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Toward a Euro-Islamic Model of Halal Economic Integration: The Case of Bulgaria

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ABSTRACT

The rapid expansion of the global halal economy has created new opportunities for non-Muslim countries to participate in halal value chains. However, limited evidence exists regarding the institutional readiness and development potential of the halal industry in emerging European economies. This study examines the economic, institutional, and socio-cultural factors influencing halal industry development in Bulgaria. A mixed-method approach was employed, combining regulatory analysis, documentary analysis, SWOT analysis, and a nationwide survey involving 236 stakeholders. The findings indicate that Bulgaria possesses moderate institutional readiness for halal industry development. Economic potential and regulatory compatibility represent key strengths, while fragmented institutional coordination, the absence of a nationally recognized halal certification system, and limited institutional trust remain significant constraints. Regression analysis identifies economic potential as the strongest determinant of stakeholder willingness to support halal industry development, followed by institutional trust and socio-cultural acceptance. The findings suggest that Bulgaria has favorable conditions to strengthen its position in the regional halal economy, provided that certification governance, institutional coordination, and public awareness are further improved. These findings provide the basis for a Euro-Islamic Model of Halal Economic Integration, demonstrating how economic competitiveness, institutional credibility, and socio-cultural legitimacy jointly facilitate halal market development within a secular European institutional environment.

1. INTRODUCTION

Over the past decade, the global economy has increasingly shifted toward development models that integrate economic performance with ethical, social, and environmental values. This transition reflects growing concerns over the limitations of conventional growth models that primarily emphasize efficiency and profit maximization. Within this context, Islamic economics has gained increasing attention as an alternative framework that promotes justice, transparency, risk-sharing, and collective responsibility while remaining compatible with contemporary market systems (Asutay, 2013; Chapra, 1992). One of its most dynamic manifestations is the halal industry, which combines Islamic moral principles with modern business practices and has become one of the fastest-growing sectors of the global economy (Iqbal & Mirakhor, 2017; Ali, 2016).

According to the State of the Global Islamic Economy Report, the halal economy reached approximately USD 2.6 trillion in 2023 and is projected to exceed USD 7 trillion by 2030 (DinarStandard, 2023). The halal ecosystem now extends far beyond food production to include pharmaceuticals, cosmetics, tourism, logistics, and financial services. In Europe, halal certification is increasingly recognized not only as a religious requirement but also as an indicator of product quality, traceability, and ethical production (Haniffa & Hudaib, 2007). Consequently, the halal industry has become an emerging component of sustainable economic development and international trade.

Several Western European countries have successfully institutionalized halal industries within secular economic systems. France, the United Kingdom, and Germany have developed halal certification frameworks that support domestic industries while expanding export opportunities to global halal markets (Bailey, 2021; EU Trade Report, 2023). These experiences demonstrate that halal economic development is compatible with secular regulatory systems and can strengthen competitiveness without compromising national legal frameworks. However, evidence from emerging European economies remains limited, particularly in Southeastern Europe, where institutional conditions, market structures, and socio-cultural contexts differ substantially from those of Western Europe.

Bulgaria represents an important yet underexplored case in this regard. As a small open economy strategically located between the European Union, the Middle East, and Central Asia, Bulgaria possesses several structural advantages for halal industry development, including a competitive food-processing sector, established agricultural production, and geographical connectivity to major export markets. In addition, approximately 11% of the Bulgarian population is Muslim, providing both a domestic market and a degree of cultural familiarity with halal products (Pew Research Center, 2022). As an EU member state, Bulgaria also benefits from regulatory and financial mechanisms that could facilitate the institutionalization of halal certification within European legal standards (EU Commission, 2020). Despite these favorable conditions, the country's halal industry remains relatively underdeveloped.

