variable is 1 unit higher, economic growth will decrease by 1.13 units.

Based on what the main director of Bio Farma, M. Rahman Roestan, said, implementing halal standardization in the pharmaceutical industry is a challenge, considering that approximately 95% of pharmaceutical raw materials are still imported, as a result, implementing this halal product guarantee, which is relatively critical for the pharmaceutical industry, requires support from raw material suppliers.

The opportunity for the halal cosmetics industry itself is industrial growth, the growth of the cosmetics industry in Indonesia which reaches 12% per year based on the Euro Monitor International Marketing Research forum and the large potential market share in Indonesia, while the threat is increasingly competitive industry competition and the government's actions which seem discriminatory towards imported products. cosmetics, where the government does not verify imported cosmetic products as a result the Indonesian market is flooded with imported products, approximately 60% of Indonesian cosmetic products are imported, while the rest are local products (Wulandari Indah, 2017).

So we also need to know that large imports will result in higher demand for other countries' currencies as a result of which the domestic currency will weaken. High imports will also reduce domestic production as a result of which unemployment will increase and income will decrease so that people's purchasing power will also decrease (Adhista, Mira 2022).

#### **The Influence of Halal Travel and Tourism on Economic Growth in Indonesia**

According to the results of hypothesis testing using a partial test (t test), the result was that the t-statistic value of the travel variable was -11.13405 greater than the t-table value of 2.01410 (t-Statistic > t-table), with a significance level of 5 % with a t test probability value of 0.0000 smaller

than 0.05 ( $0.0000 < 0.05$ ) as a result hypothesis four ( $H_{a4}$ ) is accepted. The results of the analysis show that partially there is a negative and significant impact between travel variables on economic growth.

Also according to the results of hypothesis testing using the multiple linear regression test, the coefficient value obtained was -0.659210 for travel, namely that if the travel variable was 1 unit higher, economic growth would decrease by 0.66 units.

The results of this research are also in line with the findings, that in the development of halal travel and tourism there are negative impacts that can affect the Indonesian economy, namely (Maksum Rangkuti, 2023):

1. Vulnerability to global economic fluctuations, meaning that the tourism industry is greatly influenced by global economic fluctuations. Changes in global economic conditions, such as a financial crisis or economic slowdown in major tourist-producing countries, may cause a decline in the number of tourists and their spending. This could result in a decline in tourism revenues, harm related sectors, and disrupt overall economic growth.
2. High dependence on tourism, meaning that some regions or countries that rely heavily on tourism as their main source of income can experience high economic vulnerability. If there is a sudden change in travel patterns or instability in the tourism sector, the region's economy could be shaken. Excessive reliance on tourism without adequate economic diversification can make regions vulnerable to economic crises.
3. Changes in economic structure, meaning that when tourism develops rapidly, sometimes there is a shift in the economic structure of an area. Resources previously used for other sectors can be transferred to the tourism sector, such as land used for building hotels or restaurants. This may result in inefficiencies or greater economic dependence on tourism, ignoring the potential of other sectors that can also make significant economic contributions.
4. Unequal distribution of income: Although tourism can create jobs and provide economic opportunities, unequal distribution of income often occurs. The economic benefits of tourism are often concentrated in certain sectors and large companies, while local communities in less developed tourist areas may not benefit significantly. This can deepen the social and economic gap between tourist areas and surrounding areas.
5. Inflation and price increases: Increased tourism can lead to price increases in certain sectors such as accommodation, food and transportation. This can result in inflation and increased living costs for local residents, especially if appropriate regulatory measures are not in place.
6. Labor issues: Rapid tourism growth often requires additional labor. However, a lack of appropriate skills and competition for jobs in the tourism sector can create workforce problems. Sometimes, tourist areas face difficulties in meeting high labor demand, while in other places there may be structural unemployment due to over-reliance on tourism jobs. Additionally, the tourism sector tends to have high seasonality, meaning workers only have temporary employment during certain tourism seasons and face income uncertainty outside of those seasons.

