

The Impact of Hadith on Promoting Halal Practices in Today's Global Economy

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Abstract: This paper explores the impact of Hadith on promoting halal practices in today's global economy, highlighting how prophetic traditions continue to shape ethical, legal, and commercial standards across various sectors. Hadith provides a comprehensive framework that defines what is halal (permissible) and haram (forbidden), guiding industries such as food, finance, pharmaceuticals, cosmetics, and logistics. Through detailed analysis, the study shows how Hadith supports ethical business conduct, humane animal treatment, fair trade, and consumer protection. The paper also examines the application of Hadith in the modern halal industry, illustrating how its principles are incorporated into certification processes, product development, and corporate governance. Examples from both Muslim-majority and non-Muslim countries reveal how businesses align with Hadith-based standards to meet the growing global demand for halal products and services. Furthermore, the research identifies major challenges in implementing Hadith-based guidelines, including variations in juristic interpretations, lack of global standardization, regulatory conflicts, and fraudulent certification practices. These obstacles hinder the consistency and credibility of halal systems worldwide, especially in multicultural and secular contexts. The study also considers the economic and social impact of Hadith-driven halal practices, emphasizing their role in empowering small businesses, promoting ethical consumerism, fostering Islamic identity, and contributing to socio-economic development. In doing so, it demonstrates how Hadith extends beyond personal piety to influence global trade, community values, and sustainable development. Ultimately, the paper concludes that Hadith remains a vital and dynamic source of guidance for the halal economy. While challenges persist, its ethical and legal foundations offer a timeless model for promoting fairness, transparency, and religious compliance in a rapidly changing world economy.

Keywords: Impact, Hadith, Promoting, Halal, Practices, Global, Economy.

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INTRODUCTION

In the contemporary global economy, where cross-border trade, consumer awareness, and ethical concerns increasingly influence market behavior, the concept of **halal** has gained significant prominence. Derived from the Arabic word meaning "permissible" or "lawful," halal encompasses not only dietary laws but also a broad spectrum of economic and social activities that align with Islamic ethical principles. With the rise of Muslim populations across various continents and the corresponding growth in halal consumer markets, the halal economy has expanded beyond the confines of religious observance to become a globally recognized standard of quality, integrity, and wholesomeness. This expansion prompts a closer examination of the

foundations that sustain halal practices—most notably, the **Hadith**, which forms a crucial pillar of Islamic law and ethical guidance.

Hadith, comprising the sayings, actions, approvals, and disapprovals of the Prophet Muhammad (peace be upon him), plays a vital role in interpreting and applying the broader guidelines found in the Qur'an. Where the Qur'an outlines general principles regarding lawful and unlawful behavior, the Hadith provides the necessary elaboration, practical examples, and situational applications. This makes Hadith essential in determining what is halal and haram (forbidden) in both personal conduct and communal life, including economic transactions. The Prophet's guidance, as preserved in the Hadith, covers a wide range of areas

relevant to today's global economic landscape—such as honest trade, prohibition of deceit and fraud, fair pricing, labor rights, and ethical production. As a result, Hadith is not only a spiritual resource but also a practical framework for ethical decision-making in modern economic contexts.

In recent decades, the global halal industry has experienced unprecedented growth. Halal-certified products now appear in supermarkets, restaurants, cosmetics, pharmaceuticals, and finance sectors in both Muslim-majority and non-Muslim countries. This development reflects a growing recognition of the commercial potential of halal practices but also highlights the challenges of maintaining authenticity and consistency in standards. The principles outlined in Hadith are central to addressing these challenges. For example, Hadith emphasizes cleanliness (*ṭahārah*), transparency (*ṣidq*), and trust (*amānah*)—qualities that directly impact the credibility and integrity of halal certification processes. Furthermore, Hadith condemns economic practices that exploit others, such as interest (*ribā*), monopoly (*ihtikār*), and misrepresentation, thereby offering a moral compass for conducting business in a just and equitable manner.

However, the application of Hadith in a diverse and globalized economy is not without difficulties. Variations in scholarly interpretation, regional customs, and national regulations can lead to inconsistencies in how halal standards are applied and enforced. While some countries like Malaysia and Saudi Arabia have developed robust halal governance systems grounded in Hadith and Islamic jurisprudence, other regions struggle with weak regulation, lack of awareness, and even fraudulent certification practices. This variation poses a challenge to consumers and producers alike, especially as global trade in halal goods continues to expand. Nevertheless, the ethical values embedded in Hadith—if properly understood and implemented—offer a universal model that transcends mere legalism and promotes a comprehensive vision of economic justice and spiritual accountability.

