

## FACTORS INFLUENCING HALAL CERTIFICATION APPLICATION AMONG SME BUMIPUTERA FOOD AND BEVERAGE MANUFACTURERS IN MALAYSIA

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**Abstract:** Halal-related markets are one of the fastest-growing businesses among established companies and small, medium-sized industries (SMI). In 2020, notable successes were attained in Malaysia's halal industry due to the industry's overall performance. A prominent marketing and sales strategy that halal certification represents for businesses is highlighted by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU). Even though halal certification is becoming increasingly important for many businesses in Malaysia, SME Bumiputera entrepreneurs have yet to obtain their halal certification. This exploratory study aims to gain an in-depth understanding of the reasons why the SME Bumiputera food and beverage manufacturers in Malaysia are reluctant to apply halal certificate. This study employs a qualitative research design in which primary data is collected from interviews. The findings reveal that trust is the main reason for applying halal certification. The investigation also discovered that integrity, resources, and knowledge are the most trusted aspects related to halal certification. These trust-related aspects will serve as a wake-up call to relevant agencies continuously enforcing the halal certification to fulfil the country's aspiration to become a centre for the global halal hub.

**Keywords:** Food and beverage manufacturer, Halal certification, Halal trust, SME Bumiputera

### 1. Introduction

The concept of halal has sparked the curiosity of the global business community for the past decade. Halal, broadly defined as permitted or permitted, is a foundational core belief in Islam that has always guided Muslims' actions and choices. Even non-Muslims are increasingly accepting of the halal concept, owing to increased health and ethical consciousness, social responsibility, and alignment with halal values. The current market for halal products comprises 1.9 billion Muslims worldwide, representing about 24 percent of the global population, and was further increased by non-Muslim halal practitioners. The market for halal products encompasses everything from food and drink to pharmaceuticals, personal care products, cosmetics, and financial services.

Malaysia, the United Arab Emirates, Australia, Indonesia, and Turkey are the top countries driving demand for halal food, with the market expected to be worth US\$1.2 trillion in 2022. Food and beverage still generated the most halal revenue in Malaysia in 2019, with RM22.05 billion, maintaining its top position as the sector that contributes the most to the national halal economy. In contrast, halal food and beverages exported RM20.0 billion in 2018

(Halal Development Corporation Berhad [HDC], 2020). By 2024, the HDC predicts that the global market for the sector will have grown to RM10 trillion (Ng & Lau, 2021). Therefore, with the continuous efforts and hard work of HDC, Malaysia has become a leader in the global halal community. By promoting the halal certification that was issued by our country, which is regarded as the gold standard in the Islamic world, it will be essential to promote the halal industry to the rest of the world.

## 2. Research Problem

The Malaysian government has worked to establish a global halal standard. Malaysia's Research Centre for Islamic Affairs established a national halal certification in 1974. Studies done by Azizi Abu Bakar et al. (2019) stated that halal certification is crucial in Malaysia, where producers must possess it to persuade consumers that their goods are trustworthy. They also added that this halal certification aims to persuade Muslim customers to purchase halal-certified goods. Surprisingly, according to Malaysian statistics, non-Muslim business owners make up 60 percent of halal certificate applicants (Khairunnisa Che Omar, 2020). Previous studies also found that the perception of the JAKIM-outlined halal certification contributes to the low numbers of Bumiputera SMEs with halal-certified entrepreneurs. This situation needs to be addressed because Bumiputera SMEs are not actively involved in obtaining the Malaysia halal certification (Azizi Abu Bakar et al., 2017). To take advantage of the opportunities provided by the halal industry, the government encouraged local business owners to apply for Malaysia's halal certification; however, most Bumiputera SME owners continue to fall short (Azizi Abu Bakar et al., 2019).

Before 2013, different policies and procedures were used by each state to implement halal certification. The certification fee was charged similarly. The industry is under considerable stress because of this situation. Industry complaints led to recommendations that JAKIM and State Islamic Departments work together in the halal certification role (Sirajuddin Suhaimi et al., 2019). However, the application that allows users to check the current halal status of any product on the Malaysian market appears to be primarily hidden on the Jakim website. The website for Jakim Halal seems to use more than generation-old software. Numerous items with halal certification expired or revoked are currently for sale on the market. Some halal certificates have been withdrawn or suspended for other reasons. Thus, it led to many officers responsible for halal certification at Malaysian companies venting frustration (Hunter, 2022). In addition, due to their limited ability to obtain certification, expertise, networks, and funding, many SMEs have not been fully integrated into the global halal supply chain (Malaysia, Ministry of Finance, 2022). Therefore, the main objective of this study is to gain an in-depth understanding of why SME Bumiputera food and beverage manufacturers in Malaysia are reluctant to apply for the halal certificate.