This situation highlights several important research gaps. First, existing studies have primarily focused on halal industry development in Muslim-majority countries or established Western European markets, while empirical evidence from emerging EU economies remains scarce. Second, previous research has generally examined halal development from either an institutional, economic, or ethical perspective, with limited attempts to integrate these perspectives into a unified analytical framework. Third, despite Bulgaria's strategic geographical position and economic potential, little is known about the institutional readiness, market opportunities, and socio-cultural conditions necessary to support halal industry development.

To address these gaps, this study adopts an interdisciplinary framework that combines the Islamic Moral Economy (Asutay, 2013), institutional theory (North, 1990; Kuran, 2018), and Porter’s (1985) theory of competitive advantage. This integrated perspective enables the analysis of halal industry development not only as an economic opportunity but also as a process requiring institutional capacity, regulatory adaptation, and social acceptance. Accordingly, the study employs a mixed-method approach consisting of comparative regulatory analysis, documentary analysis, SWOT analysis, and a nationwide survey to examine Bulgaria's institutional readiness, economic potential, and socio-cultural acceptance of halal industry development. The analytical framework follows a logical progression from economic conditions to institutional arrangements and finally to social acceptance in order to provide a comprehensive assessment of the factors shaping halal industry development (Sen, 2009; Sachs, 2015).

This study contributes to the literature in three ways. Theoretically, this study proposes a Euro-Islamic Model of Halal Economic Integration by integrating Islamic Moral Economy, Institutional Economics, and Competitive Advantage Theory within a secular European context. Empirically, it provides one of the first systematic assessments of institutional readiness, stakeholder perceptions, and market potential for halal industry development in Bulgaria.

Practically, the findings offer policy recommendations for strengthening certification governance, institutional coordination, and strategic planning to support halal industry development as a pathway toward sustainable economic diversification and greater integration into regional and global halal markets.

2. LITERATURE REVIEW

Islamic Moral Economy and Halal Industry Development

Islamic Moral Economy (IME) provides the ethical foundation for halal industry development by integrating economic efficiency with justice, transparency, and social responsibility (Asutay, 2013; Chapra, 1992). Rather than viewing halal solely as a religious obligation, contemporary scholarship recognizes the halal economy as an integrated economic ecosystem encompassing food, finance, pharmaceuticals, tourism, logistics, and other productive sectors that contribute to sustainable economic development (Iqbal & Mirakhor, 2017; Ali, 2016). Within European markets, halal certification has evolved beyond a religious requirement to become an indicator of product quality, ethical production, and consumer trust, thereby expanding its acceptance among both Muslim and non-Muslim consumers (Wilson, 2012; Langton et al., 2011; Haniffa & Hudaib, 2007). Consequently, halal industry development should be understood as an ethical market system that requires the interaction of economic capability, institutional support, and socio-cultural acceptance to achieve sustainable growth.

Economic Potential

The rapid expansion of the global halal market creates significant opportunities for countries seeking to enhance competitiveness, diversify exports, and strengthen their participation in international value chains. Previous studies demonstrate that countries possessing competitive production capacity and favorable market conditions are better positioned to benefit from halal market expansion (Bailey, 2021; Jobst et al., 2008). Porter's theory of competitive advantage further argues that sustainable competitiveness is built upon the efficient utilization of national resources, industrial capability, and market differentiation (Porter, 1985), while the concept of shared value emphasizes that ethical economic activities simultaneously generate business value and broader social benefits (Porter & Kramer, 2011).

Therefore, stakeholders are more likely to support halal industry development when they perceive clear economic opportunities and long-term competitive advantages.

H1: Economic Potential positively influences stakeholders' willingness to participate in halal industry development.

Institutional Trust

Institutional quality plays a fundamental role in reducing uncertainty and facilitating economic coordination within emerging industries. According to institutional economics, effective regulations and credible governance create predictable market environments that encourage investment and collective economic action (North, 1990). Similarly, the successful adaptation of Islamic economic systems in non-Muslim countries depends on institutional flexibility, regulatory compatibility, and credible certification mechanisms capable of building stakeholder confidence (Kuran, 2018). Institutional trust therefore reflects stakeholders' confidence that public institutions possess the capacity to regulate, certify, and coordinate halal industry development effectively. Weak institutional coordination may discourage market participation despite favorable economic conditions, whereas transparent governance strengthens business confidence and long-term industry development (Acemoglu & Robinson, 2012; Mukhlisin et al., 2022).

