THE BENEFIT OF HALAL CERTIFICATE APPLICATION FROM SMALL AND MEDIUM INDUSTRIES PERSPECTIVE

Nur Sabrina Hashim\textsuperscript{a}, Ahmad Rosli Mohd Nor\textsuperscript{b,*}
\textsuperscript{a}Academy of Contemporary Islamic Studies (ACIS) UiTM Shah Alam
Email: nursabrinahashim84@gmail.com
\textsuperscript{b}Academy of Contemporary Islamic Studies (ACIS) UiTM Melaka
Email: ahmadrosli@uitm.edu.my
\textsuperscript{*}Corresponding Author

INTRODUCTION

Much has been stated in recent years about Malaysia's efforts to become a halal center. In the twenty-first century, the Halal industry has become the fastest expanding enterprise both domestically and globally. All countries' attention and interest has been drawn to the Halal business. Halal has the potential to appeal to a wider market because it is desired by both Muslims and non-Muslims. The preference among customers for Halal because they believe Halal is crucial to their way of life. According to Khairul Anuwar et al. (2017), it is plausible that Halal promotes a healthy lifestyle, particularly in terms of the items known as toyyiban, which convey the concept of clean and safe to ingest. As a result, the expansion of the Halal business in Malaysia has a favorable influence on the...
country's economic growth. To reach the goal of halal, it must be successfully executed through laws, guidelines, administration, regulations, and law, particularly for Muslim society.

There is no denying that industry players from SMEs are increasingly optimistic in the halal field, having understood that there is huge potential in the halal business, especially in the food and beverage industry (Hayati et al. 2014). Despite their awareness of the huge potential in the halal business, the number of halal certificate holders among industry players from SMEs remained low especially among Bumiputera, indicating possible difficulties in obtaining halal certification. Based on previous studies on the aspirations of SMEs to obtain halal certification by 2020, it was found that several important reasons influenced their decision not to apply for halal certification for their company operations. (Siti Khalilah, 2013).

Most previous studies on Halal foodstuffs in Malaysia have focused primarily on consumer behavior, with several studies on SMEs and Halal certification. In addition, most of the previous studies mainly targeted SME entrepreneurs who have obtained halal certification, and this study only assessed on the element of difficulty in obtaining halal certification (Mohamad Ijaz, 2006). Based on statistic from 2010 until 2022 on confirmation of Malaysian halal certification application by year based on company status and type of industry at Kedah show that total halal application of industry small and medium is 627 (MyeHALAL, 2022). From this amount, 408 application is from non-Bumiputera while only 219 application is from Bumiputera. Non-Bumiputera businesses have accepted and used the halal concept because they see it as a lucrative business opportunity. But the percentage of Bumiputera enterprise show a low application for every year. Its look like the Malay employers have their own reasons and perspective in application of halal standards. But it has a negative momentum for bumiputra enterprise because Suhaimi & Yaacob (2011) distressed dispel doubt about the ingredients used is a necessity. Therefore, this issue can cause doubt and consumer trust in a product to decrease, the Malaysian product market will not be able to go further and wider even abroad, and our country will not achieve to become a halal hub center and will not be foreign country references.

There is no doubt that the involvement of SME entrepreneurs is critical in preparing to reach Malaysia's full position as the world's regional halal hub to further improve Malaysia's halal industry sector. Despite the presence of non-bumiputra SME owners, it demonstrates the importance of halal certificate in developing a good outlook in the halal industry. Halal not only refers to shariah-compliant eating habits, but it has also migrated to the economic interests of a global nation, with its demand rising around the world because of the requirements and factors brought by halal itself. However, the number of participants from SME entrepreneurs especially bumiputra employer as a holder of halal certification is still at a low scale. Hence, this study findings will get to know type of application schemes for Malaysian Halal Certification based on Malaysia Halal Certification Procedure and to determine what are the benefit of application Halal certificate to their company. When they realize the benefits, it will bring awareness to Malays SME parties in Halal application certificate. The future result will describe their understanding about halal certification and their perception in this relevant industry.