## 3. Literature Review

### 3.1 Concept of Halal and Haram

The Qur'an and Sunnah use the word halal and haram in two different meanings: moral conduct and material (Rokshana Shirin Asa & Ida Madieha Abdul Ghani Azmi, 2017).

The Quran and Sunnah have provided general rules regarding what is forbidden and permitted, and Muslims are obligated by their religious commitments to abide by these rules. Generally, the notion of halal and haram encompasses all activities and deeds that are performed by humans, such as eating, wearing, seeing, and conversing (Alzeer et al., 2017). In the context of halal and haram in food and beverage, halal and haram refer to what Muslims can and cannot eat as prescribed by the Quran, the Prophet Muhammad's sayings, and judicial rulings. However, the guidelines provided by the Quran and Sunnah are somewhat broad. Muslims would have to make fresh decisions each time a new food product type or production method appeared. The halal certification comes into play here.

Since Malaysia is multi-cultural and multi-ethnic, Muslims are very cautious of their faiths and beliefs, especially concerning food. Therefore, there is a need to have a trademark or indicator to distinguish the halal or haram to those goods and services. Due to these demands, Malaysia introduced Halal certification as a symbol of value, health, and the ecosystem. It not only works as an assurance to verify the product's conformity to Islamic dietary laws but also ensures that it comprises all the permitted elements. The Ninth Malaysian Plan states that Malaysia would play a central role in the certification of halal goods and will actively promote halal certification internationally. Because of this, the government of Malaysia has passed laws and established processes and guidelines for both locally produced and imported halal goods. Malaysia has set a goal of being a global halal centre by 2020. The government's plan to make Malaysia a global leader in the halal food industry includes expanding distribution channels, increasing production, and raising awareness (Rokshana Shirin Asa & Ida Madieha Abdul Ghani Azmi, 2017).

### *3.2 Definition of Halal Certification*

The Trade Description Order (Usage of the Term "Halal") of 1975 provides the following definition of Halal: "The terms "Halal," "Guaranteed Halal," "Muslim Food," or any other terms that may be used to indicate or may be understood as meaning to indicate as permissible to be consumed by Muslims and allowed in their religion for the referred food to be consumed, shall be used in relation to food in any form whatsoever, in the process of trade or commerce as an aspect of trading or part of an aspect of trading for the referred food, must therefore mean the following, that is, the food for which such terms are being used: a) does not stem from or consists of any part of or item from animals that are forbidden to Muslims by Islamic law, or animals that have not been slaughtered according in Islamic law; b) does not contain any substance that is considered impure in Islamic law; c) is not prepared, processed or manufactured using equipment or utensils that are not free from impurities as defined by Islamic law; d) that, in the preparation, processing or storage stage, does not come in contact with or is stored near any kind of food that does not meet the requirements of para(s) (a), (b) or (c) or any substances that are considered impure by Islamic law." (Rahimah Mohamed Yunos et al., 2017).

In the context of the food sector, halal certification refers to an inspection of the preparation, slaughtering, ingredients used, cleaning, handling, processing, and storage of food, as well as the transportation and distribution of it. Halal certification is only valid for food that has been determined to be nutrient-rich and prepared using only authorized

ingredients in a clean, hygienic manner (Siti Farhana Mohamad Hashim et al., 2017). Rahimah Mohamed Yunos et al. (2017) mentioned that halal is a product attribute that cannot be independently validated by a consumer, even after consuming the product. Halal certification is an example of an industrial convention and a vehicle for coordination and quality conventions. Industrial custom refers to standard compliance, showing that a product with a halal certification complies with the standard.

The certificate confirms that the religious requirements have been adhered (Rokshana Shirin Asa & Ida Madieha Abdul Ghani Azmi, 2017). Continuous fatwa resolution on diverse halal-related topics must be carried out as guidance for the halal certification bodies. Rokshana Shirin Asa and Ida Madieha Abdul Ghani Azmi (2017) compiled and explained some of the fatwas given on halal cuisine. Results show that to create a reliable system, there must be a close correlation between fatwas and halal certification. Malaysia must be able to rely on its halal accreditation to participate in the halal market successfully. However, the dependability of the system must not have any drawbacks. The system must meet local demands and be reliable enough to serve as a model for other nations to imitate (Rokshana Shirin Asa & Ida Madieha Abdul Ghani Azmi, 2017).

