

## Exploring Barriers to Adoption of Halal Certification among Restaurant Owners in Seremban, Malaysia

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### Abstract

This preliminary study seeks to gain initial insights into the barriers encountered by restaurant owners in Seremban, Malaysia, regarding the adoption of halal certification. The research, which precedes a more comprehensive DEMATEL (Decision-Making Trial and Evaluation Laboratory) analysis, employs a quantitative approach and data collected through Google Forms from a limited sample of 26 restaurant owners. The findings highlight four primary barriers: cost, lack of awareness, procedural complexities, and insufficient government support. Notably, this study does not aim for exhaustive conclusions but serves as a foundational exploration, offering valuable perspectives for further investigation. The outcomes will be instrumental in advancing our understanding of halal certification adoption among restaurant proprietors in Seremban, ultimately facilitating more in-depth analyses and strategic solutions.

Keywords: Halal certification; barriers; restaurant owners; Seremban

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DOI: <https://doi.org/10.21834/e-bpj.v8iS114.5046>

### 1.0 Introduction

In Malaysia, where Islam is the most widely followed religion, the Halal industry has grown exponentially, transcending its origins in food regulation to encompass sectors such as healthcare, cosmetics, pharmaceuticals, and finance (Purnomo, 2023; Zuhaili et al. 2022). Despite rigorous Halal certification processes facilitated by government bodies like the Department of Islamic Development Malaysia (JAKIM), there is a significant inconsistency in adopting Halal standards across different sectors and geographic areas.

This discrepancy is especially pronounced in the restaurant industry in smaller cities like Seremban. Although Halal certification offers myriad benefits, including broadening market reach and enhancing consumer trust, a substantial percentage of restaurants, notably among Small and Medium Enterprises (SMEs), remain uncertified (Salindal, 2019). These statistics are alarming, given the continuous efforts of SME Corp Malaysia to facilitate and encourage Halal certification among local businesses. As a result, this gap does not merely limit the market potential for restaurant owners but also complicates the lives of Muslim consumers aiming to adhere to Halal guidelines in their daily routines.

Against this backdrop, this study narrows its focus to one critical objective: identifying the significant barriers preventing restaurant owners in Seremban from obtaining Halal certification. The goal here is to offer a nuanced understanding of why a city, a microcosm of broader national trends, has such low rates of Halal certification in its restaurant sector. We employ the Technology-Organization-Environment (TOE) framework, initially utilized by Ngah et al. (2022), to scrutinize the multi-dimensional barriers to adoption, which may range from tangible concerns such as procedural complexities and costs, to more elusive issues like lack of awareness or insufficient governmental support.

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DOI: <https://doi.org/10.21834/e-bpj.v8iS114.5046>

This study is positioned uniquely to contribute to the existing body of research by focusing specifically on the restaurant industry in Seremban, an area that has received limited scholarly attention. By doing so, it seeks to unveil barriers potentially unique to smaller cities and their business environments. This focus aligns well with existing literature that has studied barriers to Halal certification but often in broader contexts or different sectors. The research methodology will hinge on a quantitative approach to accomplish this singular objective. Data will be collected from a strategically chosen, albeit limited, sample of 26 restaurant owners in Seremban through Google Forms. Although the sample size is modest, it is a pivotal first step in understanding the complexities surrounding Halal certification in this locale. The outcome of this study holds promise not only for academic discourse but also for policymaking, as it aims to lay the groundwork for strategies to mitigate these barriers. Ultimately, the findings could facilitate market expansion for restaurant owners in smaller cities like Seremban and aiding Muslim consumers who depend on Halal certification for ethical and religious reasons.

## 2.0 Literature Review

Al-Shami and Abdullah (2022) conducted a comprehensive review of the challenges faced by the halal food industry in Malaysia concerning certification and operation, as well as the opportunities presented by implementing manufacturing execution systems. The research emphasized the difficulties the halal food sector encountered, such as the intricacy of acquiring halal accreditation, insufficient dedication from dining establishments proprietors, exorbitant certification costs, and inadequate organizational framework of the all-encompassing system. The challenges mentioned in the statement align with prior research outcomes, as evidenced by Noordin, Noor, and Samicho's (2014) study. They posited that the effectiveness of halal certification is contingent on the comprehensive system's organizational framework.

Muhammad, Elistina, and Ahmad (2020) have identified six challenges within the halal certification process. These difficulties include a lack of manpower, a lack of knowledge and expertise among Halal Auditors, issues with the MYeHALAL system, difficulties with assessing halal certification applications, an absence of adequate standards in Malaysia's halal accreditation procedure, and concurrence from foreign certification bodies. According to a recent study conducted by Zuhaili Saiman and Salsabila Yusma (2022), it was found that Muslim entrepreneurs exhibited a lack of interest in acquiring a halal certification despite the potential benefits it could offer. These benefits include ensuring the halal and hygienic nature of their products, facilitating the exportation of their goods to foreign markets, and establishing a standard of safety for consumers.

