

## From Value-Free Positivism To Prophetic Paradigm: Rethinking Paradigms In The Halal Industry

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Received: November 20, 2025, Revised January 3, 2026

Accepted: January 5, 2026, Published: January 31, 2026

**Abstract:** This study aims to conceptualize the paradigm of the halal industry through a prophetic framework as an alternative to the long-established assumption of value-neutral economics. Specifically, the research seeks to illustrate how prophetic values, humanization, liberation, and transcendence can redefine ethical foundations within halal-oriented economic activities. Employing a qualitative library research method, this study systematically reviews and analyzes classical and contemporary literature related to prophetic social science, Islamic economics, and the halal industry. The findings reveal that the humanization dimension emphasizes the ethical obligation to safeguard human well-being by promoting justice, safety, and dignity for all stakeholders involved in halal production and consumption. The liberation dimension highlights the role of the halal industry in resisting exploitative, unjust, and environmentally harmful practices, thereby supporting social equity and sustainability. Meanwhile, the transcendence dimension situates economic behavior within a framework of spiritual accountability, where economic decisions are guided by moral consciousness and divine responsibility rather than material gain alone.

**Keywords:** Value-Free Economics; Prophetic Paradigm; Halal Industry.

**Abstrak:** Penelitian ini bertujuan untuk merumuskan paradigma industri halal dengan menggunakan pendekatan profetik sebagai respons kritis terhadap pandangan ekonomi yang selama ini dianggap bebas nilai. Fokus utama penelitian adalah menjelaskan bagaimana nilai-nilai profetik yang meliputi humanisasi, liberasi, dan transendensi dapat membangun fondasi etika baru dalam praktik dan pengembangan industri halal. Penelitian ini menggunakan metode kualitatif melalui studi pustaka dengan menelaah secara mendalam literatur yang relevan, baik klasik maupun kontemporer, yang berkaitan dengan industri halal, dan ilmu sosial profetik. Hasil kajian menunjukkan bahwa dimensi humanisasi menegaskan pentingnya perlindungan terhadap kesejahteraan manusia dengan menjunjung tinggi prinsip keadilan, keamanan, dan martabat bagi seluruh pelaku ekonomi. Dimensi liberasi menekankan upaya pembebasan industri halal dari praktik eksploratif, tidak berkeadilan, serta merusak lingkungan, sehingga mendorong terciptanya keberlanjutan dan keadilan sosial. Sementara itu, dimensi transendensi memposisikan aktivitas ekonomi sebagai bagian dari tanggung jawab spiritual, di mana setiap keputusan ekonomi didasarkan pada kesadaran moral dan pertanggungjawaban kepada Tuhan. Secara keseluruhan, paradigma profetik menawarkan kerangka alternatif yang menempatkan nilai etika dan spiritual sebagai inti pembangunan industri halal yang berkelanjutan dan inklusif.

**Kata Kunci:** Ekonomi Bebas Nilai; Paradigma Profetik; Industri Halal.



### A. Introduction

Criticism of the neoclassical economic paradigm and the basic concept of homo economicus has developed increasingly intense. Various social science disciplines highlight that the neoclassical economic approach is unable to represent the complexity of human behavior as a whole. The criticism generally focuses on the fundamental assumptions of homo economicus, which views humans as individuals who are fully rational, self-interested, and separate from the social and cultural realities in which they live. Furthermore, the view that economics is neutral or value-free has also been highlighted. In reality, moral dimensions, ethics, and social norms have a significant influence on the economic decision-making process as well as the direction of economic theory development itself. Therefore, there is a need to revisit the epistemological foundations of economics to better fit the multidimensional human reality<sup>1</sup>.

In the realm of economics, the debate over *value-free* claims continues to be an important concern in scientific discourse. So far, the dominant view in the scientific tradition assumes that science, including economics, should explain reality objectively without being affected by the subjective values of observers. However, this approach is increasingly being questioned because in reality, every scientific process departs from certain assumptions and values that cannot be completely ignored<sup>2</sup>. In contemporary economic studies, it is increasingly realized that aspects of values and culture cannot be separated from economic analysis because both are difficult to measure quantitatively but have a significant influence on economic dynamics. Efforts to understand the economy as a system that works through value-free mechanisms have proven to be inadequate in explaining the complexity of social reality. Approaches that negate the value and cultural

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<sup>1</sup> Aleksander Ostapiuk, *The Eclipse of Value-Free Economics The Concept of Multiple Self versus Homo Economicus* (Publishing House of Wroclaw University of Economics and Business Wroclaw, 2020).