The environmental pressure that arises from tourist activities is currently increasing, the amount of rubbish continues to increase and waste, pollution, sanitation and beauty problems are the impacts caused by the increasing number of visitors and the infrastructure that is being built to meet the needs of tourists who come. (Iffa et al. 2015; Sahu, Nair, and Sharma 2014).

The Travel and Tourism Competitiveness Index (TTCI) has recorded and assessed the sustainability of the environment and natural resources by considering the tourism performance of countries in the world. It is clear that Indonesia is ranked 131st out of 136 countries assessed (WEF 2017). This can occur due to excessive and excessive use of ecosystems in tourist destinations. Not only that, the consumption of water, energy and waste from the population in general is not as much as that from tourists, which reaches twice as much, as well as the use of

chemicals and non-degradable materials in hotels and restaurants, as a result the environment will be polluted (ILO 2012).

The consequences of tourism activities contribute to the ecosystem from several aspects, namely, transportation, recreational areas, erosion and piles of rubbish, energy use which contributes to CO<sub>2</sub> emissions, biotic changes, extinction of wild species, expansion of disease and water use (Gössling 2002).

Another research conducted by Sharma in 2016 at the tourist destination of Kerwa, Bhopal, India found that increasing tourism activity resulted in the use of resources and created waste that was dangerous for the environment, including disruption of tourism activities as a result reducing tourists' interest in visiting (Sharma 2016). That indeed, from the increase in the halal travel and tourism sector, there are still many bad or negative impacts on tourist-producing countries, which of course, from these many impacts, will influence the decline in economic growth itself.

### **The Influence of Halal Media & Recreation on Economic Growth in Indonesia**

According to the results of hypothesis testing using a partial test (t test), the result was that the t-statistic value of the media & recreation variable was -1.036065 smaller than the t-table value of 2.01410 (t-Statistic < t-table), with a level significant 5% with a t test probability value of 0.3057 greater than 0.05 (0.3057 > 0.05) as a result hypothesis 5 (Ha5) is rejected. The results of the analysis show that partially there is no significant impact between the media & recreation variables on economic growth.

Also according to the results of hypothesis testing using the multiple linear regression test, the coefficient value obtained was -0.059014 for media & recreation, namely that if the media & recreation variable was 1 unit higher, economic growth would decrease by 0.06 units.

This finding is also supported by other researchers, halal media and recreation, the contribution of halal media and recreation to economic growth has experienced positive growth. However, it needs to be acknowledged that literacy regarding media and halal recreation is still low. This can be seen from the lack of films with Islamic nuances in Muslim-majority countries (Maskur, M 2022). This sector is currently one of the creative economy sub-sectors that has potential. The growth of films, animations and videos is increasing significantly. This increase is also one of the impacts of the Covid-19 pandemic. However, in the context of halal-based media and recreation, it is not yet optimal. This is shown by the lack of public interest in religious-based films (Mubarak & Imam, 2020).

### **The Influence of Islamic Finance on Economic Growth in Indonesia**

According to the results of hypothesis testing using a partial test (t test), the result was that the t-statistic value of the Islamic finance variable was -2.510177 greater than the t-table value of 2.01410 (t-Statistic > t-table), with a significant level 5% with a t test probability value of 0.0157 smaller than 0.05 (0.0157 < 0.05) as a result hypothesis six (Ha6) is accepted. The results of the analysis show that partially there is a negative and significant impact between the Islamic finance variables on economic growth.

Also according to the results of hypothesis testing using multiple linear regression tests, the coefficient value of -0.107009 for Islamic finance is that if the Islamic finance variable is 1 unit higher, then economic growth will decrease by 0.11 units.

The results of the analysis show that there is a negative impact of Islamic Finance on Economic Growth, meaning that Islamic Finance does not have a significant impact and if Islamic Finance experiences an increase then the effect on economic growth will decrease.