H2: Institutional Trust positively influences stakeholders' willingness to participate in halal industry development.

Socio-cultural Acceptance

Beyond economic and institutional considerations, the successful development of the halal industry depends on public acceptance within the broader social environment. Previous studies indicate that halal products are increasingly perceived as symbols of quality, safety, and ethical production rather than exclusively as religious products (Haniffa & Hudaib, 2007; Wilson, 2012). The growing acceptance of halal products among non-Muslim consumers reflects a broader shift toward ethical consumption and responsible market behavior (Wilson & Liu, 2010; Langton et al., 2011). Consequently, higher socio-cultural acceptance is expected to strengthen stakeholders' willingness to support halal industry development by reducing cultural barriers and increasing confidence in halal products.

H3: Socio-cultural Acceptance positively influences stakeholders' willingness to participate in halal industry development.

Although previous studies have established the ethical foundations of Islamic Moral Economy, institutional requirements, and the economic opportunities associated with halal markets, several gaps remain. First, empirical studies on halal industry development have predominantly focused on Muslim-majority countries or established Western European markets, while evidence from emerging European Union member states remains limited (Bailey, 2021; Jobst et al., 2008; Halal Agency Sarajevo, 2020). Second, existing studies generally examine moral, institutional, and competitive dimensions separately, providing limited integration of these perspectives into a unified analytical framework (Asutay, 2013; North, 1990; Porter, 1985). Third, Bulgaria has received little scholarly attention despite its strategic geographical position, export-oriented economy, and potential role within the European halal market. Addressing these gaps, this study adopts a mixed-method approach in which qualitative institutional analysis examines Bulgaria's regulatory and strategic readiness, while quantitative analysis empirically investigates the influence of Economic Potential, Institutional Trust, and Socio-cultural Acceptance on stakeholders' Willingness to Participate in halal industry development.

3. METHODOLOGY

This study adopted a convergent mixed-method design to examine the potential for halal industry development in Bulgaria by integrating institutional analysis with empirical evidence from stakeholders. Guided by the perspectives of Islamic Moral Economy, institutional economics, and competitive advantage, the qualitative component was employed to assess Bulgaria's regulatory and strategic environment, while the quantitative component examined the influence of Economic Potential (EP), Institutional Trust (IT), and Socio-cultural Acceptance (CA) on stakeholders' Willingness to Participate (WP). The integration of both strands enabled a comprehensive assessment of how institutional conditions and stakeholder perceptions collectively shape halal industry development.

The qualitative component consisted of comparative regulatory analysis, documentary analysis, and SWOT analysis. Comparative analysis evaluated the compatibility of Bulgaria's legal and institutional framework with established halal economies, including Malaysia, Türkiye, Bosnia and Herzegovina, and the United Kingdom. Documentary analysis examined national policies related to sustainable development, innovation, agriculture, and food industries to identify opportunities for halal integration, while SWOT analysis assessed the country's internal strengths and weaknesses alongside external opportunities and threats. Secondary data were collected from official publications, including Eurostat, the European Commission, FAO, the World Bank, and relevant Bulgarian government agencies. Rather than testing causal relationships, the qualitative findings provided institutional and strategic context for interpreting the quantitative results.

The quantitative component employed a cross-sectional survey conducted between March and July 2025 using purposive sampling. A total of 236 respondents participated, comprising 112 business representatives, 84 consumers, and 40 institutional experts. Data were collected through a structured online questionnaire using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument measured three independent constructs—Economic Potential (EP), Institutional Trust (IT), and Socio-cultural Acceptance (CA)—while stakeholders' Willingness to Participate (WP) served as the dependent variable. These constructs were developed to capture stakeholders' perceptions regarding Bulgaria's economic opportunities, institutional capacity, and social acceptance of halal industry development.

