



## Investigating the Dynamic of Halal Food Certification Adoption: Necessity or Opportunity?

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### Abstract

*The largest Muslim population globally, Indonesia has emerged as a prospective area for the growth of the halal food industry. Obtaining halal food certification not only assures adherence to sharia law for Muslim consumers but also enhances the competitiveness of the producers. Despite suggesting various benefits, in Indonesia, the adoption rate of halal food certification remains quiet low, approximately ten percent. Moreover, the literature also discusses little how food manufacturers adopt halal certification. This study aims to investigate the dynamics of the adoption process of halal food certification. To achieve this objective, the exploratory research relies on a questionnaire based method designed within a posituve approach. Initially, the researchers conducted a questionnaire to ninety-eight Yogyakarta-based SMEs to identify their entrepreneurial orientation and intention to adopt halal food certification, then it continued with in-depth interviews with eight informants to explore the motives and patterns of the adoption of halal certification. The findings reveal that the motivations related to entrepreneurship align with the method of halal certification adoption. Additionally, the choice to adopt halal certification was primarily driven by a necessity to adhere to regulations mandating halal certification. The study also highlights that SMEs' assumptions concerning readiness for administrative, financial support, and limited information access are significant factors influencing their decision to adopt halal certification.*

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## INTRODUCTION

Indonesia, with its Muslim-majority population, represents a huge market for halal products. Indonesia is one of the countries that has a great opportunity to become the center of the world's halal industry (Rusmana et al., 2021). In Indonesia, The halal supply chain is supported by the large portion of the food and beverage industry sector within the national creative economy framework. It is accelerated by the involvement of youngergeneration in establisging halal industry start ups, along with the manufacturing sector's role in advancing national standards for the production process. This situation allows Indonesia not only to have opportunities as a consumer but also to take the opportunity as a world halal food producer (Ekonomi, 2019). Halal certification serves as a consumer protection mechanism that must be prioritized, particularly in light of the expanding global halal market (Tjitoresmi & Suhodo, 2014). Similar to Malaysia, the Indonesian government acknowledges the necessity of implementing policies related to halal certification as a strategic advantage in the halal food sector (Abu Bakar et al., 2019). The halal logo indicates that the product has met halal criteria, making it easier for consumer to recognise the item (Sahlan et al., 2019). Furthermore, halal certification holds significance for consumers as it assures compliance with Islamic halal regulations (Abu Bakar et al., 2019); (Subianto, 2019).

Documentation of the Halal Assurance System and its implementation for producers is one form of Islamic business ethics to protect consumers, using halal products. Halal labels on products provide producers opportunity by boosting consumer trust in products, offering access to international halal markets, improving product appeal in the marketplace, and low-cost investment (Ramlan & Nahrowi, 2014); (Tjitoresmi & Suhodo, 2014). Several studies have shown that halal labels heavily influence consumers' choices regarding food purchase (Malik et al., 2019); (Hasrul Azwar et al., 2017); (Aziz & Chok, 2013). A positive correlation between consumer awareness of halal labelling and their intent to buy (Nofianti & Rofiqoh, 2019). The rising demand for halal products is not solely from Muslim buyers; non-Muslims are also becoming more inclined towards this products due to ethical considerations and food safety aspects, including hygiene standards during preparation and guarantees of food safety and free from contaminants (Fithriana & Kusuma, 2018); (Marzuki et al., 2012); (Faida et al., 2018). In Thailand, halal certification has made a significant contribution to the nation's economy, in terms of exports and attracting Muslim tourists, while in Indonesia, not all products are halal certified (Aminuddin, 2016). As an exporting to Muslin countries, tourist and medical destination for foreign countries, Thailand realized that Muslim consumers are its target market. The country committed and facilitated to improving the standards of halal goods and services to cater the rapidly growing Islamic market both in Asia and on a global scale (Luthfiya et al., 2024).