The significance of obtaining halal certification is underscored by the distinction between halal and haram and the obligation of Muslims to adhere to the Quranic principles governing human conduct, which encompass dietary practices. According to Islamic dietary regulations, Halal food is permissible or allowable, while Haram food is considered unclean and impure. Adherence to Islamic principles is imperative in halal food, encompassing the careful selection of ingredients and meticulous preparation and production procedures. The identification of halal food by customers is typically accomplished through the recognition of the halal logo, which assures that a halal authority has duly verified the quality of the food. The halal emblem holds significant importance in the worldwide marketplace, indicating food excellence and rigorous food manufacturing protocols (Bashir, 2019; Fischer, 2019; Ismail et al., 2023).

Wannasupchue et al. (2023) examined the obstacles encountered by restaurants in northeastern Thailand in obtaining halal certification. They identified three primary challenges: the intricate nature of the certification process, insufficient commitment on the part of restaurant owners and the high cost of halal certification. They substantiate the difficulties encountered by the halal food sector in Malaysia and underscore the necessity for additional investigation and remedies to tackle these concerns. Rodzi et al. (2023) emphasized the difficulties faced by the halal food sector, such as the intricacy of acquiring halal accreditation, insufficient dedication from dining establishments proprietors, exorbitant certification costs, and inadequate organizational framework of the all-encompassing system.

### 2.1 Malaysian Halal certification procedure

In Malaysia, the JAKIM is the regulatory body responsible for overseeing the Halal certification process, which entails verifying that food products and services conform to the tenets of Islamic law (Arif & Sidek, 2015; Marzuki et al., 2012). To obtain Halal certification from JAKIM, companies must follow a six-step process. The first step is determining eligibility, which involves ensuring that the company and its products meet JAKIM's requirements for Halal certification. This can be done by consulting with a Halal certification consultant or with JAKIM.

The second step is to prepare documentation, including company registration, product labels, ingredients list, and other documents required by JAKIM. These documents will verify the information provided in the application and ensure that the products and services comply with Halal standards.

The third step is to submit the application, which can be done via the MYeHALAL system along with the necessary documentation. The application must be accurate and complete to avoid delays or rejection.

The fourth step is an on-site inspection by JAKIM to verify the information provided in the application and ensure Halal standards compliance. The inspection covers the production process, ingredients used, and the company's facilities. Upon completing the on-site inspection, JAKIM issues the certification as the fifth step. The validity duration for the Halal certificate is two years, except for slaughterhouses, for which the certification remains valid for one year. To maintain adherence to Halal standards, it is necessary for individuals possessing a Halal Certificate to initiate the renewal process no later than three months prior to the certificate's expiration date. The sixth and final step is to maintain compliance with Halal standards and undergo periodic inspections to ensure continued eligibility for Halal certification. The company must maintain accurate records, use only approved ingredients, and follow the production process as per Halal standards. The company must also renew the Halal certificate annually to maintain its validity.

### 3.0 Methodology

The study employs a quantitative research methodology to thoroughly comprehend restaurant owners' experiences, attitudes, and perspectives regarding the obstacles to adopting halal certification. To ensure the selection of appropriate respondents, the following criteria were established:

#### 1. Restaurant Ownership:

Respondents must be the sole or joint proprietor of a restaurant in Seremban, Malaysia. This criterion guarantees that participants have firsthand experience in the local restaurant industry.

#### 2. Operational Status:

The restaurant should be presently operational. This criterion ensures that applicants have restaurant management experience, including halal certification-related experience.

#### 3. Willingness to partake:

Participants must express a voluntary willingness to partake in the survey. This criterion guarantees that respondents are motivated to share their thoughts and experiences on adopting halal certification.

#### 4. Understanding of Halal Certification:

Although this is not a strict requirement, it may be advantageous for respondents to have a basic understanding or familiarity with the concept of halal certification. This comprehension can facilitate more judicious action.

The data collection method involves disseminating a structured survey through Google Forms to restaurant proprietors fulfilling the specified criteria. This method provides a practical and efficient means of acquiring data from a broad spectrum of eligible participants. The mean score of each barrier to adopting halal certification will be calculated using Microsoft Excel 365 for data analysis. The investigation will receive ethical approval from the UiTM's Ethics Committee to uphold ethical standards. All participants' informed consent will be obtained, and measures will be taken to protect their anonymity and confidentiality. In addition, the data validation process will involve collaboration with academic institutions and Halal certification bodies to evaluate and confirm the veracity of the data and interpretations. The study's findings will be presented in a clear and concise report, organized according to the themes that arose from the data to facilitate comprehension and dissemination.