<sup>2</sup> Robert L. Heilbroner, "Economics As A 'Value-Free' Science," *JSTOR* 40, no. 1 (1973): 129–43, <https://www.jstor.org/stable/40970129>.

dimensions tend to simplify economic behavior into mere rational responses to material incentives<sup>3</sup>.

Amartya Sen argues that economics needs to reconcile with moral philosophy. This view emphasizes the importance of restoring the ethical dimension in economic analysis which has tended to be reduced to a matter of efficiency and rationality alone. Sen considers that the separation between economics and morality has resulted in a narrowing of the meaning of human welfare, where economic success is often measured only through material indicators such as growth and income, without considering the values of justice, freedom, and overall social welfare. In this context, economics needs to be understood not only as a science that explains market mechanisms, but also as a branch of knowledge that has a moral responsibility to improve the quality of human life. The re-integration between economics and moral philosophy is expected to give birth to an economic paradigm that is more oriented towards humanity, social justice, and a balance between the interests of individuals and society<sup>4</sup>. Morality is seen as an integral part of the process of human thought and action. The study of morality focuses not only on the normative dimension, but also on how value systems and *virtues* influence the way individuals make decisions and interact in social and economic contexts<sup>5</sup>.

The prophetic paradigm comes as a critique of the claims of objectivity and value-free in economics, as well as social science in general, which are promoted by positivism. In contrast to approaches that only focus on data collection and fact analysis, Prophetic Social Science explicitly emphasizes the importance of a value foundation. This paradigm aims to create an integration between science and Islamic values, by emphasizing that economic activities such as industrial orientation should not be solely aimed at profit, but should also be based on moral and ethical considerations. As its paradigmatic foundation, the prophetic paradigm sets three main values: humanization, liberation, and transcendence. Through this framework, the prophetic paradigm offers a holistic Islamic

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<sup>3</sup> Annie Tubadji, "Value-Free Analysis of Values: A Culture-Based Development Approach," *Sustainability* 12, no. 9492 (2020), <https://doi.org/doi:10.3390/su12229492>.

<sup>4</sup> A Sen, *On Ethics and Economics* (Oxford: Blackwell, 1987).

<sup>5</sup> Adam Smith, *The Theory of Moral Sentiments* (Oxford: Oxford University Press, 1759).

perspective on human social and cultural life<sup>6</sup>. Contemporary phenomena show that halal business practices are often trapped in a reductionist approach, focusing only on the narrow aspects of product halalness, while ignoring the dimensions of social ethics which are actually an integral part of the halal concept itself<sup>7</sup>. In fact, essentially, the halal framework in Islam covers a broader spectrum that is not only limited to the product aspect (*halal product*), but also requires ethical and socially responsible business practices (*halal process*).

Within this framework, reorienting the halal business paradigm is a strategic imperative to deepen public awareness of the fundamental principles of obtaining halal products. Furthermore, the findings of previous research confirm the urgency of raising the standards of spirituality and morality among business actors in order to ensure that halal business practices are substantively in line with sharia principles. Thus, strengthening this ethical and spiritual dimension not only serves as a complement to product halal standards, but also builds a solid foundation for consumer confidence in the substantive values and holistic benefits promoted by the halal business system<sup>8</sup>.

## B. Literature Review

### I. Criticism of Value-Free in Socio-Economic Science

The majority of economists have realized the various limitations inherent in the neoclassical economic approach. Nonetheless, there are still doubts among them about the future direction of the discipline of economics. Currently, economics is at a transitional stage that can be categorized as a *paradigm shift*. In this context, the main debate revolves around the question of whether neoclassical economics needs to undergo fundamental changes, or whether it is sufficient to make moderate adjustments by incorporating

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<sup>6</sup> Alfiansyah Anwar, Musafir Pababbari, and Musdalifa Ibrahim, "Analisis Paradigma Ilmu Sosial Profetik (Tela'ah Pemikiran Kuntowijoyo)," *SHOUTIKA: Jurnal Studi Komunikasi Dan Dakwah* 3, no. 2 (2023): 23–45.

<sup>7</sup> A.S.M. Shahabuddin, M.E.A. Sukor, and N.H Hashim, "Product-Centric Halal Business: A Critique from an Islamic Perspective," *Journal of Islamic Marketing* 11, no. 6 (2020): 1707–24.