### *3.3 Halal Certification Application*

The high demand for halal products globally encouraged manufacturers to label their products with the halal certification to differentiate their goods from competing items on the market. Halal certification is a way to make sure that clients are satisfied, confident, and dependable. It also mandates that the entire procedure be halal in addition to the food provided. Halal-certified goods must adhere to strict cleanliness, safety, nutrition, and hygiene requirements that meet customers' needs, mainly Muslim customers. In Malaysia, there are a few government agencies involved directly and indirectly in the management of the halal industry. The two main agencies that are often associated with halal certification in Malaysia are the Department of Islamic Development (JAKIM) and the Halal Industry Development Centre (HDC). In particular, the halal certification is under the governance of the Halal Hub Division, a special department set up by JAKIM (Azis Jakfar Soraji et al., 2017). JAKIM is focused on halal certification and compliance with halal standards while HDC is focused on the development of local and global halal industry and marketing of halal products.

Focus on halal certification is particularly significance for businesses aiming to the Muslim consumer market by ensuring products comply with Islamic dietary laws. JAKIM attempted to add more meaning to the halal concept by looking into specific circumstances of whether the product is created using prohibited ingredients (Rokshana Shirin Asa & Ida Madieha Abdul Ghani Azmi, 2017). There is a need to further analyse, on a case-by-case basis, if necessary, whether such food is permitted for Muslims to ingest because the Quranic injunctions and the Sunnah laid out the general requirements. Zuraidah Derasit et al. (2020) found that young consumers' and Malaysians' awareness of halal products is influenced by four factors: halal certification, promotion, level of belief, and religiosity. The results demonstrate the high expectation placed on a reputable organisation like JAKIM to develop awareness campaigns for halal products.

Halal manufacturers are encouraged to apply for halal certification if they want to boost the trust of Muslim customers in their products. With Malaysia's halal business expansion, consumers cannot fall behind in protecting their rights, particularly regarding halal problems. As a result, the legislation is crucial in preserving consumer rights. Nasihah et al. (2020) say that The Consumer Protection Act (CPA) 1999 protection law failed to accomplish several goals, including fraudulent and deceptive halal logos, product supplier warranties, and business or trade practices deemed misleading. However, in granting halal certification to any sector, JAKIM must carefully review the ingredients and maintain accuracy. Therefore, a strict and complicated application process is applied to meet the standard.

The requirements contained in this standard must be complied with before JAKIM makes halal certification on a halal certification application as well as meeting the requirements outlined in the Malaysian Halal Certification Manual. Both documents are official reference documents used as benchmarks in the process of obtaining JAKIM halal certification (Azizi Abu Bakar et al., 2019). Complicated, high-cost, and time-consuming procedures become the main challenge that SMEs should encounter during the pursuit of halal certification (Siti Zakiah Abu Bakar et al., 2023). Besides that, the role of JAKIM in issuing halal certificates in term of the process, the jurisdiction, and the role of each body involved (Azis Jakfar Soraji et al., 2017) also caused the number of Bumiputera SME entrepreneurs pursuing of halal certificates to be much smaller than those of non-Bumiputera SME entrepreneurs. Based on this background, the factor influencing the process of halal certification application among SMEs is the firm's behaviour referring to JAKIM as the agency that manages the halal certification. Mohd Hashim Muda et al. (2020) highlights the needs for trust and integrity behaviour in the halal application process.

### 3.3.1 Trust

A person's propensity to rely on something or someone is called trust (Lam et al., 2020). Though trust is a frequently noticed phenomenon in daily life, it took some time before studying the subject became a priority. For a while, cooperative conduct was the primary focus of trust-related studies, or trust was seen as a personality trait (Siegrist, 2021). In the context of services, end-users will trust the service after they are convinced that it meets their expectations. Their faith in the service will be determined by what they see or learn about it and their future experiences (Wolski et al., 2017). In this study, trust refers to food and beverage manufacturers' reliance on halal application registration. This paper discusses three views of trust towards halal application: integrity, knowledge, and resources.