The fulfillment of halal assurance certification standards for producers, as indicated by Law No. 33 of 2014 has encountered a range of acceptance levels from various market players. A study conducted by (Hidayat, 2018)) identified different reactions from food manufacturers regarding the mandate to pursue halal certification. Some producers expressed strongly support for the requirement to obtain halal certificates, expressing optimism that its implementation would be beneficial. Statistics from the Central Statistics Agency reveal that by 2019, out of 1.6 million small and medium enterprises, only ten percent had obtained halal certifications (bps.go.id, 2020). This findings is consistent with research from (Akim; Konety, Neneng; Purnama, Chandra; Adilla, 2018), which shows that the comprehension of halal certifications among Small and Medium Enterprises (SMEs) remain limited due to insufficient knowledge, resources, and outreach about the requirements and expenses involved in acquiring halal certification. Another significant barrier is the application process for halal certification, with a not insignificant cost that burdens SMEs, despite the potential for enhanced product competitiveness (Tjitoresmi & Suhodo, 2014). Therefore, there needs to be cooperation between the government and Islamic financial institutions to overcome existing problems. Furthermore, SMEs are allowed to develop halal products and promoted an awareness of halal consumption so that it can evolve into a lifestyle choice (Waharini & Purwantini, 2018).

The halal way of life for entrepreneurs, specifically SMEs, can be shown by how they respond to the emergence of halal certification policies. Entrepreneurs who starts their business based on opportunities has greater potential to grow (Fuentelsaz et al., 2015; Giacomini, Olivier and Janssen, Frank and Guyot, Jean-luc and Lohest, 2011). Previous studies that examined the motivations for pursuing needs versus opportunities in business have been influenced by various factors, including the effect of gender on both motivation and intention (Bouarir et al., 2023). Motivation plays a crucial role in triggering essential behaviors connected to entrepreneurship (Murnieks et al., 2020). Strengthened by a study indicating that education in entrepreneurship positively affects students' capabilities to identify opportunities and foster entrepreneurial intentions (Hou et al., 2022). Research conducted by (Hassan et al., 2020) showed that the ability to identify opportunities along with self-efficacy are vital factors influencing students' entrepreneurial intentions. Concurrently, investigations into the practice of halal certification in Indonesia continue to address the advantages, successful implementation (Haleem & Khan, 2012), business performance (Urumsah & Puspitasari, 2021), and the financial and social impact of halal certification (Ali et al., 2019). In accordance with (Elias et al., 2016) numerous studies have indicated that producers of halal products often suffer a decline in halal value due to insufficient knowledge, lack of awareness, and misunderstanding of halal principles (Ikawati & Rahman, 2022). However, whether business actors consider the implementation of halal certification as an opportunity or a necessity has not been widely discussed. This research aims to explore the

dynamics experienced by Food SMEs in response to the mandate of halal certification. The objective is to enhance the awareness of entrepreneurs regarding the importance of halal certification requirements and to frame it as an opportunity for boosting their business performance. From this study, it is expected to gain insight into why food SMEs pursue halal certification, be it due to a sense of obligation or an understanding of the benefits from implementing halal certification. In addition, this effort serves to educate the public and promote awareness about halal certification process and how to overcome the challenges faced by SMEs during its implementation.

## LITERATURE REVIEW

### *Food Industry*

To leverage the global opportunities present in the halal market, market players must maximize their efforts to expand market share. This requires that those involved in the food sector, such as farmers, manufacturers, restaurants, food handlers, distributors, and regulatory bodies like the government, guarantee that the halal supply chain adequately addresses the requirements of Muslim consumers (Marzuki et al., 2012). Food industry players, it is essential to possess awareness, comprehension, and understanding of the concept of halal thoyyiban to create halal products. When dining in restaurants, customers tend to prioritize food quality, the cleanliness of restrooms, and the overall environment. Key features that matter significantly to them include flavor, presentation, product variety, new offerings, and the presence of halal certifications (Elias et al., 2016).

Food SMEs are required to adhere to halal principles, which involve utilizing halal ingredients and ensuring that every process of food production within the supply chain fulfill the the guidelines set forth in the Quran and Sunnah (Naeem et al., 2019). Moreover, halal foods must fulfil criteria related to cleanliness, quality, and safety, encompassing not merely the finished product but also the ingredients and manufacturing processes (Susilowati et al., 2018). When meat is an ingredients, it must solely derive from halal animals that have been slaughtered by the invocation of Allah's name (Ramli et al., 2018). Furthermore, in the food sector, the halal viewpoint extends to the supply chain, indicating that suppliers must avoid any interaction with haram materials. Therefore, both the materials and the tools or venues utilized for preparation or service should remain uncontaminated by haram substances (Tiemann, 2011)(Soong, 2007). The fundamental criteria for food items and the food trade or businesses in Indonesia encompass practical guidelines and recipes for the food sectors, emphasizing the preparation and management of halal items while ensuring quality, hygiene, and safety (Susilowati et al., 2018). In food sectors, processed meat products, through the slaughter stage, and production process that is not simple (meatballs, sausage, yogurt etc) include in the regular scheme. While the self-declaration scheme is intended for the low risk product, derived from positive list category and simple process (herbal products, beverages) (Ahmadiyah et al., 2023)