HALAL IN ISLAMIC PERSPECTIVE

The term "halal" refers to a wide range of foods, goods, and services. Understanding the concept of halal is a command from Allah and a crucial aspect of Islam. There is evidence that suggests a Muslim must eat halal based on the Quranic phrase:

Meaning: “And eat of what Allah has provided for you which is lawful and good. And fear Allah, in whom you are believers.” (Al Maidah: 88)

The consumption of halal is emphasised in the aforementioned Quranic and Hadith writings, showing that halal concepts must be applied to or consumed in daily life for the benefit of consumers. It is essential to understand what halal means. According to Al-Qardhawi (2010), Halal is anything that is needed to be free of the connection or tie of haram and the rationale of Shariah. Halal is defined as acts and conduct that are permitted under Shariah law in Malaysian Standard Guidelines 1500 (Mohd Amri
et al., 2021). According to both definitions, halal is something connected to human beings in acts and conduct by doing something legal and lawful that does not violate Shariah law and can earn them numerous benefits. Halal is required from the first process (raw materials) to the last process (consumer), as stated in the halal guide book. For instance, when receiving ingredients or raw materials, halal critical point must be checked as an assurance of the integrity and tayyib of a halal food product. The need to monitor halal operations without compromising their status across the entire process, from raw materials to consumer consumption, makes them challenge to regulate.

HALAL INDUSTRY AND SME

According to Sudarmiatin (2020), the introduction of the halal manufacturing sector boosted the country's economic growth in the region. According to them also, this economic growth is the outcome of the government's initiative to provide halal certification to firms that desire it. As a result of the advancements in halal standards, they have now been embraced at the regional level to become a global industry reference in boosting their country's halal business. In addition, as reported by Baharuddin Othman et al. (2019), The Halal industry has undergone significant growth and development over the years, fuelled by an increase in consumer and product maker knowledge of Halal products. Given the global emphasis on food marketing, the food business must know the needs of Muslim customers if its to penetrate the Muslim market, which accounts for 24 percent of the world's total population. The expansion of the halal sector in Malaysia has opened lucrative opportunities for SMEs to participate in this worthwhile industry. SMEs are one of the major forces behind Malaysia's economic growth, and they have now evolved into a platform for advancing the halal industry. As mentioned by Azmi (2017) in his previous studies, SMEs are commonly seen as critical to the growth and stability of the economy, and they must improve in terms of entrepreneurial and managerial abilities. In the Halal setting, SMEs will expand their Halal business, particularly in Malaysia. They must, however, focus on environmental and individual factors to serve as a clear wake-up call for the development of new programs and policies to boost the number of entrepreneurs.

RESEARCH METHODOLOGY

This research was developed employing a qualitative method. Data for the qualitative method will be gathered through interviews. This study uses interview research to examine the obstacles Malay employers in the SMEs sector have while applying for halal certificates. Qualitative Method.

Research Design

The qualitative technique was developed using all available knowledge, experience, and information. It is an approach to inductive data analysis that is concerned with non-statistical methodologies and carried out in a natural situation. The qualitative method is research that is conducted in the actual world by gathering data and information to comprehend specific conditions, as opposed to quantitative studies, which use numbers (Merriam, 2009). The information can get through by individual in telling and share stories and experience, hear their voices based on their own experience, knowledge and thinking that occur between the researcher and participant of this research. An interpretation of the meanings hidden between stories and their voices of the participant within the lines.

The qualitative method is research that is done in the real world by gathering data and information to comprehend specific conditions. This method revolving with staff, halal executive, owner to be represent of halal industry player. The purpose using this method, to gain valuable information for depth about barrier in halal certificate application. The main purpose of this research is to know types of Halal application and explore the benefits halal certificate application for SME especially for Malays employer. This study used a qualitative approach as its research design in order to achieve the research's specified purpose.
Purposive Sampling

The sample size for big studies for qualitative research is >30 persons, whereas a medium sample size is 10–30 people, according to Patton (2002). To achieve the variety and depth of data in qualitative research, it is more important to concentrate on the specifics of how and why a particular issue, activity, or situation occurs. While using a large sample size, the main objective is to draw generalizations from the study. The sample size did not need to be generalized because the goal of this study is to learn more about the experiences of the respondents. As a result, the study's medium sample size was sufficient to yield detailed information and relevance to the research subject. Nonprobability sampling strategies were utilized in this investigation. Potential participants were gathered using a purposive sampling technique as show in Table 1. The study's participants were business owners who met the following criteria; (1) Above 18 years old, (2) Owner company or halal executive or equivalent, (3) Job that related with halal scheme and (4) Take long time to apply halal certificate.