#### 3.3.1.1 Integrity

Integrity is a crucial idea in ethical thinking, where integrity and the development and reinforcement of moral principles are strongly related. Contrarily, integrity is a virtue deriving from the Latin "integer". Additionally, integrity refers to truthfulness and kindness, completeness, and harmony. It is among many other widely admired ethical virtues (Afidah Yusoff et al., 2019). The previous study integrated halal and integrity (Suhaiza Zailani et al., 2019; Mohd Imran Khan et al., 2021; Sarwar et al., 2021), which mainly focused on halal food integrity. Halal is heavily related to trust and belief; thus, all participants in halal are held

accountable for maintaining halal integrity and are given the resources and training necessary to fulfil their halal obligations (Noorliza Karia, 2019). The characteristics or quality of an individual or organisation's behaviour that reflects acting by the standard, rules, and moral values established by the members of an organisation and the society are described as having "ethical behaviour" or "integrity" from the perspective of an organisation. Integrity, in general, is fundamental to ensuring that there is transparency and accountability (Md. Mahmudul Alam et al., 2018).

### 3.3.1.2 Knowledge

Knowledge is not restricted to specialised knowledge in the evolution of a challenging environment. It speaks of an individual or group's details, sentiments, and encounters. It is described as a specialty and expertise earned by a person or group via theoretical or practical. Baharudin Othman et al. (2017); Giyanti & Indriastiningsih (2019), and Nuratifah et al. (2019). However, since SMEs struggle with application challenges related to halal, it is vital to understand their knowledge of halal further. Knowledge is a crucial asset for organisations in the modern economy. Successful businesses have demonstrated how knowledge may be used to develop dynamic capabilities (Yasir et al., 2020). From the explanation, understanding how far SMEs possess knowledge regarding halal is essential to the businesses and other halal players (i.e., policymakers). Halal-related knowledge alone is insufficient but should be in line with the sensitivity to the policy outlined by the authorities and then turned into a sustainable attitude (Baharudin Othman et al., 2017).

### 3.3.1.3 Resources

Entrepreneurial resources strongly impact business performance, and limited resources are one of the issues faced by Bumiputera's SME (Tengku Rethwan Tengku Mansor & Zulkiflee Daud, 2020). Entrepreneurial resources have many components and combinations that might help a new business meet its strategic goals while delivering goods or services to the public. It includes capital, human capital, physical assets, and information (Jianxin & Tong, 2019). A study by Anis Najihah Ahmad et al. (2017) defines resources as adequate support, including physical and staffing. Additionally, the requirements for employees, equipment, and high application costs associated with qualifying for halal certification have driven the manufacturers away (Hazrina Ghazali & Lim, 2020). Asnidar Hanim Yusuf et al. (2015) found that one of the factors contributing to the decrease in the number of businesses requesting halal certification is the rise in production and running costs. The additional financial burden is overwhelming for those entering enterprises for the first time. If additional fees are associated with applying for the certification, business owners with limited financial means may hesitate to pursue it.

## 4. Methodology

The methodology used in this study employed qualitative research in which primary data is collected from the interviews. Semi-structured interviews were conducted in which the interview protocol was developed based on relevant literature to achieve the objective. Interviews are most utilised in phenomenology when the researcher is more interested in the

individual participant's lived experience than in a group process or an analysis of a particular group's culture (Bolderston, 2012). Samples were selected based on a purposive sampling technique which involved SME Bumiputera food and beverage manufacturers at the chosen capital of the states around Malaysia that had not yet obtained the halal certificate. Since each state has different halal bodies, it is relevant to gather as much information from various states regarding the halal certification application. In qualitative research, a purposive sampling technique is a commonly used method to achieve the objectives of the study.

Twelve SME food and beverage manufacturers agreed to be interviewed, which was conducted online with one to one and half hours for each session. This sample size follows the advice made by Guest et al. (2006), where they discovered that a sample size of 6 to 12 is typically sufficient to accomplish "saturation" with a small research scope and a generally homogenous target audience (Guest et al., 2006). The open-ended questions are used as the statistical validity is not a prime objective. The questions listed below were used as a guideline during the interview. The questions asked in the interview are as follows:

- a. What is your opinion about Halal certification application in Malaysia?
- b. What do you think about Halal certification procedures in your state?
- c. Do you think there is any trust issue when you decide to apply halal certificate? If yes, what kind of trust do you think will influence you to apply halal certificate?
- d. How do you think a halal certificate will help your business performance?
- e. How do you think that a halal certificate will provide a competitive advantage for food manufacturers?
- f. Since you are a Bumiputera Company, what is your expectation to your customer regarding on product even though you do not have a halal certificate?