<sup>8</sup> Ahmad Rafiki et al., "Salient Practices of Halal Management in Southeast Asia: A Systematic Literature Review," *Journal of Islamic Marketing* 16, no. 7 (2025): 1821–1843, <https://doi.org/DOI 10.1108/JIMA-02-2024-0059>.

perspectives from other fields of science such as psychology and sociology. An economic approach that claims value neutrality risks closing the space for ethical and moral reflections that could enrich economic analysis. Therefore, there is a need to explicitly acknowledge the value base that is the starting point for any economic research. By being transparent about the values that underpin analysis, economics can strengthen its scientific integrity and make a more meaningful contribution to society. In this context, recognizing the role of values is not a threat to scientific objectivity, but rather a form of epistemological honesty that makes economics more humane and socially relevant <sup>9</sup>.

Economic philosophy acts as a conceptual framework that integrates three main dimensions, namely rationality, ethics, and methodology. This approach allows economic analysis to not only focus on the rational aspects, but also consider the moral values and methodological foundations underlying economic practices. Thus, an interdisciplinary approach through economic philosophy can be a bridge between empirical analysis and normative reflection in the development of a more holistic economic science <sup>10</sup>. Previous research shows that cultural factors and social values have a fundamental role in shaping macroeconomic development patterns and microeconomic behavior, including people's consumption decisions <sup>11</sup>. Therefore, the integration between economic analysis and value studies is important to build a more contextualized and humane economic model. This approach allows economics not only to function as a technical analysis tool, but also as a means of social reflection that pays attention to the balance between rationality, culture, and morality in the process of economic development.

## **2. Paradigm Shift in Industry**

Objective-positivist approaches in industries such as logistics and supply chain management emphasize system design and operational modeling as the main focus. This approach is geared towards optimizing various functional elements in the supply chain,

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<sup>9</sup> Heilbroner, "Economics As A 'Value-Free' Science."

<sup>10</sup> Ostapiuk, *The Eclipse of Value-Free Economics The Concept of Multiple Self versus Homo Economicus*.

<sup>11</sup> Tubadji, "Value-Free Analysis of Values: A Culture-Based Development Approach."

including determining the number, location, capacity, and type of factories and warehouses used. In addition, supplier selection and the selection of efficient transportation routes are an important part of improving overall operational performance. In addition to these aspects, the objective-positivist approach also focuses on production planning and distribution of raw materials and finished products between suppliers, production facilities, warehouses, and consumers. Inventory management covering raw materials, intermediate products, and finished goods at various supply chain locations becomes an integral element to ensure smooth operations. As such, it emphasizes quantitative data-based decision-making and operational optimization, which play an important role in improving the efficiency, effectiveness, and competitiveness of the overall supply chain<sup>12</sup>.

A key strategic challenge in supply chain management lies in the effort to comprehensively optimize the entire supply chain network. In the face of pressure on limited resources, companies need to design strategies and operational models that are adaptive and responsive to global market changes. The development of sustainable logistics infrastructure is a key element in this endeavor, as in addition to supporting smooth distribution, environmentally friendly logistics practices also contribute to efficient use of resources and ensure the long-term sustainability of company operations<sup>13</sup>. Rapid social change, population growth, climate change phenomena, as well as various environmental challenges are determining factors that affect the way companies conduct their operations and plan for long-term sustainability. To deal effectively with these dynamics, companies need to adopt a comprehensive understanding of the interactions between social, environmental and economic aspects in a business context. Such a holistic approach enables companies to develop balanced strategies that enhance economic performance

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<sup>12</sup> Amanda Gregory, Jonathan Atkins, and Ashish Dwivedi, "Towards Transformative Supply Chain Research and Practice: A Critical Systems Perspective," *Systems Research and Behavioral Science* 42 (2025): 242–59, <https://doi.org/https://doi.org/10.1002/sres.3108>.

<sup>13</sup> K Heebkhoksung, "A New Paradigm for Sustainable Supply Chain Management for Business Operation," *Sustainability* 16, no. 6021 (2024), <https://doi.org/https://doi.org/10.3390/su16146021>.

without compromising community welfare or environmental sustainability, while reinforcing social and ethical responsibility in operational practices <sup>14</sup>.

Paradigm shifts reflect fundamental shifts in the principles and practices underlying a discipline. In the realm of logistics and supply chain management, this paradigm shift is often associated with the implementation of significant technological innovations, which transform the way companies design, manage and optimize the flow of goods and information. Such transformations not only improve operational efficiency, but also encourage more sophisticated process integration, strengthen coordination between actors in the supply chain, and open up opportunities for the development of more adaptive and sustainable business practices <sup>15</sup>. Developing sustainable business practices does not only discuss strategies to make the business sustainable, but also includes corporate responsibility in maintaining environmental sustainability as one of its production factors. The existence of sustainable industries aims to protect universal safety, comfort and well-being, and integrate moral and legal norms into its operational practices. This has led to the creation of the idea of green economy, blue economy and the concept of Environmental, Social, and Governance (ESG) which is a form of framework for companies to carry out sustainable business practices in terms of environmental aspects, social impacts, and good governance practices. This idea represents a new approach to economic growth that no longer relies on massive exploitation of the environment and natural resources <sup>16</sup>.