<table>
<thead>
<tr>
<th>No</th>
<th>Informants</th>
<th>Position Informants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>A</td>
<td>Assistant Manager and Business Development Executive (OEM)</td>
</tr>
<tr>
<td>2)</td>
<td>B</td>
<td>Owner and Manager Restaurant (Premise Food)</td>
</tr>
<tr>
<td>3)</td>
<td>C</td>
<td>Halal Executive (Slaughterhouse)</td>
</tr>
<tr>
<td>4)</td>
<td>D</td>
<td>Manager (Premise Food)</td>
</tr>
<tr>
<td>5)</td>
<td>E</td>
<td>Internship (Food and Beverage Product)</td>
</tr>
<tr>
<td>6)</td>
<td>F</td>
<td>Manager (Premise Food and Food Product)</td>
</tr>
<tr>
<td>7)</td>
<td>G</td>
<td>Owner and Manager Restaurant (Premise Food)</td>
</tr>
<tr>
<td>8)</td>
<td>H</td>
<td>QC Inspector (Food Product)</td>
</tr>
<tr>
<td>9)</td>
<td>I</td>
<td>Halal Executive (Kitchen Hotel)</td>
</tr>
<tr>
<td>10</td>
<td>J</td>
<td>Halal Executive (Slaughterhouse)</td>
</tr>
</tbody>
</table>

Secondary Data

The utilization of preexisting data by a researcher or investigator that may be applied globally is known as secondary data. The secondary data are preferred to explore type of application in Halal certificate. They can shorten the time required for data collection because the data are already accessible from previous studies. It is appropriate for researchers with little free time and money to gather data for their studies.

This study utilises secondary data collecting from both published and unpublished sources. Data from publications linked to this research's published findings was gathered from a variety of research universities, colleges, and academics. In addition to books, journals, articles, conference proceedings papers, and electronic (web) sources, information may also be found about the benefits of halal certification, its process, and the obstacles employers face in obtaining it. Utilizing secondary data will enable you to create the largest possible database of results and insights for this study, helping you to
understand its goals and research topic more clearly. For topics with few sources, unpublished data are gathered from a variety of sources. It can be found in letters, unpublished essays, and reports, as well as works by academics, researchers, and other public and private individuals and organizations. Unpublished data are only used in this research as a general understanding tool and as a supporting material. The researcher is better able to focus on the right direction for the specific research in this study (Vartanian, 2010).

**In-depth Interview**

To collect the data about Hal certificate benefits from SME Industries perspective, in-depth interviewer was used. To assess the study’s conclusions, an interview protocol was created based on earlier research in articles, journals and related papers. This study used semi-structured interviews that were interpreted by the informants. Semi-structured interviews are preferred over structured interviews because they allow for more in-depth, open-ended questions without being overly formal thanks to a rigidly organized list. Because of the flexibility of the question that will be discussed, it can obtain specific information. Given that there are no predefined questions or assumptions during the interview, the unstructured interview enables the research to apply inductive analysis.

**FINDING AND DISCUSSION**

**Research Objective 1 : To know type of application schemes for Malaysia Halal Certification.**

Recently, there are nine (9) application schemes for Malaysian Halal Certification based on Malaysia Halal Certification Procedure Manual (Domestic) (MYeHALAL, 2022), which is food and beverage product, cosmetic product, pharmaceutical, good product, food premise, logistic, slaughterhouse, OEM, and medical device.

**Food and beverage products**

The selection of halal food products is becoming more popular, perhaps as a result of consumer awareness of the goodness and nutritional value of the food. As Malaysia strives to become a global halal hub, consumer demand for food production has also changed significantly in recent years (Habibah et al., 2014). This business is growing rapidly, providing chances for Muslim manufacturers to broaden their target markets both domestically and internationally. It is evident that halal food products will undoubtedly find a market as demand rises.