All interview sessions were recorded, and the respondents were granted permission to record the session. Using the Atlas.ti software, the thematic analysis method was employed which is the interview data with the food and beverage manufacturers were transcribed and analysed to determine the themes (Nurulhuda Noordin et al., 2014). The analysis consists of three concurrent flows of activities: data reduction, data display, and conclusion drawing or verification.

## 5. Discussion

The government officially recognises the quality and safety of foods and drinks certified as halal. Despite the government offering SMEs free services for halal certification facilitation, many SMEs in Malaysia continue to operate without a halal certificate. This study attempts to understand why Malaysia's SME Bumiputera food and beverage manufacturers are reluctant to apply for the halal certificate. The findings indicate that SMEs have a decent understanding of halal certification and are aware of the value of halal certification to their businesses because it will give them a competitive advantage. Additionally, obtaining a halal certification will boost a business' market share while boosting consumer confidence towards SME products. However, many cannot obtain the halal certification for a few reasons. Findings revealed that trust is the main reason for applying the halal certification. The investigation

discovered that the most trusted aspects of halal certification comprise integrity, knowledge, and resources.

### 5.1 Thematic Analysis

In contrast to simple summaries or categorizations of codes, themes are actively created patterns formed from data collection that address a research issue (Kiger & Varpio, 2020). Thematic analysis is a very adaptable method that may be changed to suit the requirements of numerous investigations, offering a deep, intricate, and comprehensive explanation of the data (Nowell et al., 2017). The process of thematic analysis started with locating every occurrence of a term or phrase by thoroughly searching the entire transcriptions. Following word identification, the complete sentences were copied. The themes were established by grouping the sentences into groups with identical meanings (Nurulhuda Noordin et al., 2014). Thematic analysis revealed that the main theme is trust, with the sub-themes of integrity, knowledge, and resources. Table 1 summarises the findings.

**Table 1.** Summary of analysis

Themes	Sub-Themes
Trust	Integrity
	Knowledge
	Resources

#### 5.1.1 Integrity

Based on Table 1, all respondents agreed on the trust towards human and policy integrity while applying for halal certification. When the respondents were asked, “Do you feel that the issue of trust comes from stakeholders (groups of interests; government, creditors, suppliers)” they answered that staff integrity is questionable. The respondents said:

*“They were emailing repetitively despite already responding to their earlier email, which cost us time and energy to keep responding to it”. (Informant 1, 10,11,12)*

These findings showed that JAKIM’s staff lack integrity in the public interest. To preserve their integrity, civil workers must use the confidence and authority placed in them for the public's good and refrain from abusing them for personal gain. The public interest should take precedence when there is a conflict of interest (Afidah Yusoff et al., 2019). Therefore, Muhammad et al. (2020) suggest that JAKIM/JAIS increases the competency of their staff by giving them clear instructions or a checklist to use when they evaluate the application materials. Additionally, all respondents agreed that halal trainers were not decisive. They stated that:

*“Trainers will inform us that the decision of halal audit will depend on the auditor’s in-charge. A different auditor will have a different point of view.” (Informant 4,5,7,8)*

The above findings showed that the halal trainers lack competency, which is in line with Muhammad et al. (2020), where the incapacity of halal auditors to deal with the difficulties in the halal auditing procedure reveals their lack of competency. This lack of



competence might destroy the credibility of the halal authority. Besides that, Muhammad et al. (2020) indicate that halal auditors in Malaysia also lack technical knowledge, which caused the above situation. Furthermore, seven of the respondents agreed that the halal policy is out-of-date. One of the respondents mentioned:

*"The law that they used is too strict and not up to date. When we went to JAKIM for document submission, they gave us a never-before procedure. We need to check and re-submit the documentation. This process is time-consuming."* (Informant 1,3,4,5,6,7,8)

The above statement showed that JAKIM guidelines are not clear, which causes misunderstanding. The finding is in line with the study by Muhammad et al. (2020); JAKIM also has difficulty synchronizing the understanding between halal authorities and manufacturers. One of its weaknesses is the chosen method of communicating information through industry associations. The adoption of halal is strongly influenced by halal integrity. One of the contributing factors to this issue is a lack of belief in human integrity in the halal certification process. Based on the explanation above, food and beverage manufacturers have a strong trust issue towards JAKIM's integrity. This is coherent with the finding by Afidah Yusoff et al. (2019), who stated that most threats to the organisation originate from those who are already a part of it, involving other people who harm the reputation of the government agency. Excellence and integrity are strongly related concepts. Government servants will excel if they carry out their responsibilities honestly. Furthermore, a public servant will generate quality work, be able to complete tasks quickly and efficiently and provide customers with well-executed, courteous services when they are actively engaged in carrying out their obligations.