### *SMEs*

Although each country has different definitions and standards for SMEs have similar characteristics, namely relatively small business size, limited capital, and low capability and utilization of technology. SMEs usually face problems in adopting new technologies (Phonsuwan & Kachitvichyanukul, 2011). Transitioning informal SMEs into the formal economy can lead to enhanced advantages, including improved access to credit and governmental services, along with financial solutions to support business expansion and job creation. Conversely, due to their comparatively modest size and simpler management structures, SMEs tend to be more adaptable, agile, and responsive to shifts in consumer demand compared to larger corporations. Their strategic importance and potential for growth within an export-focused framework anchored in technology are vital to the national economy (Abdullah, 2018). In response to challenges in the development of the halal industry, food SMEs should adapt to these changes. One of the recommendations from his research, (Hubeis et al., 2015) mentioned the necessity for a competitive MSME strategy in the food sector that includes obtaining a halal certificate. Indonesia, characterized by its diverse ethnic, cultural, and linguistic landscape, poses its own unique challenges. The limited engagement of SMEs in pursuing halal certification stems from

consumer beliefs that a product can be deemed halal simply because it is offered by a Muslim food producer or owner (Susilowati et al., 2018).

### *Entrepreneurial approaches: Necessity vs Opportunity*

The growth of micro, small, and medium enterprises as a form of entrepreneurship can be divided into two main types: opportunity-driven entrepreneurship and necessity-driven entrepreneurship. Both types influence the motivation behind launching a business. Opportunity-driven entrepreneurs initiate their ventures in pursuit of available prospects, whereas necessity-driven entrepreneurs do so out of need (Block & Wagner, 2010). The motivations and ambitions of entrepreneurs are tightly intertwined with shifts in the socioeconomic landscape, social connections, familial ties, and their overall life circumstances (Langevang et al., 2012). Liberal economic conditions tend to stimulate entrepreneurship by providing more avenues for opportunity. Specifically, improvements in legal frameworks, security measures, property rights, credit policies, labor laws, and business regulations appear to enhance these entrepreneurial opportunities (Angulo-Guerrero et al., 2017).

Additional distinctions can be found in socio-economic traits, the personalities of business owners, and how they perceive obstacles and possibilities in their ventures. Only those with a true entrepreneurial mindset, characterized by resilience, independence, creativity, and innovation, are likely to thrive (Van der Zwan et al., 2016). Internal motivation, the pursuit of opportunities, personal aspirations, the influence of peers, and perceived viability profoundly impact the halalpreneurial inclinations of MSME entrepreneurs (Soltanian et al., 2016).

### *Halal Certification of Food Products*

The government of Indonesia supports the expansion of the halal sector by establishing standardization for the halal products. Enacted on October 17, 2019, Law No. 33 of 2014 on Halal Product Assurance mandates that producers of food and beverage producers must register their items. In issuing halal assurance certification involves three key organizations: the BPJPH, the Halal Inspection Agency, and the Indonesian Ulema Council, and for guidance using the Requirements of Halal Certification (Subianto, 2019). The term Halal Product Assurance, abbreviated as JPH, signifies legal confirmation of a product's halal status, which is validated by a Halal Certificate, while a halal label serves as an indication of a product's halal compliance, as stated by the Government of Indonesia in 2014. (Government of The Republic of Indonesia, 2014). Research conducted by (Prastiwi & Auliya, 2016) in 2016 indicates that the halal label on product packaging effectively serves as a link between halal awareness and the likelihood of consumers making repeat purchases. Another research by (Zailani et al., 2015) demonstrated that the demand for halal products, government support, anticipated business advantages, and integrity all positively impact the strategies employed by SMEs focused on halal principles. To maintain food safety throughout production, standards from Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP) are applied. GMP focuses on quality oversight during production, ensuring that operations consistently align with the specifications and requirements set forth by the halal certification (Susilowati et al., 2018).