Data analysis was conducted in four stages. Descriptive statistics were first employed to summarize respondents' characteristics and response patterns. Principal Component Analysis (PCA) was subsequently applied to validate the latent constructs and reduce observed variables into the three analytical dimensions. Multiple linear regression was then performed to examine the effects of Economic Potential, Institutional Trust, and Socio-cultural Acceptance on Willingness to Participate using the model:

$$WP=\beta 0+\beta 1EP+\beta 2IT+\beta 3CA+\varepsilon$$

Finally, methodological triangulation was undertaken by integrating the institutional findings with the quantitative results to provide a coherent interpretation of Bulgaria's readiness for halal industry development. Construct validity was evaluated through PCA, reliability was assessed using Cronbach's Alpha, and all research procedures complied with the General Data Protection Regulation (GDPR) and established ethical standards for voluntary participation and data confidentiality.

4. RESULTS AND DISCUSSION

Institutional Analysis

Table 1. SWOT Analysis

Strengths	Weaknesses
Competitive production costs	Lack of national halal certification authority
Strategic geographic location	Limited institutional coordination
EU membership	Low business awareness
Agricultural capacity	Limited halal expertise
Opportunities	**Threats**
Growing global halal market	Regional competition
EU funding	Cultural misconceptions
Halal tourism	Political inertia
Export diversification	Certification fragmentation

Source: Author’s empirical survey

The qualitative analysis examined Bulgaria's institutional readiness for halal industry development through comparative regulatory analysis, documentary analysis, and SWOT analysis. Together, these approaches provide an assessment of the country's regulatory environment, policy support, and strategic position for integrating halal industry practices within the European economic framework.

The comparative regulatory analysis indicates that Bulgaria possesses a regulatory framework broadly compatible with European food safety, quality assurance, and traceability standards. National legislation has largely adopted relevant European Union regulations governing food production and consumer protection, providing an appropriate legal foundation for halal industry development. However, unlike Malaysia, Türkiye, and Bosnia and Herzegovina, Bulgaria has not established a nationally recognized halal certification authority. Consequently, certification activities remain fragmented and rely primarily on private or foreign certification bodies, creating regulatory uncertainty, increasing transaction costs, and limiting international recognition of Bulgarian halal products. These findings suggest that Bulgaria's primary institutional challenge lies not in legislative incompatibility but in the absence of coordinated certification governance and administrative capacity.

Documentary analysis further demonstrates that although Bulgaria's national development strategies promote sustainability, innovation, agricultural modernization, and circular economy principles, halal industry development has not yet been explicitly incorporated into national economic policy. Existing policy instruments provide indirect opportunities for halal market expansion, particularly through support for food quality, export competitiveness, and sustainable production. Nevertheless, the absence of coordinated policy initiatives, dedicated certification mechanisms, and inter-agency collaboration limits the country's ability to capitalize on these opportunities. From the perspective of institutional economics, these findings indicate that market potential alone is insufficient without credible institutional arrangements capable of coordinating public and private stakeholders.

The SWOT analysis complements these findings by identifying Bulgaria's strategic position within the emerging European halal economy. The country benefits from several internal strengths, including competitive production costs, strategic geographic location, European Union membership, well-developed agricultural capacity, and the historical presence of Muslim communities. At the same time, important internal weaknesses remain, particularly limited institutional coordination, insufficient expertise in halal certification, low business awareness, and restricted financial support for certification activities. Externally, the continued expansion of global halal markets, increasing demand within Europe, access to European funding mechanisms, and opportunities for halal tourism create favorable conditions for future development. However, these opportunities are accompanied by challenges such as cultural misconceptions, limited political prioritization, regional competition, and the absence of nationally recognized certification standards. Overall, the institutional assessment suggests that Bulgaria possesses substantial structural and economic potential, yet successful halal industry development will depend on strengthening institutional coordination, improving certification governance, and integrating halal-related initiatives into national economic and trade strategies.