### 4.0 Findings

#### 4.1 Demographics

In the study, 26 restaurant owners participated, and their demographic information is displayed in Table 1.

Table 1. Profile of respondents' demographics

	Gender	Age		Income		Education	
male	53.8%	below 30	15.4%	below 5000	19.2%	SPM and equivalent	15.4%
female	46.2%	31-40	73.1%	5001-7000	46.2%	diploma	38.5%
		41-50	7.7%	7001-10000	19.2%	degree	38.5%
		51 and above	3.8%	above RM10001	15.4%	master and above	7.6%

The sample shows a relatively balanced distribution, with male participants making up 53.8 per cent and females accounting for 46.2 per cent. Most participants fall within the age group of 31 to 40 years, representing 73.1 per cent of the total respondents. Restaurant owners below the age of 30 constitute 15.4 per cent, while those aged between 41 to 50 and 51 years and above are minimally represented, comprising 7.7 per cent and 3.8 per cent, respectively.

Regarding income, nearly half of the participants, or 46.2 per cent, reported earnings between RM 5001 and RM 7000. Those with incomes below RM 5000 and between RM 7001 and RM 10000 each represent 19.2 per cent of the sample. The remaining 15.4 per cent earn above RM 10001. When it comes to educational background, the sample appears to be well-educated. Diploma holders and those with undergraduate degrees each comprise 38.5 per cent of the total respondents. Those with educational qualifications up to SPM or its equivalent represent 15.4 per cent, and a smaller fraction, at 7.6 per cent, have achieved a master's degree or higher. In summary, the sample is predominantly composed of middle-aged, moderately earning, and relatively well-educated restaurant owners, and there is a nearly equal representation of both genders.

#### 4.2 Findings based on the mean score of the barriers

The survey used a 5-point scale to measure respondents' degree of agreement on several impediments to Halal certification. The rating scale went from 1 to 5, with 1 representing "strongly disagree" and 5 representing "strongly agree." This rating scale was chosen to enable the collection of numerical data, allowing for a quantitative investigation of attitudes regarding the problems involved with Halal certification. The mean score for each obstacle was derived by adding the scores supplied by all respondents and dividing by the number of respondents (N=26). Along with the mean, the standard deviation was computed to assess the dispersion or variability of the answers. The mean and standard deviation thoroughly assess the attitudes and views of the restaurant owners who participated in the research. The mean indicates a core trend, but the standard deviation reveals the heterogeneity in respondents' viewpoints. Given the experimental nature of this research, the main goal is to provide preliminary, focused insights into Halal certification issues. Table 2 shows the mean score for each barrier.

Table 2. The mean score for each barrier

Barriers	Mean	S.D.
<b>Cost</b>		
The Halal certification cost is too high and not worth the investment.	2.31	0.72
I strongly feel that the Halal certification cost is a financial burden for my business.	2.56	0.85
I am not willing to spend money on obtaining halal certification, even if it means losing potential customers.	2.44	0.92
<b>Lack of awareness</b>		
I strongly believe that being a small-scale trader exempts me from obtaining a halal certification.	4.3	0.64
I strongly believe that being a Muslim means I do not need to apply for a halal certification.	4.5	0.72
I strongly believe that I do not need to obtain a halal certification.	4.43	0.83
<b>Procedure</b>		
The process of obtaining halal certification is time-consuming.	4.4	0.77
The paperwork required for obtaining halal certification is too complicated.	4.2	0.74
The certification period is too short, making it difficult to maintain the certification.	4.22	0.65
The multiple-checking process for halal certification is cumbersome and adds to the overall cost.	4.1	0.69
<b>Lack of government support</b>		
The government does not provide enough support and incentives for businesses to obtain halal certification.	4.02	0.71
The government has not taken enough measures to educate and raise awareness among businesses about the importance of halal certification.	4.23	0.69

Based on the study results, the four main barriers to obtaining halal certification among restaurant owners in Seremban, Malaysia, were identified. The highest-rated barrier was lack of awareness, with a mean score of 4.41, followed by procedure, with a mean score of 4.12. Lack of government support was also identified as a significant barrier, with a mean score of 2.44. Cost received the lowest mean score of 2.44. These findings suggest that efforts to increase awareness of the benefits of halal certification and simplify the certification process may be effective in encouraging more restaurant owners to obtain halal certification. Additionally, government support in the form of incentives and education may help address some of the identified barriers.

The cost of obtaining a halal certification was identified as a barrier to adoption. Respondents reported feeling that the cost was too high and not worth the investment (mean=2.31), with some strongly believing that it posed a financial burden for their business (mean=2.56). Additionally, a significant number of respondents indicated they were unwilling to spend money on obtaining a halal certification, even if it meant losing potential halal customers (mean = 2.44). The data indicates a prevalent belief among the respondents that adherence to the Muslim faith automatically absolves them from the obligation to seek halal certification (mean). Additionally, the mean score of 4.43 suggests a widespread perception that obtaining halal certification is unnecessary.