## **METHODS**

The approach taken in this exploratory research primarily utilizes questionnaire tools that are crafted within the positivist framework. Consequently, the questionnaire aimed to gather insight from respondents regarding their beliefs, views, traits, and past or ongoing actions (Neuman, 2007). This study implements a questionnaire technique using primary data to assess the attributes and features of necessity or opportunity entrepreneurship. The questionnaire targeted MSME entrepreneurs operating within the food producers. Typically, SMEs possess distinct traits, particularly the lack of division between ownership and management, hence respondents in this research were the owner-managers of chosen SMEs. The selection of participants

was conducted using a purposive sampling technique of 98 MSME respondents in the Yogyakarta region. The classification of SMEs based on annual revenue includes (1) micro businesses; under ten million rupiah, (2) small businesses; under fifty million rupiah, and (3) medium businesses; under one hundreds mllion rupiah.

The data gathered through this questionnaire technique comprises (i) the business profile of SMEs, (ii) profiles of owners/managers, (iii) their entrepreneurial orientation, and (iv) views regarding the halal certification stages. The business profile outlines the type of operation, revenue, and employee count. Meanwhile, the owner/manager profile consists of gender, age, and education level (Fuentelsaz et al., 2015); (Baptista et al., 2014). Entrepreneurial orientation captures aspects of risk taking, creativity, innovation, and problem solving (Rusdiana *et al.*, 2020). Meanwhile, perceptions of the halal assurance certification process include financial, administrative, and information aspects (Van der Zwan *et al*, 2016). The data obtained from the questionnaire will analysis through a descriptive statistical framework.

According to the findings of the questionnaire, the researcher then conducted further exploration of the motives and patterns of halal certification adoption (Ivankova et al., 2006). In-depth interviews with eight informants were conducted as a component of the narrative inquiry methodology to address the questions 'how' and 'why' in the halal certification adoption process (Czarniawska, 2004). This approach is appropriate to answer the exploratory objectives of the issues raised (Brockmeier & Meretoja, 2014). The interviewees were selected based on criteria that represent educational background, age of the owner/manager, turnover and choice of needs or opportunities in adopting Halal Assurance Certification. Data collection techniques encompass observations, interviews, and triangulation to validate the results derived from the interviews. To reduce biases, the researcher requested participants to validate the findings through consistent coding (Sekaran, 2003). The analytical phase, thematic analysis or content analysis is employed to identify patterns within the interviews and to categorize the research question into various themes, such as understanding halal certification and motivations, perceptions of ratings and sales performance, obstacles encountered in acquiring halal certification, and the influence of halal practices on business operations.

RESULT AND DISCUSSION

Socioeconomic Characteristics

In this research, a questionnaire was utilized to gather insights on whether SMEs embrace Halal Assurance Certification (SJH) due to specific needs, available opportunities, or without any prior knowledge. The constructed questionnaire included thirteen different variables that encompassed socioeconomic elements, characteristics of personal leadership, and perceptions regarding SJH. This questionnaire was disseminated through a purposive sampling approach, aligning with the objectives of the research, and resulted in a successful collection of responses from 98 individuals distributed across various regions in Yogyakarta.

Table 1 Description of Respondents

Variable				
Business leader	Male		Female	
	32%		68%	
Age	18-29 yo	30-39 yo	40-49 yo	50-64 yo
	26%	34%	30%	10%
Education background	Elementery-Junior Highschool		Senior High School	College
	4%		18%	82%
Omzet	<10 million		<50 million	<100 million
	54%		18%	14%

Source: Questionnaire (2024)



Based on the questionnaire, descriptive data was obtained from respondents, who are owner of the food SMEs. Most of the respondents are females, with the predominant age being 40-49 years, followed closely by 30-39 years, and 18-29 years. The Qualitative data, description of the respondents provides in Table 1. This indicates that young entrepreneurs and women are pivotal in the growth of Food SMEs, which are gradually rising in number. Furthermore, when examining educational backgrounds, a significant number of individuals have attended universities. This scenario highlights that college graduates are taking initiatives to generate employment opportunities for themselves within the Food MSME sector, despite the fact that a substantial portion of their revenue remains under ten million rupiah, reflected by 54% of respondents, suggesting that the economic strength of these SMEs is still below the average concerning funding and business expansion.