### **3. Paradigms in the Halal Industry**

It is important to conceptually distinguish between attitudes, values, ethics, and morals so that the analysis of social and economic behavior becomes more systematic and

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<sup>14</sup> M. He et al., "Logistics Space: A Literature Review from the Sustainability Perspective," *Sustainability* 10, no. 2815 (2018).

<sup>15</sup> T. S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1962).

<sup>16</sup> Muh. Dian Nur Alim Mu'min and Rahmawati Muin, "Telaah Konsep Green Economic Dalam Implementasi Etika Bisnis Islam," *Journal of Management and Innovation Entrepreneurship (JMIE)* 1, no. 4 (2024).

directed. This distinction is not only related to terminological aspects, but also reflects differences in the level of awareness and normative orientation in human action. *Attitudes* can be understood as an individual's tendency to respond to a phenomenon, while *values* reflect fundamental beliefs that become the basis for judging whether an action is good or bad. Meanwhile, *ethics* functions as a rational framework that regulates human behavior based on universal moral principles, and *morals* are more practical as a manifestation of values and ethics in everyday life. A clear understanding of these four concepts allows for a more in-depth analysis of how value systems shape economic behavior and social decisions. Thus, the study of the dimensions of attitudes, values, ethics, and morals is an important foundation in building an economic paradigm that is not only instrumentally rational, but also oriented towards humanity and social justice<sup>17</sup>.

The complexity of the interconnection between religion and morality in the industrial world which is part of economic activity requires a critical examination of the foundations of ethical theory derived from revelation. Business ethics, in this perspective, becomes a crucial field of application, which rejects the dichotomy between financial success and commitment to moral values, in line with the integrative spirit in Prophetic Social Science. The relevance of business ethics in this context lies in the paradigm that the viability of a business is not only determined by financial gain, but also by its adherence to moral standards.

#### *a. The Principle of Tawhid*

The halal industry essentially represents the implementation of the paradigm of tawhid in the economic realm, which transforms business activity into a form of worship. The underlying sharia framework not only regulates the technical-procedural dimensions of product halalness, but more substantively, emphasizes the principle of divine sovereignty in the entire production and transaction chain<sup>18</sup>. Thus, halal business practices experience

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<sup>17</sup> Tubadji, "Value-Free Analysis of Values: A Culture-Based Development Approach."

<sup>18</sup> Riswan Rambe, Rahmat Kurniawan, and M. Abrar Kasmin Hutagalung, "Analysis of Halal Industry Management From an Islamic Economic Perspective," *PROFJES: Profetik Jurnal Ekonomi Syariah* 4, no. 1 (2025).

a transcendence of meaning from mere fulfillment of regulatory compliance to the realization of tawhid awareness, a holistic recognition that the entire spectrum of industrial activity is within the context of divine sovereignty and oneness. In this conceptual framework, halal standards are inherently an instantiation of the transcendental values of tawhid that integrate aspects of faith, sharia, and morals in a coherent economic system.

*b. The Principle of Justice*

The principle of justice in the halal business ecosystem is inclusive and comprehensive, covering all stakeholders involved. Its implementation requires every business practice to be carried out proportionally, free from exploitative elements, and recognize and respect the legal and normative rights of each party. In the Indonesian context, aspects of labour protection have been institutionalized through various instruments of national legislation that form the legal framework of labour. This regulation in turn serves as a legal umbrella that strengthens the position of workers in all sectors, including in the halal industry. Thus, the internalization of the principle of justice in the halal business not only represents religious values, but also embodies social commitment and legal compliance that is measurable and has a real impact<sup>19</sup>.

*c. The Principle of Profit*

The principle of profit in the Islamic economic framework requires an ethical and transparent acquisition process, and expressly rejects all forms of speculative or manipulative practices. The contemporary economic phenomenon does show the existence of various non economic methods that are potentially exploitative to achieve profit targets, which are contrary to the basic philosophy of ma'ad in Islam. The concept of ma'ad does not only represent worldly economic results, but more importantly, contains a teleological dimension which states that material benefits must be in line with the principles of blessing and eschatological accountability<sup>20</sup>. In this context, the halal industry offers a double

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<sup>19</sup> Rambe, Kurniawan, and Hutagalung.