### 5.1.2 Knowledge

Halal certification guarantees food and beverage safety and quality that the government recognises in the food service industry. However, many SME companies in Malaysia operate without a halal certificate, although the government has offered SMEs free services for halal certification facilitation. The findings demonstrate that SMEs have a decent understanding of halal and are aware of the value of halal certification to their businesses because it will give them a competitive advantage. Additionally, obtaining a halal certification will boost a business' market share while boosting consumer confidence toward SME products. Respondents mentioned that:

*"Customers will trust our product more if we have a halal certificate".* (All Informants)

*"Halal certificates will allow us to expand and export our products."* (All Informants)

*"We have demand from other countries, but since we did not have the halal certificate, we cannot meet their demand."* (Informant 10,12).

*"If we obtained the halal certificate, we did not need to convince our customer that our product is halal-toyyiban continuously"* (Informant 4)

*"If we have the halal certificate, we do not need to chase for the customer, as they will look for us".* (Informants 1-3)

The outcome is consistent with previous studies, showing that most manufacturers have enough knowledge of the importance of halal (Silalahi et al., 2021). However, most of them cannot get the halal certification because of a few barriers. In this situation, the main barrier for small and medium-sized businesses is the adoption of halal compliance regulations. It shows that the procedures involved in halal certification are too complex, tedious, and strict. The respondent stated:

*"The guidelines by JAKIM are too strict and difficult for SMEs to fulfil."*  
(Informant 3,5,6,7,8,9)

Moreover, there is a shortage of information on how to apply for halal certification. It shows that the entire process of submitting halal documents is time-consuming. As stated by the respondents:

*"It takes a long time to receive a response from the officers."*  
(Informant 1,3,5,7,10,11,12)  
*"The documentation process is troublesome and time-consuming."*  
(Informant 1, 5, 7,8,11,12)

Furthermore, respondents do not have the latest information regarding halal certification. Regarding the question about the halal executive, respondents stated that:

*"We did not know one of the requirements in applying halal is to have a halal executive."* (Informant 1,2,6,11,12)

The role of halal executives is to ensure that companies play their part to ensure that the entire halal chain in the factory is complied with, increasing the practices of halal integrity (Aling, 2021). On the other hand, the MYeHALAL system is challenging to use, and some of the instructions are unclear. Sazelin Arif et al. (2019) mentioned that the system is difficult to use and poorly organised. This results from how information is delivered and displayed and an out-of-date database. Additionally, halal executives expressed their displeasure with the MYeHALAL system because of technical issues they encountered, including the system's troublesome saving capability and the absence of the name of the person in control (Muhammad et al., 2020). Respondents mentioned that:

*"System is not user-friendly, and do not have a clear guideline on where to attach documents",* (Informant 1, 4,5,6,7,8,9,11,12)  
*"The system has lagging issues, which causes details to be lost. We need to fill in all over again."* (Informant 5,7,9,12)  
*"The system also has repetition, where different sections require the same information and documentation. It is tiring and time-consuming."* (Informant 1,5,7,8,9,10,12)

Based on the findings above, knowledge plays a vital role in applying for a halal certificate. Results showed that SMEs have lower trust towards halal procedures and MYeHALAL. They argued that it is time-consuming and not user-friendly. Since 2012, the application for a halal certificate has been changed to an online application; however, today,

applicants still face issues with the MYeHALAL (Nurul Hudani Md. Naw, 2020). This perspective hinders SMEs from applying for the halal certificate, which will slow down the targets of Malaysia being the leader of the global halal hub.