**Table 2. Variable of opportunity and necessity entrepreneurs**

<b>Variabel</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<b>Opportunity</b>				
Personal Leader				
Risk-taking tendency	30%	56%	10%	4%
Problem solving ability	24%	70%	4%	2%
Proactive	38%	56%	4%	2%
Innovative	38%	56%	4%	2%
Optimism	48%	50%	2%	0%
Competitive	36%	58%	6%	0%
<b>Necessity</b>				
Perseption of financial support for SMEs is difficult	20%	68%	6%	6%
Perseption of administrative support for SMEs is difficult	36%	58%	4%	4%
Perseption of lack information for SMEs	30%	58%	10%	1%
Source: Questionnaire (2024)				

Meanwhile, Table 2 presents qualitative data, information about the personal factors of the owner-manager and their tendencies in choosing between needs or opportunities in adopting Halal Assurance Certification. Specifically, the profile of the tendency to take risks, problem-solving abilities, proactive, innovative, optimistic, and competitive attitudes of the owner-manager are described as indicators of opportunity takers, and financial perceptions, difficult administration, and lack of information for business actors as indicators for the necessity variable (Batz Liñeiro et al., 2024). From the personal leader variable, it is known that most leaders have the character of problem solving ability. This character is the dominant character of entrepreneurs (Riantoputra & Muis, 2020). This is due to the educational background of MSME leaders, the majority of whom are college graduates, indicating that the decision-making carried out is accompanied by the ability to solve problems well which is chosen by as many as 56%. Similarly, while a larger number are inclined to take risks in adopting halal assurance certificates, the predominant choice remains between needs and opportunities. Their proactive and innovative nature influences how these SMEs approach development. This includes opting for a halal assurance certificate as a quality benchmark that provides a competitive edge for their products. Moreover, optimism and a willingness to compete are prevalent traits among SME leaders. Transitioning from the questionnaire findings to interviews, particularly focusing on the motivations behind business actors' pursuit of halal guarantee certification, is illustrated in

Table 3. The interview outcomes indicated that a majority of SMEs do not see halal certification as a current advantage for their enterprises:

*Without a halal certificate, my product still sells and consumers still buy it (R-7)*

*Applying for halal certification so that my product can enter the supermarket (R-5)*

*I registered for halal certification for my product because it is an obligation (R-2)*

Thus, it remains a challenge to educate the public, particularly Food SMEs, on the advantages of embracing this SJH. Nonetheless, SMEs that have acknowledged the benefits of products with SJH can leverage it as a competitive advantage (Supeno, 2019). The potential and opportunities to develop are more open because there is not much business competition that causes anarchic treatment, such as the emergence of slander that can tarnish the good name of a product, especially processed meat products, for example, contaminated with pork and so on. In conditions like this, SJH can be a shield and proof of the quality of processed products that are free from haram ingredients (Ikawati et al., 2024).

**Table 3 Interviews Themes**

Themes	Category	Sample Codes
Motivation in adopting halal assurance certification	<ul style="list-style-type: none"> <li>• Necessity</li> <li>• Opportunity</li> </ul>	Product needs accepted by the market, consumer recognition, need to access the market. Reach wider consumers, increase sales volume, increase consumer trust.
Perseption Halal Certification process	<ul style="list-style-type: none"> <li>• Administrative readiness</li> <li>• Financial support</li> <li>• Access information</li> <li>• Resource readiness</li> </ul>	Administrative readiness in applying SJH The cost of applying and fulfilling halal criteria is quite large Lack of information about SJH Human resource readiness
The influence of halal certification on business performances	<ul style="list-style-type: none"> <li>• More competitive products</li> <li>• Halal labels increase consumer trust</li> </ul>	Cost to adopt halal concepts, human resource, facilities, administration, restaurant size. Halal certification is mandatory, supporting the government's to halal implementation.
Challenges in halal implementation on operations	<ul style="list-style-type: none"> <li>• Certification costs</li> <li>• Production</li> </ul>	Costs that burden business actors, free certification facilitation grant programs from non-governmental institutions Halal components, facilities dedicated to halal, hygiene sanitation enforcement. Halal distribution systems, complicated procedures, take time.
Expectation and future plans	<ul style="list-style-type: none"> <li>• Plan to halal certification imolementation</li> <li>• Government support</li> </ul>	Perceptions about mandatory halal Sanctions for not implementing Free certification programs from the government, mentoring programs

Meanwhile, business actors have realized that having a halal certificate is an opportunity to reach a wider range of consumers (Armiani et al., 2021). In practice, a halal certificate catalyzes boosting sales and enhancing consumer trust. Acquiring a halal certificate involves thorough evaluations conducted by a halal auditor who is responsible for verifying that materials, processes, product policies, and business operations comply with halal standards (Azam et al., 2022; Hudaefi & Jaswir, 2019). Therefore, some entrepreneurs also

expressed that obtaining a halal certificate reflects business ethics for producers when creating safe and high-quality items (Ramlan & Nahrowi, 2014).