<sup>20</sup> Zainol Fata, "Halal Industry Management in Islamic Economic Perspective," *Ta'amul: Journal of Islamic Economics* 2, no. 1 (2023), <https://doi.org/10.58223/taamul.v2i1.55>.

paradigm, namely on the one hand providing direct economic benefits (*worldly* benefits) in the form of legitimate and adequate income for all parties involved in the production chain, while on the other hand ensuring the fulfillment of the basic needs of workers' families as a manifestation of distributive justice. Thus, profits in the halal ecosystem are not only financial in nature, but also represent a balance between material and spiritual welfare in line with maqasid sharia.

Based on this principle, the orientation of the halal business as an industrial ecosystem based on sharia is not only to realize halal products, but also to guarantee their *thayyib* nature, which meets the highest standards in terms of safety, health and quality for consumers. The concept of halal has undergone a significant expansion in meaning from what was originally focused on the avoidance of haram ingredients, to a comprehensive quality assurance system. This system covers and regulates all aspects of operations, from processing, storage, packaging, to distribution. The status of 'halal' is no longer seen solely as a religious compliance, but has transformed into a global and holistic quality standard that reflects the synergy between Islamic ethical values, responsible business governance, and modern consumer demands.

### C. Research Methodology

This study adopts a qualitative library-based research approach aimed at examining the conceptual relationship between value-free positivism, the prophetic paradigm, and their relevance to the halal industry. The research depends entirely on secondary sources derived from scholarly literature such as journal articles, books, and academic conference proceedings. Data were collected through Google Scholar and Scopus using targeted keywords including "value-free positivism," "prophetic paradigm," and "halal industry." Source selection was guided by specific inclusion and exclusion parameters to ensure academic rigor and thematic relevance. The inclusion criteria comprised: (1) peer-reviewed publications released between 2006 and 2025; (2) works written in English or Indonesian; (3) studies addressing philosophical perspectives, Islamic epistemology, or ethical foundations linked to the halal industry; and (4) literature indexed in reputable databases.

Conversely, sources were excluded if they: (1) focused solely on Islamic finance or halal certification without discussing their philosophical underpinnings; or (2) consisted of non-academic or non-refereed writings. Data analysis employed thematic review techniques by categorizing literature based on emerging themes such as epistemological foundations, ethical-economic implications, and paradigm shifts within the halal industrial framework. The synthesis of these themes enables the identification of gaps and conceptual opportunities, ultimately forming the basis for proposing a theoretical model that integrates prophetic ethical principles into the development of the halal industry.

#### D. Results and Discussion

##### I. Prophetic Paradigm Model as an Alternative Paradigm in the Halal Industry

The dominance of the *value-free* paradigm in conventional economics, which places efficiency and profit maximization as the ultimate goal, is increasingly being seriously challenged. This paradigm is considered to have failed to accommodate the moral and social dimensions of economic activity, thus triggering a shift towards a more valuable economy. The Halal industry is not just a market segment, but a clear representation of this new paradigm. This industry inherently rejects *profit-only* logic by integrating environmental responsibility (*eco-halal*), justice for workers, and product quality assurance (*thayyiban*) as an integral part of its business model. This paradigm shift finds its theoretical framework in the Prophetic Paradigm, which offers a solid philosophical foundation. Through its three main pillars, namely *humanization* (upholding ethics and social justice), *liberation* (liberation from all forms of exploitation), and *transcendence* (connecting every economic activity with divine values). This paradigm provides a clear foothold, therefore the Halal Industry does not only respond to consumer demand, but actively forms an economic ecosystem that combines commercial viability with socio-environmental sustainability, making the principle of *halalan thayyiban* a holistic operational standard.

### a. Humanization

This principle emphasizes the importance of treating all parties involved in the halal supply chain (producers, workers, consumers) with fairness, respect and dignity. This includes decent wages, safe and healthy working conditions, and protection of workers' rights. In addition, humanization also means ensuring that halal products are not only safe and quality, but also beneficial to the health and well-being of consumers.

#### *I) Consumer Protection Issues*

The essential principles in halal production emphasize the importance of eliminating all elements that have the potential to cause adverse effects on human health and environmental balance. This starts from the production aspect, including the selection and feeding, transportation procedures, treatment of animals and even distribution to consumers as end users. Therefore, the implementation of the halal concept does not merely reflect the religious dimension, but also integrates ethical values, hygiene, and ecological sustainability in a production system that is oriented towards human welfare and environmental preservation <sup>21</sup>. Halal logistics has a strong ethical and religious dimension, as it reflects a commitment to Islamic values in business and trade practices. Thus, halal logistics is not just a distribution mechanism, but part of the halal economic ecosystem that integrates efficiency, compliance and spiritual values in a sustainable system <sup>22</sup>.