**Cosmetic products**

Halal cosmetics are one of the aspects contributing to the sustainability of the Malaysian market, according to Norzaidi et al. (2012). In comparison to past successes, the cosmetics and personal care business is anticipated to have faster and more consistent value growth in the years to come. It’s interesting that cosmetics are popular with non-Muslim consumers as well as Muslims, opening a large market for cosmetics manufacturers. This demonstrates that people are increasingly requesting halal cosmetics. Furthermore, halal cosmetic products are the main choice due to the dumping of cosmetic products that endanger the health and safety of consumers. This is very worrying and can threaten the life of the user. Indirectly, it is against the concept of ṭayyiban which is concerned with the safety, quality, and cleanliness aspects of cosmetic products.
Pharmaceutical products

Pharmaceuticals that are halal are those that come from sources that are acceptable to Muslims, such as plants, animals, or inorganic substances, and that are prepared, manufactured, and extracted in accordance with Islamic teachings. Pharmaceuticals sold under the halal label should not only be free of Haram ingredients, but also be Tayyib. A good or product is referred to as tayyib if it is pure, clean, and created using accepted methods and techniques. This means that a pharmaceutical product must not only be Halal but also be deemed clean by Islamic law.

Used goods products

Consumer goods means non-food and drink items. Items that can be used such as clothes, jewelry and toys. Product food, cosmetics and use for medical purposes are not included in the category. Consumables and/or components that are allowed under Syarak law and meet the requirements, such as not containing any material from dogs, pigs, descendants, and their derivatives, not containing excrement in accordance with Syarak law, being safe to use and not harmful to health, not being processed or manufactured using equipment or materials contaminated with excrement in accordance with Syarak law, and not containing any human parts, organs, or products thereof that are not allowed under Syarak law.

Food premises

Food courts, cafeterias, bakeries, cake and pastry shops, fast food restaurants, hotel kitchens, and other establishments that prepare, serve, and sell food are all considered to be food premises under the food premises scheme. Normally, every company or manufacturer that wishes to apply for a halal certificate must meet the criteria that have been set and must be complied with before making an application. Among the conditions for Malaysian halal certification that entrepreneurs must comply with is registration with SSM, the Malaysian Cooperative Commission and other government agencies. Additionally, applicants must: be fully operational prior to making the application; have a business license from the PBT or a letter of declaration from a government body; only produce or handle halal products; ensure that the source of ingredients is halal; select a supplier that does so; and submit an application for all varieties of goods or menus produced in the factory or premises in question.

Logistics services

All operations that make it easier to move about and coordinate supply and demand to provide time and place utility are referred to as logistics (Rutner et al. 2000). Logistics can alternatively be defined as the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption with the purpose of adhering to client needs. The goal of logistics is to make sure that clients can use, consume, or enjoy the products at the appropriate time, in the appropriate number, according to the appropriate description, and in acceptable shape. Therefore, logistics management includes a few tasks such as product scheduling, customer service, inventory management, storage, and warehousing.

Slaughterhouse

Halal certification, especially for slaughterhouses, is a process to certify and verify the halalness of the slaughterhouse products produced. This process is carried out to verify that the products produced have met the requirements of quality assurance, quality-related legislation, as well as minimum performance
requirements other than halal aspects (Zalina Zakaria, 2008). The halal certification of slaughterhouses is one of the seven certification schemes that are open to slaughterhouse product operators in the country to obtain the Malaysian Halal Certification Certificate.

The halal certification of slaughterhouses is assessed under the category of food products and uses the MS 1500:2009 Halal Food-Production, Preparation, Handling and Storage-General Guidelines (2 Revision) standard. The halal certification of these slaughterhouses is divided into three categories, namely small, medium, and large (MYeHALAL 2022). The division of this category is based on the amount of daily slaughter. The application fee for a halal certificate will also depend on the slaughtering capacity of a slaughtering premises.

**Contract Manufacturing/OEM**

The expansion is very much ascribed by the spurred growth of the private label brands of halal cosmetics, halal food and beverage, halal pharmaceutical which is easily available due to the conveniently available of original equipment manufacturer (OEM) at extremely reasonable costs. In order to help private label manufacturers, display their halal certification on their labels, the OEM sector provides the halal certification procedure.