Fulfillment of halal criteria in submitting SJH requires administrative readiness, because the submission is made through an online system. From the results of observations, information was also obtained that this administrative readiness is also linked to the availability of adequate human resources (Luthfiya et al., 2024). Some obstacles for business actors in meeting the criteria because most SMEs have limited resources, even many jobs are done by one person. When halal certification became mandatory for food and beverage sectors in Indonesia, the Government in this case the Halal Product Assurance Organizing Body (BPJPH) conducted socialization at all levels of society (Nusran et al., 2018). The information was carried out through various platforms, including traditional media, social media, and both government and non-government organization channels to enhance awareness and encourage involvement participation in the 2024 halal obligation. However, because it still has not met the expectations of participation in halal product guarantee certification, the Government has postponed the implementation of the obligation until 2026 (Detikcom, 2024).

Business turnover is still below ten million rupiah, and the financing of SJH applications is still considered high so SMEs have the perception that it is difficult to apply. As conveyed by (Tjitoresmi & Suhodo, 2014) the financing of SJH applications has also been one of the obstacles, especially with the literacy about SJH which is still minimal regarding the benefits of SJH in increasing product excellence. The majority of SMEs choose a simple and easy process that is not complicated. However, this can also be caused by incomplete access to information and has not been widely accepted by SMEs, especially administrative requirements that are still considered difficult to implement at the SME level (Ramli et al., 2023). Therefore, the schemes applied to halal certification include a self-declare scheme and a regular scheme. The self-declared scheme is intended for food and beverage business actors with low risk, identified from the materials used that do not have critical points, or are low risk (Hasan et al., 2024). Meanwhile, the regular scheme is set for business actors with products that use materials with critical halal points, such as meat obtained from the slaughtering process, as well as other materials with high critical points, checked by halal auditors and through product authentication tests in the laboratory.

The ambition behind implementing halal certification in Indonesia is to position the country as a global supplier of halal goods (Nurrachmi, 2017). The goal extends beyond just being a target market; it aims for Indonesia to emerge as a competitive producer on the world stage. The mandate for halal certification serves as a vehicle for achieving this aspiration. However, the process doesn't come without its challenges. Whether driven by the demands or opportunities of food and beverage entrepreneurs, the initiative for halal certification must be consistently promoted. Support from both government and private sectors to boost participation in halal certification is offered through complimentary facilitation programs (Rachman & Sangare, 2023). The aim is to cultivate a robust halal ecosystem involving all stakeholders in Indonesia's halal industry. Given that the implementation is governed by legal requirements, businesses that fail to meet the halal certification obligations by the established deadlines could face legal penalties. An example of this initiative is the "gandeng gendong" program organized by the Yogyakarta local government (Mariam & Fajriati, 2024). This program connects SMEs with larger enterprises that provide resources to assist small and medium enterprises, enabling micro and small businesses to comply with halal certification, thereby enhancing participation and awareness among food and beverage business actors.



## CONCLUSION

Mandatory halal certification for food and beverage business actors will begin its enforcement in 2026. However, during the implementation, do business participants act out of necessity or potential advantage? This research investigates this question to gather insights from real-world observations, aiming to provide strategic advice to the government and relevant organizations in support of mandatory halal practices in Indonesia. The educational backgrounds of leaders in small and medium enterprises (SMEs) significantly affects how they arrive at business choices. Over fifty per cent of those questionnaireed indicated that their motivation to seek halal assurance certification is primarily driven by necessity. SMEs still consider their application only as an obligation that must be fulfilled as producers but have not considered it as an opportunity in their business operations. The basic assumptions of SMEs regarding administrative readiness, financial support and limited access to information are things that need more attention when applying for halal certification. Collaboration among different stakeholders within the halal industry ecosystem must be enhanced to elevate Indonesia's status as a leading global supplier of halal products.

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