The implementation of strict hygiene and quality standards in the halal industry is a key factor that strengthens consumer confidence and supports efforts to improve public health at the global level. The enforcement of such standards reflects the integrity and ethical responsibility of industry players in ensuring the safety and quality of products based on sharia principles. Through a commitment to hygiene and consistent quality control, the halal industry not only ensures the halalness of products, but also makes a real

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<sup>21</sup> H Mabkhout, "Factors Affecting the Sustainability of Halal Product Performance: Malaysian Evidence," *Sustainability* 15 (2023), <https://doi.org/10.3390/su15031850>.

<sup>22</sup> Marco Tieman, "Establishing The Principles In Halal Logistics," *Journal of Emerging Economies and Islamic Research* 1, no. 1 (2013).

contribution to the development of a safe, healthy and sustainable food system in the international market<sup>23</sup>.

Halal business practices play an important role in realizing ethical, inclusive and sustainable economic development. Rooted in Islamic principles such as fairness, transparency and accountability, it promotes trust between producers, consumers and stakeholders. This orientation towards moral values emphasizes the importance of ethically sourced resources, fair treatment of labor, and the application of social justice in economic activities. Thus, halal business practices not only focus on fulfilling sharia compliance aspects, but also contribute to improving worker welfare and corporate social responsibility, making it an economic model that balances financial goals with human values and sustainability<sup>24</sup>.

## ***2) Issues of Human Rights Violations and Worker Exploitation***

The contemporary halal industry is often faced with a fundamental paradox between claims of spirituality and operational practices that still leave the problem of labor exploitation. This phenomenon can be seen from the widespread practice of unfit wages, excessive working hours, and neglect of workers' basic rights which are contrary to the essence of Islamic values. In this context, the prophetic approach offers constructive criticism as well as transformative solutions through the application of its three main pillars. The humanization aspect in the prophetic paradigm specifically focuses on protecting the human dignity of workers. This concept demands the realization of equitable work practices through the provision of decent wages, humane working hours, and guarantees of occupational safety and health<sup>25</sup>.

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<sup>23</sup> M.I.N. Susiang et al., "Effects of Competitive Intelligence and Halal Integrity on Halalan Tayyiban Implementation Strategy in Indonesian MSMEs: The Mediating Role of Halal Orientation Strategy," *Journal of Islamic Marketing*, 2024, <https://doi.org/doi:10.1108/JIMA-10-2023-0344>.

<sup>24</sup> F.A. Mohd Zain et al., "Integrating Environmental, Social and Governance (ESG) Principles with Maqasid Al-Shariah: A Blueprint for Sustainable Takaful Operations," *International Journal of Islamic and Middle Eastern Finance and Management* 17, no. 3 (2024): 461–84, <https://doi.org/doi:10.1108/IMEFM-11-2023-0422>.

<sup>25</sup> Denisyah Denisyah, Evy Maharani, and Novia Dewi, "The Relationship of Supply Chain Management (SCM) on the Performance of the Company Kedai Upu Panam Pekanbaru City," *Mimbar Agribisnis : Jurnal Pemikiran Masyarakat Ilmiah Berwawasan Agribisnis* 11, no. 1 (2025): 41–49.

Sustainability in supply chains is not only concerned with economic efficiency and environmental preservation, but also includes a social dimension that emphasizes ethical responsibility towards labor and society. This social aspect includes efforts to ensure the implementation of fair labor practices, respect for human rights, and fulfillment of worker safety and welfare standards throughout the production and distribution process. In practice, challenges that often arise include issues of excessive working hours, wage inequality, and unsafe working conditions <sup>26</sup>. Labor rights in supply chains are one of the main challenges in realizing equitable and sustainable economic development. Inequalities in labor protection often arise due to weak regulations, lack of corporate responsibility, and differences in labor standards. These conditions not only impact the welfare of individual workers, but also have far-reaching social and economic consequences for society <sup>27</sup>.

The principle of *ethical sourcing* is one of the main pillars in the effort to realize a sustainable and equitable supply chain. The implementation of traceability and transparency systems at all stages of the supply chain is a strategic step to ensure that the production process does not involve human rights violations, labor exploitation, or unethical business practices. Through accountable oversight mechanisms, companies can verify the origin of raw materials, monitor working conditions, and ensure compliance with social and environmental standards. This approach not only strengthens a company's reputation and public trust, but also creates a more responsible global business ecosystem, where moral, humanitarian and sustainability values inform economic decision-making <sup>28</sup>. The protection of workers' rights needs to be placed as a priority in global economic policy through regulatory reforms, increased transparency, and the adoption of ethical

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<sup>26</sup> S. Sindakis, S. Showkat, and J Su, "Unveiling the Influence: Exploring the Impact of Interrelationships among E-Commerce Supply Chain Members on Supply Chain Sustainability," *Sustainability* 15 (2023), <https://doi.org/https://doi.org/10.3390/su152416642>.