**Medical Device Products**

A wide variety of goods and services, including food and drink, food facilities and hotel kitchens, consumer goods, cosmetics and personal care, abattoirs, pharmaceuticals, and logistic services, can be certified as halal (MPPHM 2020). Halal certification must be stressed in accordance with current needs if we want to remain competitive. Since the industry and importing nations have high expectations and requirements for halal certification, halal may be moving to a new scheme, which is the medical device. It came about after the Ministry of Health (MOH) established the Medical Device Authority and the Medical Device Act 2012 (Act 737) was fully implemented in July 2013. Additionally, because there was no established standard reference for the medical device, several pharmaceutical goods that had been reclassified and registered under it were unable to receive halal certification. When the mandatory phase began, it was difficult for the affected industries. In addition, the Malaysian Standard for halal has been created to address the difficulties. The framework and strategy plan have been outlined and initial measures have been taken in terms of competency, manpower and commitment of the certifying bodies (Ramli et al., 2018).

**Research Objective 2 : Benefit of Halal Certificate for Industry**

Respondents were asked in the interview review to consider the benefits or advantages of halal certification for their products or companies if they obtain a halal certificate. Respondents need to answer these questions according to the order of the questions presented with the assumption that if they apply for a halal certificate, what are the benefits they get from it. Halal certification gives the advantage of dominating a larger market and, at the same time, generating more income for entrepreneurs (Norhidayah and Saadan 2018). Five respondents, namely respondents B, C, D, E, and G, said the advantage of having a halal certificate would give confidence to their consumers. Halal certificates benefit their consumers are confident that the food they eat, or drink is clean, pure from prohibited substances and includes environmental cleanliness. Products and companies. While two respondents, namely respondents F and G, I say the advantages of halal certification give advantages in marketability. Finally, two respondents, A and J, said that the advantages of halal certification could give them a competitive edge against competitors who do not apply for halal certification.
Consumer trust and increased customer satisfaction

Any business' success depends on gaining the customers' trust. If a product is approved by authorities, primarily the government, users will feel more confident. Because the halal certificate is the ultimate evidence that the items satisfy those standards, the added value provides buyers with a guarantee that the products are of a top quality. Which sweet will customers choose, for instance, if there are two options, one with a halal logo and the other without? Indeed, consumers will be more likely to select halal-certified goods. Halal certification may turn into a promise to customers.

"Eat of that which Allah hath bestowed on you as food lawful and good and keep your duty to Allah in whom ye are believers." (Al-Maidah Verses 88)

The Quran's quotation from verse 88 of Surah al-Maidah makes it abundantly obvious that Allah SWT demands that everyone obtain sustenance that is both permissible and wholesome. Legal equates to halal. Consequently, finding halal food is essential for a true Muslim. In the meantime, it is required to produce halal food for the benefit of the neighbourhood, or fardu kifayah. This is done so that customers can confidently choose the right product to use or consume. Taking everything into account, Muslim business owners should view their obligation to obtain the halal certification as an act of worship.

As a Muslims, we should support the halal certification because it promotes a product and winning customers' trust is the most crucial factor in business. In order to draw their attention, particularly that of Muslim customers, the halal certification is the finest strategy. Additionally, as it is a requirement of Islamic law, Muslims must make halal goods. Who else would do it if not them? We must make sure that Muslim business owners understand how critical it is to apply for a halal certificate.

Table 2 Benefit of halal certificate for industry (Trust)

<table>
<thead>
<tr>
<th>No</th>
<th>Benefit of halal certificate (Trust)</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>“If obtain halal certificate is okay for a restaurant because the customer can trust”</td>
<td>B</td>
</tr>
<tr>
<td>2.</td>
<td>“Whatever it is for the product we are applying for, meat and chicken must be halal. At the same time, we can prove that our company has used a halal certificate with a halal certification attached.”</td>
<td>C</td>
</tr>
<tr>
<td>3.</td>
<td>“This halal certificate is essential because, like me, I open a restaurant, so this certificate is vital to give confidence to customers itself.”</td>
<td>D</td>
</tr>
<tr>
<td>4.</td>
<td>“The first importance of the halal certificate, in my opinion, is because we can maintain the trust to provide halal food to Muslim consumers.”</td>
<td>E</td>
</tr>
</tbody>
</table>