The results of this research are also in line with the findings which show that in the short term, the

variables of Islamic bank financing, government spending and investment do not have a significant effect on economic growth (Nofrianto, Muliana, Y., & Cahyadi, A, 2021).

It is very promising to look at the future of fintech in Indonesia, but behind that there are still many conflicts from the existence of fintech which has a negative influence. The public's high interest in using fintech has succeeded in giving rise to many illegal fintech individuals. Not only that, the increasing popularity of fintech in Indonesia has had an impact on increasing crime rates in the e-commerce sector, such as hacking of personal data, financing fraud, misuse of client data, or what can be experienced by fintech companies, namely failure to pay as credit financing mediators. (Sukmawati, 2019) .

What is no less interesting about the existence of fintech is that apart from being able to move the wheels of the economy, it can also change the behavior of consumers or society. This shift in consumption patterns is driven by the tendency for easy transactions to encourage an increase in people's consumption patterns which without realizing it leads to wasteful lifestyles. among the lower middle class, especially millennials, and also due to the development of the existence of fintech which is "allegedly" having a big impact on conflicts between retail business actors and conventional MSMEs, this is proven by the closure of several minimarket outlets and supermarkets in Indonesia (Muh Rudi Nugroho, 2019).

This is also inseparable from the level of financial literacy of the Indonesian people which is still low, compared to neighboring countries Singapore and Malaysia where their literacy levels are 98% and 66% respectively, Indonesia's financial literacy is much lower. In 2022, a survey was conducted by the OJK and it was found that 49.68% was Indonesia's financial literacy level and 85.10% was financial inclusion (Financial Services Authority, 2022b). The important impact of the level of financial literacy is also shown in the findings that financial literacy and financial inclusion partially and simultaneously have a positive and significant effect on the scale-up of MSME businesses. The impact of financial literacy and financial inclusion on the scale-up of MSME businesses is 29.2%. maintaining reason by increasing financial literacy, financial inclusion, maintaining nutrition and scaling up businesses, including maintaining lineage and religion, which has been explained in the maqashid of sharia (Ayatina, 2020) . This is intended for stakeholders to increase literacy and inclusion for MSME activists so that it is easier to obtain financial access because none other than MSMEs are pillars and play a big role in the national economy (Yuliana Pida, Imsar, 2022).

## CONCLUSION

Based on the analysis and discussion, the following conclusions can be drawn, namely: Based on the results of calculations that have been carried out using the Multiple Linear Regression model, it can be seen that the halal industry consists of Halal Food, Halal Fashion, Halal Pharmacy & Cosmetic, Halal Travel & Tourism, Halal Media & Recreation, Halal Finance simultaneously obtained an F-statistic value of 297.3691 and an F-table value of 2.31 (F-statistic > F-table) with a probability value of  $0.000000 < 0.05$ , so the results are simultaneous The halal industry influences economic growth. There is an impact between Halal Food and Halal Fashion on Indonesia's economic growth from 2015 - 2021. There is a positive and significant impact between Halal Food and Halal Fashion on economic growth from 2015 - 2021. Meanwhile, Halal Pharmacy and Cosmetic, Halal Travel and Tourism, Halal Finance has a negative and significant impact on Indonesia's economic growth from 2015 - 2021.

The halal industry in Indonesia has experienced rapid growth in recent years. This is supported by the high increase in demand from domestic and international markets, the growth of the halal industry has also contributed to increasing economic growth and also creating jobs. However, this increase could also have a negative impact on economic growth.

Indonesia should be more active in promoting its halal products on the international market. Collaborative efforts between the government, trade institutions and industry players in marketing halal products can open up greater export opportunities and support economic growth through foreign exchange earnings, as well as building infrastructure that supports the halal industry such as halal testing laboratories, efficient halal certification and research centers. Halal can strengthen this industrial base. This will help in ensuring the quality and suitability of halal products, which in turn will increase local and international consumer confidence.

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