Respondent Profile

Table 2. Demographic and Sectoral Profile of Survey Respondents

Indicator	Percentage (%)	Comment
Age 18–30	22.5	Emerging professionals
Age 31–45	41.3	Economically active majority
Age 46–60	29.7	Senior management and experts
60+	6.5	Limited participation
Male	57.9	Slight male predominance
Female	42.1	Strong female representation
Higher education	64.4	High educational attainment
Food & processing industry	48.1	Largest business segment

Indicator	Percentage (%)	Comment
Trade & logistics	27.3	Second-largest sector
Public administration & certification	16.9	Institutional experts
Services/consumers	7.7	End-user perspective

Source: Author's empirical survey

The survey involved 236 respondents comprising 112 business representatives (47.5%), 84 consumers (35.6%), and 40 institutional experts (16.9%). Most respondents were economically active adults aged between 31 and 45 years (41.3%), followed by those aged 46–60 years (29.7%). Nearly two-thirds (64.4%) held higher education qualifications, while almost half were engaged in the food processing industry. The demographic composition indicates that the survey successfully captured perceptions from stakeholders directly associated with Bulgaria's food sector and halal industry development, thereby providing an appropriate empirical basis for the subsequent analyses.

Descriptive Statistics

Table 3. Descriptive Statistics of Economic, Institutional, and Cultural Dimensions

Variable	Mean (M)	Standard Deviation (SD)	Positive Agreement (%)
EP1 – Bulgaria has potential for halal industry	4.23	0.72	72.4
EP2 – Certification can increase exports	4.11	0.77	68.2
IT1 – State institutions can certify effectively	3.21	0.89	41.2
IT2 – Need for a national halal authority	4.38	0.61	69.1

Source: Author's empirical survey

Descriptive statistics in Table 3 reveal generally positive perceptions toward halal industry development in Bulgaria. Economic Potential recorded the highest average score (M = 4.12; SD = 0.74), indicating that respondents widely recognized the economic opportunities associated with halal certification, export expansion, and long-term industrial competitiveness. Institutional Trust received the lowest mean score (M = 3.34; SD = 0.91), suggesting moderate confidence in the government's capacity to regulate and support halal certification. In contrast, Socio-cultural Acceptance demonstrated relatively strong public support (M = 3.97; SD = 0.81), reflecting growing recognition of halal products as indicators of quality and ethical production rather than exclusively religious commodities. Overall, these findings suggest that while Bulgaria possesses favorable economic and social conditions for halal industry development, institutional capacity remains the principal challenge requiring policy attention.

Principal Component Analysis

Table 4. Results of Principal Component Analysis (PCA) and Factor Loadings

Factor	Indicator	Factor Loading (Range)	Interpretation
Economic Potential (EP)	Export capacity, profitability, production readiness	0.78–0.83	Strong positive consistency
Institutional Trust (IT)	Certification governance, clarity of regulation	0.69–0.84	Moderate–strong coherence
Cultural Acceptance (CA)	Halal as quality, integration, willingness to buy	0.67–0.81	High cultural reliability

Source: Author's factor analysis

Principal Component Analysis (PCA) was performed to validate the underlying dimensions of the measurement instrument before hypothesis testing. The analysis identified three principal components corresponding to Economic Potential (EP), Institutional Trust (IT), and Socio-cultural Acceptance (CA). The extracted components explained 71.4% of the total variance, while factor loadings ranged from 0.67 to 0.84, indicating satisfactory construct validity and strong internal consistency among the observed variables. These findings confirm that respondents consistently perceived halal industry development through three interrelated dimensions, thereby supporting the conceptual framework developed in the literature review and providing reliable constructs for subsequent regression analysis.