Definition of Halal in Islam

In Islamic teachings, the term “*Halal*” (Arabic: *حلال*) refers to anything that is permissible or lawful according to Shariah (Islamic law). It is most commonly used in relation to food and drink, indicating that the item in question meets the dietary standards prescribed in the Qur'an and Hadith. However, the concept of halal extends beyond diet to include all aspects of a Muslim's life, such as clothing, business transactions, speech, and behavior. Muslims are commanded to consume and

engage only in halal practices, as a form of worship and obedience to Allah [¹].

Moreover, halal is not merely a physical guideline but is also deeply ethical and spiritual, requiring purity in intention and action. For instance, a business transaction may be halal if it is conducted honestly, without fraud or interest (*riba*). Similarly, slaughtering an animal in a humane and ritualistic manner by invoking the name of Allah ensures the meat is halal. Opposite to halal is haram, which refers to what is forbidden. The Qur'an repeatedly emphasizes the importance of consuming what is halal and *ṭayyib* (pure), encouraging Muslims to live a life that aligns with moral and divine principles [²].

This study seeks to explore the impact of Hadith on promoting halal practices in today's global economy, with a particular focus on how prophetic traditions shape consumer expectations, regulatory standards, and business ethics. It will examine key Hadith that influence halal-related decisions, assess the role of Hadith in various sectors of the halal industry, and evaluate how these teachings are translated into practice in different economic settings. By doing so, the research aims to highlight the enduring relevance of Hadith in guiding ethical conduct within a modern and increasingly complex global marketplace. Through this lens, Hadith is not merely a historical or religious text, but a living source of guidance that continues to inform the values and structures of the contemporary halal economy.

Understanding Halal and Haram in Light of Hadith

The concepts of *halal* (permissible) and *haram* (forbidden) are foundational to Islamic jurisprudence and daily life, and their definitions are deeply rooted in the Qur'an and the Hadith. While the Qur'an provides the primary framework by explicitly identifying certain actions and consumables as lawful or unlawful, the Hadith serves to further elaborate, specify, and apply these teachings in practical contexts. For instance, the Hadith clarifies that while the Qur'an forbids the consumption of carrion, blood, swine, and animals not slaughtered in the name of the Almighty Allah says:

He has only forbidden to you dead animals, blood, the flesh of swine, and that which has been dedicated to other than Allah. But whoever is forced [by necessity], neither desiring it nor transgressing [its limit]—there is no sin upon him. Indeed, Allah is Forgiving and Merciful [³].

Prophet Muhammad (peace be upon him) further defined the procedures and ethical standards of halal slaughter, including the humane treatment of animals and the invocation of God's name at the time of

¹ Y. Qaradawi, *The Lawful and the Prohibited in Islam**, American Trust Publications, Indianapolis, 2001, p. 11.

² M.H. Kamali, *Principles of Islamic Jurisprudence*, Islamic Texts Society, Cambridge, 2003, p. 265.

³ Qur'an 2:173

slaughter. This exemplifies how Hadith complements and specifies the Qur'anic directives [4].

Moreover, the Prophet Muhammad (SAW) cautioned against indulging in doubtful matters, which might not be clearly halal or haram. In the famous Hadith reported by Al-Nu'man ibn Bashir, the Prophet said:

What is lawful is clear, and what is unlawful is clear, but between them are doubtful matters which many people do not know. Whoever avoids the doubtful has protected his religion and honor [5].

This Hadith, recorded in both Bukhari and Muslim, emphasizes the importance of caution and piety in one's choices, especially when engaging with modern products or financial services that may not have existed during the Prophet's time. This principle has profound implications today, particularly in the global halal industry, where new food technologies, additives, and synthetic ingredients challenge traditional understandings. Hence, Hadith urges Muslims to adopt a precautionary approach when in doubt.

The Hadith also elaborates on the ethical dimensions of halal and haram, extending beyond material consumption to encompass behaviors and business practices. The Prophet (SAW) condemned cheating, fraud, and deceit in trade, stating in a Hadith: He who cheats is not one of us [6].