<sup>27</sup> Rongling Shi, "Research on Labour Rights Protection in Global Supply Chains," *Proceedings of the 3rd International Conference on Management Research and Economic Development*, 2025, <https://doi.org/DOI: 10.54254/2754-1169/177/2025.22213>.

<sup>28</sup> Marta Elisa Bubicz, Ana Paula Ferreira Dias Barbosa-Póvoa, and Ana Carvalho, "Incorporating Social Aspects in Sustainable Supply Chains: Trends and Future Directions," *Journal of Cleaner Production* 237 (2019).

business practices <sup>29</sup>. A collaborative approach between governments, the private sector, and relevant institutions is key to building a more inclusive world economic system, where the dignity of workers is respected and social welfare is sustainably secured.

### **b. Liberation**

Within the framework of the prophetic paradigm, the aspect of liberation in the halal industry represents a commitment to free labor and the environment from all forms of systemic exploitation. Regarding labor, liberation is manifested through the establishment of a fair work system, elimination of wage extortion practices, guaranteeing humane working conditions, and providing equal access to capacity building. This principle firmly rejects any form of structural oppression that sacrifices the dignity of workers for economic gain. In the environmental dimension, liberation is reflected in the liberation of ecosystems from patterns of over-exploitation through the application of the principle of sustainability in the entire halal supply chain. Its implementation includes responsible management of natural resources, minimization of environmental impacts, and adoption of ecologically sound production practices in line with the concept of khalifah fil ardh.

#### *I) Environmental Exploitation Issue*

The conventional development paradigm that focuses excessively on economic growth has triggered excessive exploitation of natural resources without considering the carrying capacity of the environment, thus creating a critical threat to the sustainability of ecosystems for future generations. A pragmatic development orientation obsessed with short-term gains has resulted in the neglect of ethical considerations and ecological responsibility in the strategic decision-making process. Philosophical approaches play an important role by providing a normative and reflective foundation for equitable and sustainable natural resource management. Through the application of environmental ethical principles, humans are expected to create a holistic balance between economic interests and nature conservation. The concept of sustainability then emerges as a

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<sup>29</sup> Yossi Dahan, Hanna Lerner, and Faina Milman-Sivan, "Shared Responsibility and Labor Rights in Global Supply Chains," *Journal of Business Ethics*, 2021, <https://ssrn.com/abstract=3954077>.

conceptual framework that emphasizes that the utilization of natural resources needs to be carried out wisely and prudently so as not to compromise the rights of the recipient generation, while strengthening human moral imperatives in maintaining harmony between development activities and environmental sustainability <sup>30</sup>.

Issues related to environmental sustainability are increasingly becoming a major concern due to increasing ecosystem degradation, increasingly extreme climate change, and declining environmental quality as a result of uncontrolled industrial activities. This condition demands moral and social responsibility from all economic actors, including the halal industry sector, to play an active role in maintaining the balance between economic development and ecological sustainability. In the context of developing countries such as Indonesia, the development of the halal industry still tends to be oriented towards increasing economic profits alone, without adequate environmental awareness <sup>31</sup>.

Responsibility is not only the utilization of resources to create economic value, but also must pay attention to the social and environmental impacts arising from all operational activities of the company. In this conceptual framework, the halal assurance system acts as a critical mechanism that ensures the safety, hygiene and conformity of products with ethical principles along the value chain, from the production phase to the final distribution. This system is based on Islamic values that prioritize respect for life, morality, sustainability principles, hygiene standards, justice, and ethical and environmentally sound trade practices. Thus, the implementation of the halal principle is not only limited to fulfilling aspects of shariah, but represents an integrated business

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<sup>30</sup> Lora Santika and Muhammad Sarjan, "Dimensi Filsafat Dalam Pengelolaan Sumber Daya Alam: Kajian Peran Manusia Dalam Menjaga Keseimbangan Lingkungan," *Lambda: Jurnal Pendidikan MIPA Dan Aplikasinya, Lembaga "Bale Literasi"* 5, no. 1 (2025): 54–60, <https://doi.org/DOI: https://doi.org/10.58218/lambda.v5i1.1205>.