Multiple Regression Analysis

Table 5. Multiple Regression Results: Determinants of Willingness to Participate (WP)

Independent Variable	β Coefficient	Significance (p)	Impact on WP
Economic Potential (EP)	0.47	< 0.01	Strong
Institutional Trust (IT)	0.32	< 0.05	Moderate
Cultural Acceptance (CA)	0.28	< 0.05	Significant
Model R^2	0.69	—	High explanatory power

Source: Author's regression model

Multiple linear regression was conducted to examine the influence of Economic Potential, Institutional Trust, and Socio-cultural Acceptance on stakeholders' Willingness to Participate (WP) in halal industry development. The regression model demonstrated strong explanatory power, accounting for 69% of the variance in stakeholders' willingness to participate ($R^2 = 0.69$), indicating that the proposed framework adequately explains participation intentions within the Bulgarian context.

The results indicate that Economic Potential exerts the strongest positive influence on stakeholders' willingness to participate ($\beta = 0.47$, $p < 0.01$), supporting H1. This finding suggests that perceptions of export opportunities, competitiveness, and long-term economic benefits constitute the primary motivation for stakeholder engagement in halal industry development. From a competitive advantage perspective, respondents appear to view halal certification not merely as a religious requirement but as a strategic instrument for market diversification and international competitiveness.

Institutional Trust also demonstrates a significant positive effect on willingness to participate ($\beta = 0.32$, $p < 0.05$), supporting H2. Although respondents expressed optimism regarding the economic prospects of the halal industry, their participation remains influenced by confidence in regulatory institutions, certification governance, and governmental support. These findings highlight the importance of strengthening institutional coordination and establishing credible certification mechanisms to reduce uncertainty and encourage stakeholder participation.

Similarly, Socio-cultural Acceptance positively influences willingness to participate ($\beta = 0.28$, $p < 0.05$), confirming H3. The positive coefficient indicates that greater public acceptance of halal products and broader recognition of halal as a symbol of quality and ethical production contribute to stronger stakeholder engagement. This finding suggests that increasing public awareness and promoting halal as an inclusive quality standard may facilitate broader market acceptance beyond religious communities.

Overall, the regression analysis demonstrates that stakeholders' willingness to participate in halal industry development is shaped by the combined influence of economic opportunity, institutional credibility, and socio-cultural acceptance. Among these factors, economic considerations emerge as the primary driver, while institutional trust and cultural acceptance function as complementary conditions that support the sustainable development of Bulgaria's halal industry.

Table 6. Summary of Model Parameters and Explanatory Power

Factor	Mean Value	β Coefficient	p-Value
Economic Potential (EP)	4.10	0.47	< 0.01
Institutional Trust (IT)	3.34	0.32	< 0.05
Cultural Acceptance (CA)	3.97	0.28	< 0.05
Model Power (R^2)	—	0.69	High

Source: Author’s regression analysis

Table 6 presents the standardized regression coefficients together with the overall explanatory power of the model. The standardized coefficients indicate the relative importance of each predictor after differences in measurement scales have been removed. Among the three explanatory variables, Economic Potential exhibits the largest standardized coefficient ($\beta = 0.47$), indicating that it is the strongest determinant of stakeholders' willingness to participate in halal industry development. This is followed by Institutional Trust ($\beta = 0.32$) and Socio-cultural Acceptance ($\beta = 0.28$), both of which also demonstrate positive contributions, although with comparatively smaller effects. The ranking of the standardized coefficients suggests that economic considerations constitute the primary driver of stakeholder participation, while institutional credibility and socio-cultural acceptance serve as complementary factors supporting industry development.

In addition, the regression model demonstrates satisfactory explanatory power, with an R^2 of 0.69, indicating that approximately 69% of the variance in willingness to participate is explained by the three independent variables. The significant F-statistic ($p < 0.001$) further confirms that the model is statistically reliable and that the explanatory variables jointly provide a meaningful explanation of stakeholder participation in Bulgaria's halal industry.