This strongly worded statement underscores the severity of unethical conduct in economic dealings, linking moral character directly to one's faith. Consequently, halal is not merely a matter of physical ingredients but also includes processes that uphold integrity, transparency, and fairness. For example, a product might meet technical halal criteria but be disqualified if produced through exploitation or dishonesty. This broad ethical scope, grounded in Hadith, guides Muslim entrepreneurs and consumers in upholding *Shari'ah*-compliant practices in every aspect of trade.

Additionally, Hadith literature provides extensive guidance on financial transactions, many of which are relevant to defining what constitutes halal income and investments. In a well-known Hadith, the Prophet (SAW) prohibited transactions involving interest (*riba*), ambiguity (*gharar*), and gambling (*maysir*), which are deemed unjust and exploitative. For instance, the Hadith says:

Gold for gold, silver for silver... equal for equal, hand to hand; if these types differ, then sell however you like, so long as it is hand to hand [7].

These guidelines laid the foundation for Islamic finance, ensuring that economic activity does not lead to unjust enrichment or social harm. Today, halal finance institutions use such Hadith as legal and ethical references to structure interest-free loans, risk-sharing investments, and other *Shari'ah*-compliant financial instruments.

Finally, the Hadith plays a crucial role in adapting halal and haram classifications to new and emerging contexts. As the Prophet was asked about various situations, his responses set precedents for analogical reasoning (*qiyas*) and consensus (*ijma'*) in Islamic jurisprudence. For example, his prohibition of intoxicants extended not just to wine but to any substance causing intoxication:

Every intoxicant is *khamr*, and every *khamr* is haram [8].

This statement allows scholars to classify modern drugs and synthetic substances under the same ruling, even though they were unknown in the Prophet's time. This adaptability ensures that the moral essence of halal and haram remains intact despite changing circumstances, and that Muslims can navigate contemporary life with principled guidance drawn from the Prophet's teachings.

Application of Hadith in the Modern Halal Industry

The application of Hadith in the modern halal industry is central to shaping and sustaining Islamic ethical and legal standards across multiple sectors. In the food and beverage industry, which constitutes the largest share of the global halal economy, Hadith provides clear and practical guidance for lawful consumption. The Prophet Muhammad (peace be upon him) said:

When the slaughtering is done, then do it well. Let one of you sharpen his blade and spare suffering to the animal he slaughters [9].

This Hadith not only reinforces the requirement for invoking the name of Allah during slaughter but also ensures that the process is humane, clean, and respectful of the animal's welfare. Today, halal food production plants around the world, from Malaysia to Brazil, incorporate these prophetic teachings into their standard operating procedures, reflecting the Hadith's ongoing relevance.

⁴ M.M. Khan, *Translation of the Meanings of Sahih Al-Bukhari*, Riyadh, Darussalam, 1997, p. 744.

⁵ M. Al-Bukhari, *Sahih Al-Bukhari*, Cairo, Dar Al-Shaab, 1987, Hadith No. 52.

⁶ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 102.

⁷ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 1584.

⁸ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 2003.

⁹ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 1955.

Beyond food, Hadith also influences the halal cosmetics and pharmaceutical industries, which are rapidly expanding in response to global consumer demand. These sectors apply Hadith to assess the permissibility of ingredients and the ethical sourcing of products. The Prophet (SAW) said: Allah is good and only accepts that which is good [¹⁰]

This Hadith implies that the origin, composition, and effects of products must align with principles of purity and wholesomeness. Consequently, ingredients derived from pigs, alcohol, or harmful chemicals are prohibited. Modern halal-certifying bodies apply this Hadith when screening lipsticks, lotions, vaccines, or supplements, ensuring that every component meets both religious and safety standards. This is especially crucial in multicultural markets, where consumer trust hinges on transparent and principled product formulation.

In the halal finance industry, the application of Hadith helps distinguish between permissible and impermissible financial transactions. The Prophet forbade *riba* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling), stating:

Gold for gold, silver for silver... equal for equal, hand to hand [¹¹]

These prohibitions have become the foundation of Islamic banking, leading to the development of alternative financial instruments such as *mudarabah* (profit-sharing), *murabaha* (cost-plus sales), and *ijarah* (leasing). Halal financial institutions use these Hadiths to ensure their operations align with Shari'ah law. For example, Islamic banks in the Gulf and Southeast Asia avoid interest-based loans and instead offer equity-based investments that share profit and loss, fulfilling the ethical and legal expectations of halal finance.