<sup>31</sup> F. Abadiyah, "Peran Pajak Lingkungan, Pembangunan Keuangan, Dan Pertumbuhan Ekonomi Terhadap Lingkungan Berkelanjutan Di Negara D-8," *Journal of Tax Policy, Economics, and Accounting (TAXPEDIA)* 1, no. 2 (2023): 70–84.

paradigm that synergizes spiritual values, social responsibility, and economic sustainability within the *maqasid al-shariah* framework <sup>32</sup>.

### c. Transcendence

This principle emphasizes that activities in the halal industry must always be associated with divine values, such as honesty, trustworthiness, and concern for others. Transcendence also means that business actors have the awareness that they are responsible not only to consumers, but also to Allah SWT.

#### 1) *Islamic Approach in Halal Supply Chain*

Modern supply chains are required to operate responsibly and sustainably by considering a wide range of aspects, including economic, political, social, legal, human rights, ethical, and environmental. The direction of this research moves from examining why responsibility and sustainability are important in supply chains to how these principles can be effectively implemented. On a global scale, companies are trying to take advantage of regional differences in terms of technological advances, legal policies, labor productivity, and production costs as a strategy to increase competitiveness. However, global supply chain activities also have a significant impact on natural resource scarcity and trigger various social issues and environmental damage that need to be addressed through a more ethical and sustainable approach <sup>33</sup>.

Supply chain diversification is one of the key strategies in sustainable supply chain management, as it allows companies to reduce risk, increase flexibility, and optimize operational efficiency. However, the concrete impact of implementing this strategy on companies' environmental, social and governance (ESG) performance still requires further research. A deeper understanding of the relationship between supply chain diversification and ESG target achievement is essential to formulate supply chain management practices

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<sup>32</sup> M.H. Ali and N Suleiman, "Sustainable Food Production: Insights of Malaysian Halal Small and Medium Sized Enterprises," *Int. J. Prod. Econ* 181 (2016): 303–14.

<sup>33</sup> Agata Gurzawska, "Towards Responsible and Sustainable Supply Chains – Innovation, Multi-Stakeholder Approach and Governance," *Philosophy of Management* 19 (2020): 267–95, <https://doi.org/https://doi.org/10.1007/s40926-019-00114-z>.

that are not only economically efficient, but also socially and ecologically responsible <sup>34</sup>. The rapid growth of the halal industry has led to an increased awareness of the importance of implementing sustainability principles in every stage of the value chain, from the production process to distribution and consumption. Phenomena such as climate change, ecosystem degradation, and declining environmental quality due to uncontrolled industrial activities make the aspect of environmental sustainability a strategic issue that cannot be ignored in the development of this sector. Therefore, industry players, including in the halal sector, are required to play an active role in maintaining ecological balance through the implementation of responsible, efficient and environmentally oriented production practices <sup>35</sup>.

#### E. Conclusion

The prophetic paradigm in the halal industry provides a comprehensive ethical framework that integrates the values of humanization, liberation, and transcendence into all dimensions of business practice. From a humanistic perspective, this paradigm underscores the moral responsibility of protecting human dignity both for consumers and workers. By prioritizing fairness, well-being, and safety in the production process, halal industries strengthen consumer trust and demonstrate a commitment to ethical integrity. In terms of liberation, the prophetic paradigm promotes the emancipation of economic practices from exploitative systems that harm the environment. Environmental stewardship, therefore, is not only an operational necessity but also a spiritual obligation rooted in the principle of maintaining ecological balance as a form of divine trust. Meanwhile, transcendence reflects the alignment of business activities with divine values, guiding industrial practices beyond material gain toward spiritual accountability and sustainable prosperity. The prophetic paradigm provides a transformative direction for the halal

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<sup>34</sup> X. Wang et al., “Towards Sustainable Supply Chains: Evaluating the Role of Supply Chain Diversification in Enhancing Corporate ESG Performance,” *Systems* 13, no. 266 (2025), <https://doi.org/https://doi.org/10.3390/systems13040266>.

<sup>35</sup> Astiwara, “Dampak Industri Halal Terhadap Keberlanjutan Lingkungan: Perspektif Ekonomi Islam.”

industry, one that harmonizes economic competitiveness with ethical conduct, social justice, and environmental sustainability, thereby fostering a more humane and enlightened global civilization.

This study has limitations as it employs a qualitative library-based approach. Therefore, the findings remain conceptual and normative in nature and are not yet supported by empirical data that reflect the implementation of prophetic values in halal industry practices. In addition, the scope of the literature reviewed is relatively limited, which means that the analysis does not fully represent empirical conditions across diverse industrial contexts. Accordingly, future research is recommended to incorporate empirical data in order to strengthen and validate the proposed conceptual framework.

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