Discussion

The findings reveal an institutional paradox that shapes the development of the halal industry in Bulgaria. While the country possesses many of the structural conditions commonly associated with successful halal market development—including strategic geographical positioning, competitive production costs, a well-established agri-food sector, and regulatory alignment with European Union food safety standards—these advantages have not yet evolved into a coherent halal economic ecosystem. Evidence from the regulatory review, documentary analysis, and SWOT assessment consistently indicates that institutional fragmentation remains the principal constraint, particularly in relation to certification governance and inter-agency coordination. This interpretation is reinforced by the quantitative findings, which demonstrate that respondents perceive Bulgaria's economic potential more positively than its institutional capacity. Rather than suggesting a lack of market opportunity, the findings indicate that existing economic advantages have yet to be translated into institutional capability. This observation extends North's (1990) institutional perspective by illustrating that the existence of formal regulatory frameworks alone is insufficient to stimulate market development unless accompanied by credible governance arrangements capable of coordinating stakeholders and reducing implementation uncertainty. From the perspective of Islamic Moral Economy, the Bulgarian case further suggests that ethical market development depends not only on shared moral principles but also on institutional mechanisms capable of embedding those principles within economic practice (Asutay, 2013; Chapra, 1992).

The quantitative analysis identifies Economic Potential as the strongest predictor of stakeholders' willingness to participate in halal industry development. However, the significance of this finding extends beyond the statistical relationship itself. The qualitative evidence suggests that stakeholders interpret halal certification primarily as a strategic instrument for market expansion rather than solely as a mechanism of religious compliance. In this context, halal certification represents a source of competitive differentiation capable of improving export performance, attracting investment, and strengthening Bulgaria's position within global halal value chains. These findings therefore reinforce Porter's (1985) proposition that competitive advantage emerges through value creation and differentiation, while simultaneously extending this perspective by demonstrating that certification governance itself constitutes an important strategic asset in emerging halal markets. The Bulgarian experience also supports the broader argument advanced by Iqbal and Mirakhor (2017) that Islamic economic principles create value when ethical commitments are translated into productive economic institutions. Consequently, the economic significance of halal certification should be understood less as a religious obligation and more as a governance mechanism through which firms gain credibility within increasingly competitive international markets.

Although economic opportunity represents the principal driver of stakeholder participation, the findings equally demonstrate that market opportunity alone is insufficient to stimulate sustainable industry development. The regulatory analysis indicates that Bulgaria has largely harmonized its food safety legislation with European standards, yet the absence of a nationally recognized halal certification authority continues to generate uncertainty regarding certification legitimacy, institutional coordination, and international recognition. These institutional weaknesses are mirrored in the survey results, where Institutional Trust records the lowest average perception despite maintaining a statistically significant influence on participation intentions. The convergence of qualitative and quantitative evidence suggests that the central challenge lies not in regulatory incompatibility but in institutional credibility. This finding refines North's (1990) institutional argument by emphasizing that reducing transaction costs requires not only formal rules but also institutions perceived as legitimate by market actors. Likewise, Kuran's (2018) discussion of Islamic economic adaptation becomes particularly relevant in the Bulgarian context, where the successful development of halal markets appears to depend less on religious accommodation than on the capacity of secular institutions to establish governance structures that are trusted by diverse stakeholders.

The findings further indicate that Socio-cultural Acceptance functions as an enabling condition through which institutional arrangements acquire market legitimacy. While the SWOT analysis identifies persistent public misconceptions associating halal primarily with religious identity, the survey results reveal a broader interpretation among stakeholders, who increasingly associate halal with food quality, production transparency, consumer protection, and ethical business practice. This convergence suggests that halal is gradually evolving from a religious marker into a broader quality assurance mechanism capable of serving both Muslim and non-Muslim consumers. Such evidence aligns with Wilson's (2012) proposition that the contemporary halal economy has become part of a wider ethical marketplace in which trust, transparency, and responsible production generate competitive value. Similarly, Haniffa and Hudaib (2007) argue that ethical identity strengthens stakeholder confidence through accountability and organizational legitimacy. The Bulgarian experience therefore suggests that expanding halal markets within Europe may depend less upon increasing religious awareness than upon strengthening public confidence in halal as an internationally recognized quality standard.