Marketability of products will increase in further

Halal market demand refers to the demands and wants generated by customer and community pressure in the halal business. Consumer pressure for halal products rises as customers gain more awareness. It appears that consumers are becoming more knowledgeable about choosing halal food products, probably as a result of their understanding of the quality and nutritional value of these foods. The current consumer demand for food production has also changed significantly in line with the national objective to turn Malaysia into a global hub for halal (Habibah, 2011). This industry is growing every day and presents opportunities for Muslim producers to broaden their target market both domestically and internationally. Halal food products would do well on the market as a result of the rising demand.
Table 3 Benefit of halal certificate for industry (Marketability)

<table>
<thead>
<tr>
<th>No</th>
<th>Benefit of halal certificate (Marketability)</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>“It is also important because now many people apply for halal certificate so when we are not obtained, if we want to go further, we will be stuck because people will ask for a halal certificate or not?”</td>
<td>F</td>
</tr>
<tr>
<td>2</td>
<td>“So usually, any person who has a halal certificate, God willing, his business will grow more and maybe even reach a branch that can go abroad because the halal certification does sell.”</td>
<td>G</td>
</tr>
<tr>
<td>3</td>
<td>“Halal certification for hospitality is very important to consumers, especially tourists from abroad, because they may choose hotels that meet halal certification. Many hotels will hold events and functions, and it will add a lot of income if we have a halal certificate.”</td>
<td>I</td>
</tr>
</tbody>
</table>

Take competitive advantage over your competitors.

According to the competitive advantage of the halal certification, its motivating reasons can be divided into four categories: expected gains in social legitimacy, expected gains in economic competitiveness, perceived importance of stakeholders, and top management commitment. Accordingly, motivational elements include stakeholder expectations, market dynamics, regulatory compliance, and senior management initiative and dedication. Small businesses may not have the resources to grow their operations, but they can still compete in the local market. The limited opportunity to grow market share drives SMEs to adopt certification.

Table 4 Benefit of halal certificate for industry (Competitive)

<table>
<thead>
<tr>
<th>No</th>
<th>Benefit of halal certificate (Competitive)</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>“For my industry, this importance is vital because in the market, especially in Malaysia, this halal certificate is necessary for founders. So, if we have a halal certificate, it will make us stronger than our competitors because some factories do not have a halal certificate. Still, for us, we can get a halal certificate for manufacturing and also for our founders. That's one of our strengths.”</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>“As a result of this halal, the product will be insured and certified in halal toyyiban. A product will be more reliable compared to a product that does not have a halal certificate.”</td>
<td>J</td>
</tr>
</tbody>
</table>

CONCLUSION

Halal certification is the process of accrediting goods or services in conformity with Shariah law. A Halal certification and verification system is thought to be a key element in ensuring Muslim consumers have faith in the quality of Halal products. While giving food manufacturers an opportunity to compete,
the Halal certification process benefits consumers. The advantages of a true Halal certification are clear to the buyer because they save them the trouble of having to check all the ingredients and be completely knowledgeable about the manufacturing process. Additionally, it enables final customers to confidently make a knowledgeable decision at the time of purchase. Consumer goods that have been certified as Halal give Muslim customers the assurance that the food is Halal, adheres to Shariah law, is healthy, and that the premises are maintained to the highest standards of hygiene and sanitation. Non-Muslim customers are now demanding Halal products, and a Halal certificate will draw in both Muslims and non-Muslims who are looking for Halal products. Halal certification may be used as a strategy for product distinction, boosting the company's revenue and marketability, especially to Halal consumers. The Halal certificate can help you reassure Halal customers in importing countries if you plan to export. Because Muslim customers around the world are becoming more aware of their responsibilities to consume properly prepared Halal food, it can enhance product marketability globally, particularly in Muslim countries.

REFERENCES

Al Qur’an.
MYeHALAL (September, 2022) Sistem MYeHALAL. http://sistem.halal.gov.my