### 5.1.3 Resources

Three main resource issues were discovered throughout the interview: financial, staff, and physical. These were reflected when the participant was questioned, "From what point does your company see the issue of trust contributing to halal certification". The highest opinion is on financial resources. All participants agreed that the application for halal registration has a high cost. The respondents were from SMEs with limited budgets, and the revenue they get is used for rolling capital. They lack the accessibility to financial support. Participants answered that:

*"The cost of implementation to adhere to halal requirements is too expensive."*  
(Informant 1-7, 10-12)

*"We do not have enough financial to fulfil the halal requirement."* (All Informants)

Another expense is the costly halal executive training. Furthermore, they need enough staff to cover operations and administration to fulfil the halal requirement. Participants answered that:

*"We need to incur the cost of sending our staff for halal training, with limited staff and sending them which takes more than a day. Our company cannot afford to do so",*  
(Informant 1,4,11,12)

*"The travelling and time spent on halal training are higher, and there are only a few locations where it is available. In addition, there is a risk that an individual would leave the company after completing the halal training."* (Informant 1,5,9,11,12)

These statements are aligned with the study by Hanini Ilyana Che Hashim and Sariwati Mohd Shariff (2016); one of the issues the organisation will encounter is a high turnover rate because they will need to acquire new employees and repeat training. Turnover is expensive since it necessitates hiring and training new employees and lost production as they become used to the job demands. They also have difficulties meeting JAKIM's requirements, changing their factory layout, and having appropriate machines and utensils. The cost of modifying the store to meet halal standards is one of the associated expenses. The respondent asserts that it is challenging to meet JAKIM's criteria since they consider keeping facilities and equipment clean and adhering to excellent hygiene procedures and the design of the premises. The respondent highlighted these:

*"We must restructure our factory/workshop and buy new machines to fulfil JAKIM's requirement."* (Informant 1-4, 7-11).

*"We need to find another place to ensure our factory fulfils the halal certification requirement. We must have enough space to divide admin, packaging, baking, processing, and storage area accordingly."* (Informants 2,3,5).

Resources are essential for every business to succeed. SMEs are recognised to be more financially constrained than large companies, and they are also less likely to have access to traditional financing (long-term loans) (Zarrouk et al., 2020). The physical resource is one of the many tangible resources that stimulate entrepreneurial behaviour among intending entrepreneurs. Physical resources such as the plant, machinery, equipment, production technology, and capacity contribute positively towards a firm competitive advantage and eventually result in superior firm performance (Ohanu & Shodipe, 2021).

Based on the findings, it can be confirmed that informants have issues during the halal application process. Hence, from the issues raised by the informant, it was deduced that trust is the main reason for applying halal certification. Informants stated that the trust towards JAKIM or JAIN is seen to be eroded. The statement was also supported by a study by Mohd Amri Abdullah et al. (2021), where they mentioned that because of the management of halal certification being handled by non-members, it is believed that the confidence of abroad halal organisations is diminishing. Furthermore, the results also correspond with the study by Nurulhuda Nordin et al. (2012), where it was found that the trust concerned with the certification includes the certification body or agency, application methods (manual or online), certification challenges, certification's impact on their firm, and ideas for improving certification. In addition, the manufacturer is concerned about the certification methods, fees, validity, inspection, and the information system that supports the certification application.

## 6. Conclusion

According to the study's findings, Bumiputera SME owners knew the significance of Halal certification and how it affects their company's ability to compete. Even though most were interested in becoming Halal-certified businesses, some difficulties were encountered during the application process. Current research found that the most reliable factors associated with the application procedure for halal certification are integrity, a lack of resources, and inadequate understanding. The study's findings suggest that the agencies responsible for enforcing halal certification must devise a system or policy to re-establish trust issues in the process.

Malaysia is targeting to be a global halal hub, and its halal accreditation is the highest in the world (Azmawani Abd Rahman et al., 2017). However, there is still doubt about the halal certificate by JAKIM. Having a high practice of integrity can change people's perspectives. Research on integrity and integrity policy may support efficient and ethical public institutions by highlighting the nature and extent of the condition of things regarding policy (Hoekstra & Kaptein, 2014).

In conclusion, all halal bodies and applicants should take further steps to ensure the advantages of the halal certificate can be beneficial. Halal authorities must take action and understand SMEs' barriers to applying for halal certification. SMEs also need to play their role by making more effort to obtain halal certification, as it can give an advantage not only to the consumer but also to the entrepreneur. While the manufacturer will increase the product's value and make it more marketable, the halal certification will benefit consumers by adding

more quality assurance, fostering more confidence in the manufacturer, enhancing cultural diversity, and promoting international relations (Alzeer et al., 2020). The findings of this research provide a basis for future study, which may consider other research approaches.

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