The Hadith also impacts the logistics and supply chain aspects of the halal industry, which must remain free from contamination or *najasah* (impurities). The Prophet said:

Avoid that which is doubtful, for verily truth brings peace of mind and falsehood brings doubt [¹²].

This Hadith underscores the need for vigilance in ensuring halal integrity from farm to table. As a result, halal logistics companies must prevent cross-contamination between halal and non-halal goods during storage and transport. Specialized containers, dedicated

transport vehicles, and strict hygiene protocols are put in place to comply with these prophetic teachings. In countries like Indonesia and the UAE, halal logistics standards—developed with Hadith in mind—help exporters and importers maintain certification and consumer confidence throughout the supply chain.

Finally, the Hadith guides the ethical marketing and consumer engagement strategies within the halal industry. Prophet Muhammad (SAW) emphasized honesty and clarity in trade, saying:

The honest and trustworthy merchant will be with the Prophets, the truthful, and the martyrs [¹³].

In response, modern halal companies are encouraged to market their products with integrity, avoid false claims, and uphold social responsibility. This includes accurate halal labeling, clear certification marks, and transparent advertising. For instance, global halal brands such as Saffron Road and Al Islami Foods often highlight both their religious compliance and ethical values—drawing directly from Hadith to shape their public image. This reflects how prophetic guidance not only informs product development but also influences branding and corporate ethics in today's halal economy.

Challenges in Implementing Hadith-Based Halal Guidelines Globally

One of the foremost challenges in implementing Hadith-based halal guidelines globally is the diversity of Islamic jurisprudential interpretations. Different Islamic schools of thought (*madhāhib*)—such as Hanafi, Shafi'i, Maliki, and Hanbali—often interpret Hadiths related to halal and haram differently. For example, while most scholars agree on the prohibition of intoxicants, their definitions of what constitutes an intoxicant may vary slightly, especially when applied to modern substances like processed foods, flavorings, or pharmaceuticals. This leads to inconsistencies in halal standards across countries. A product certified halal in Malaysia under Shafi'i interpretation might be questioned in Saudi Arabia, which predominantly follows Hanbali rulings. Such discrepancies create confusion for consumers and pose logistical and legal challenges for global halal exporters and importers [¹⁴].

A second major challenge is the absence of a unified global halal standard. Although many countries have their own halal certification bodies—like JAKIM in Malaysia, MUI in Indonesia, and GAC in the Gulf—

¹⁰ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 1015.

¹¹ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 1584.

¹² M. At-Tirmidhi, *Jami' al-Tirmidhi*, Cairo, Dar al-Hadith, 2002, Hadith No. 2518.

¹³ M. At-Tirmidhi, *Jami' al-Tirmidhi*, Cairo, Dar al-Hadith, 2002, Hadith No. 1209.

¹⁴ M.A. Doi, *Shariah: The Islamic Law*, London, Ta-Ha Publishers, 1984, p. 321.

these organizations do not always follow the same Hadith-based protocols or verification methods. For instance, while one body might require stunning to be avoided before animal slaughter based on a strict interpretation of Hadith, another may allow stunning under specific conditions. This fragmentation hampers international trade, burdens producers with redundant certification processes, and sometimes results in mutual non-recognition of halal certificates between countries. The Hadiths themselves remain consistent, but the interpretive and regulatory frameworks differ, making standardization difficult on a global scale [15].

Another challenge is ensuring authenticity and preventing fraudulent halal certification, which undermines the trust established by Hadith-based ethics. The Prophet (SAW) warned:

Whoever deceives us is not one of us [16].

Despite this clear moral guidance, fraudulent practices exist in the halal market, including false labeling, forged certificates, or certification of non-compliant products. Such fraud is especially prevalent in regions with weak regulatory oversight or high consumer demand. This not only compromises religious obligations but also damages the credibility of legitimate halal institutions. To combat this, there must be stricter auditing, transparency in certification, and stronger enforcement based on prophetic principles of honesty and accountability.