Additionally, respondents believed that being a small-scale trader exempts them from obtaining a halal certification (mean=4.3). These findings show that small-scale entrepreneurs and Muslim restaurant operators are unaware of the necessity of halal certification. This emphasizes the necessity for awareness-raising and education campaigns to promote halal certification and its benefits.

The respondents found the process time-consuming, with a mean score of 4.4, and expressed concerns about the complicated paperwork required, with a mean score of 4.2. Additionally, respondents noted that the certification period is too short, making it difficult to maintain the certification, with a mean score of 4.22. Lastly, the multiple-checking process for obtaining halal certification was considered cumbersome and added to the overall cost, as noted by a mean score of 4.1. The results indicate that simplifying the certification process and reducing the time required to obtain certification could encourage more restaurant owners to adopt halal certification.

The mean score for the statement "The government does not provide enough support and incentives for businesses to obtain halal certification" was 4.02, indicating a relatively high level of agreement among respondents. This suggests that restaurant owners feel the government could be doing more to support businesses in obtaining halal certification. Similarly, the mean score for the statement "The government has not taken enough measures to educate and raise awareness among businesses about the importance of halal certification" was 4.23, indicating a similar level of agreement among respondents. This suggests that restaurant owners feel that the government has not done enough to educate and raise awareness among businesses about the benefits of obtaining halal certification and that greater efforts are needed in this area.

## 5.0 Discussion

The implications of the research on the barriers to halal certification among restaurant owners in Seremban, Malaysia, can be significant in several ways:

1. Policy implications: The research findings can be used to inform policy and regulatory changes in the halal certification process in Malaysia. The government can use the information to provide more support and incentives for businesses to obtain halal certification and streamline the certification process to make it less time-consuming and cumbersome.
2. Business implications: Restaurant owners and other businesses can use the findings to better understand the barriers to halal certification and make informed decisions about whether or not to obtain certification. They can also use the information to identify areas where they may need to improve their knowledge and understanding of halal certification requirements.

3. Consumer implications: The findings can also have implications for consumers, who may better understand the challenges that restaurants and other businesses face in obtaining halal certification. This can help consumers make more informed choices about where to dine and which products to purchase.
4. Academic implications: The research can contribute to the existing body of knowledge on halal certification and the challenges businesses face in obtaining certification. It can also identify areas where further research is needed to better understand the barriers to certification and how they can be overcome.

## 6.0 Conclusion & Recommendations

Based on the results of the study, it is evident that the cost of obtaining halal certification, lack of awareness about the importance of certification, complicated procedures and lack of government support are the main barriers restaurant owners face in Seremban, Malaysia. These factors have prevented many restaurant owners from obtaining halal certification, limiting their ability to cater to the growing demand for halal food. To overcome these barriers, it is recommended that the government provide more support and incentives for businesses to obtain halal certification. This can include providing financial assistance to cover the costs of certification, simplifying the certification procedures, and increasing awareness among businesses about the importance of certification. In addition, it is recommended that restaurant owners be provided with more information about the benefits of halal certification, such as increased market share and improved reputation. This can be done through workshops, seminars, and other educational programs. Finally, it is important to address the issue of cost, which is a significant barrier for many restaurant owners. The government and halal certification agencies should work together to find ways to reduce the cost of certification, such as offering group discounts or streamlining the certification process.

Future research can build upon the findings of this study to explore ways to address the identified barriers to halal certification among restaurant owners in Seremban, Malaysia. Regarding the cost of obtaining halal certification, future research can investigate ways to reduce the financial burden on small businesses, such as government subsidies or group certification schemes. In terms of lack of awareness, future research can examine the effectiveness of different educational and outreach strategies to increase awareness of the benefits of halal certification among restaurant owners, particularly those who believe that being Muslim or a small-scale trader exempts them from certification. Future research can explore the feasibility of streamlining the certification process and reducing the paperwork required for the procedure-related barriers. Additionally, research can be done on extending the certification period or simplifying the multiple-checking process to make it more manageable for restaurant owners. Finally, concerning the lack of government support, future research can investigate the effectiveness of government initiatives to encourage halal certification among businesses and increase awareness of its importance. Overall, future research can help identify and implement solutions that encourage more restaurant owners in Seremban, Malaysia, to obtain halal certification, leading to increased confidence among Muslim customers and potentially increased revenue for businesses.

## Acknowledgement

We would like to express our gratitude to Dana dalam Negeri, UiTM Cawangan Negeri Sembilan, (600-TNCPI 5/3/DDN (05) (001/2022) for providing financial support for this research project.

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