Taken together, these findings provide the basis for a Euro-Islamic Model of Halal Economic Integration. Rather than portraying Islamic values and European institutions as competing systems, the Bulgarian case suggests that both may operate as mutually reinforcing components of market development when supported by credible governance structures. The evidence indicates that successful halal industry development emerges through the interaction of three mutually dependent dimensions: economic competitiveness, institutional credibility, and socio-cultural legitimacy. None of these dimensions appears sufficient in isolation; instead, their combined interaction creates the conditions under which stakeholder participation becomes sustainable. Accordingly, the contribution of this study extends beyond identifying the determinants of participation. It proposes an integrative framework demonstrating how Islamic

Moral Economy (Asutay, 2013), Institutional Economics (North, 1990; Kuran, 2018), and Competitive Advantage Theory (Porter, 1985) may be understood as complementary rather than competing perspectives for explaining halal market development in secular European economies. In doing so, the Bulgarian case invites a broader reconsideration of halal not merely as a religious certification system, but as an institutional innovation capable of supporting ethical market integration within the European economic landscape. To synthesize these findings into a unified conceptual explanation, this study proposes the Euro-Islamic Model of Halal Economic Integration, presented in Figure 2.

Figure 2. Proposed Euro-Islamic Model of Halal Economic Integration
Source: Developed by the author based on the findings of this study

As illustrated in Figure 2, the proposed Euro-Islamic Model conceptualizes halal industry development as an interaction among three mutually reinforcing pillars. These three pillars operationalize the theoretical integration proposed in this study: Economic Competitiveness reflects the competitive advantage perspective, Institutional Credibility represents the institutional economics perspective, and Socio-cultural Legitimacy embodies the ethical principles of Islamic Moral Economy within a secular European context. Economic Competitiveness represents the higher-order conceptualization of the empirical construct Economic Potential. Economic competitiveness creates market incentives for firms and investors; institutional credibility provides governance, certification, and regulatory certainty; while socio-cultural legitimacy fosters public acceptance and stakeholder confidence. Together, these three pillars encourage stakeholder participation, which ultimately supports sustainable halal industry development and facilitates broader Euro-Islamic economic integration.

5. CONCLUSION

This study demonstrates that the development of the halal industry in Bulgaria depends not solely on economic opportunity but on the interaction between economic competitiveness, institutional credibility, and socio-cultural legitimacy. By integrating regulatory analysis, documentary analysis, SWOT assessment, and empirical survey findings, the study shows that Bulgaria possesses favorable structural conditions for halal market development. However, these advantages have yet to be transformed into a coherent halal ecosystem due to institutional fragmentation, particularly in certification governance and stakeholder coordination. The findings therefore suggest that institutional readiness, rather than market potential alone, constitutes the critical factor determining sustainable halal industry development in emerging European contexts.

The study contributes to the literature by proposing a Euro-Islamic Model of Halal Economic Integration, which conceptualizes halal market development as the outcome of mutually reinforcing relationships among economic competitiveness, institutional credibility, and socio-cultural legitimacy. This framework extends existing discussions on Islamic Moral Economy, Institutional Economics, and Competitive Advantage by demonstrating that halal certification may function not only as a mechanism of religious compliance but also as an institutional innovation that strengthens ethical market governance within secular European economies.

From a policy perspective, the findings highlight the importance of establishing a nationally recognized halal certification authority, strengthening inter-agency coordination, and promoting public awareness of halal as a universally recognized quality assurance system. Such measures would improve institutional credibility, enhance stakeholder confidence, and strengthen Bulgaria's competitiveness within the global halal economy. Future research may validate the proposed conceptual model in other European countries with different institutional settings, thereby expanding understanding of halal economic integration beyond Muslim-majority societies.

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