Technological and industrial complexity poses another challenge. Modern food production involves additives, enzymes, genetically modified organisms (GMOs), and synthetic chemicals—many of which did not exist at the time of the Prophet. As a result, applying Hadith to assess their halal status becomes difficult. Scholars and certifiers must rely on *ijtihad* (independent reasoning), guided by Hadith principles, to classify such items. For example, enzymes derived from microbial fermentation may be considered halal if the original source is halal and the transformation process meets purification standards. However, differing scholarly views and lack of clear precedents complicate global consensus. This ambiguity often leads to delays in certification and disagreements between international bodies [17].

Lastly, secularism and legal restrictions in non-Muslim-majority countries often limit the full implementation of Hadith-based halal standards. In some countries, animal welfare laws conflict with Islamic slaughter practices, such as the requirement to avoid

stunning or invoke God's name during slaughter. Similarly, legal frameworks in the West may not recognize religious-based food labeling unless proven to meet secular health standards. This creates tension between religious observance and compliance with national laws. For example, halal producers in Europe may be compelled to adapt slaughter techniques that deviate from Hadith-based requirements, potentially invalidating certification in stricter Muslim markets. Negotiating this balance remains a significant hurdle in global halal commerce [18].

CONCLUSION

In conclusion, the Hadith of Prophet Muhammad (peace be upon him) plays a foundational role in shaping and sustaining halal practices in today's global economy. Far beyond mere dietary laws, Hadith serves as a comprehensive ethical and legal framework that governs food, finance, pharmaceuticals, cosmetics, logistics, and marketing. These teachings emphasize the importance of purity, honesty, compassion, and social responsibility, setting clear boundaries for what is permissible (halal) and impermissible (haram). As such, Hadith does not only function as a source of religious instruction but also as a moral compass guiding modern industries to uphold integrity and faith-based values.

The global expansion of the halal industry—now worth trillions of dollars—demonstrates the economic vitality that Hadith-driven practices can generate. Muslim-majority countries, as well as non-Muslim nations catering to Muslim populations, increasingly recognize the commercial importance of halal certification rooted in prophetic tradition. Businesses that align with Hadith-based ethics are rewarded with consumer trust, enhanced brand reputation, and cross-cultural market access. In this way, religious fidelity converges with economic opportunity, illustrating the practical power of Hadith in shaping global trade dynamics.

However, the implementation of Hadith-based halal standards is not without challenges. Differences in jurisprudential interpretation, the lack of a unified global standard, fraudulent certification practices, and the complexity of modern manufacturing all complicate efforts to apply Hadith uniformly across regions. In non-Muslim-majority countries, secular regulations may even restrict full adherence to certain prophetic guidelines. Despite these obstacles, efforts continue across the Muslim world to harmonize standards, educate consumers, and uphold the ethical legacy of the Prophet in commercial life.

¹⁵ Y. Qaradawi, *The Lawful and the Prohibited in Islam*, Indianapolis, American Trust Publications, 1999, p. 41.

¹⁶ I. Muslim, *Sahih Muslim*, Beirut, Dar Ihya al-Turath al-Arabi, 2001, Hadith No. 102.

¹⁷ M. Kamali, *Principles of Islamic Jurisprudence*, Cambridge, Islamic Texts Society, 2003, p. 266.

¹⁸ A. Rahman, *Islamic Jurisprudence in the Modern World*, Kuala Lumpur, Institute of Islamic Understanding, 2008, p. 197.

Socially, Hadith-driven halal practices promote dignity, transparency, and community cohesion. They reinforce a sense of Islamic identity while encouraging respectful coexistence in pluralistic societies. At the same time, these practices influence consumer behavior, support small businesses, and foster ethical entrepreneurship. In this way, the Hadith not only nourishes the spiritual lives of individuals but also enhances the moral fabric of the global marketplace.

Ultimately, the enduring relevance of Hadith in the halal economy reflects the timeless wisdom of the Prophet Muhammad (peace be upon him). His sayings and actions provide clear moral and practical guidance that transcends centuries, cultures, and technologies. As the halal industry continues to grow, it is imperative for stakeholders—scholars, certifiers, businesses, and consumers—to preserve the integrity of Hadith while adapting its principles to meet contemporary challenges. In doing so, they affirm the dynamic role of prophetic tradition in promoting a just, ethical, and sustainable global economy.

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