



## **TOWARD THE FUTURE OF THE HALAL INDUSTRY: EXPLORING PERCEPTIONS AND HALAL AWARENESS AMONG POULTRY SLAUGHTERHOUSE BUSINESS PRACTITIONERS**

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### **ABSTRACT**

The halal industry has become an integral part of the global economic structure, especially in countries with a majority Muslim population. In Indonesia, significant potential is evident, particularly in the halal food business, both domestically and internationally. However, to foster it, a sustainable halal supply chain requires confirmation or assurance of product halalness. However, this also poses challenges related to awareness and perceptions of halal among business operators, making finding solutions crucial. This research employs a qualitative approach through observation, interviews, and data collection documentation. Research findings indicate that business operators' perceptions and awareness are still limited; thus, there is no impetus to obtain halal certification. Moreover, the results show that business operators face barriers related to halal certification, particularly concerning costs and insufficient socialisation received, leading to a lack of awareness of the necessity of halal certification. However, for already certified halal business operators, such accreditation is considered a good product brand image, supports business sustainability, and opens up new opportunities. Practitioners and academics also concur, identifying costs and socialisation as field constraints. This research focuses on overcoming cost and administrative difficulties, reviewing legislation, and implementing socialization efforts that should reach all business operators. The government and halal centers expect this research to serve as a reference to achieve the future goals of the halal industry in Indonesia.

**Keywords:** Halal Industry, Perceptions, Halal Awareness, Cutting Household Entrepreneurs, Halal Certified

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### **INTRODUCTION**

Indonesia aims to become the world's leading producer and exporter of halal products as part of efforts to revive the national economy in 2024. It is hoped that 10 million halal-certified products will support this plan through an acceleration program. Furthermore, the results of a survey by the Indonesian National Committee for Sharia Economics and Finance at the end of 2021 reaffirm that halal attributes are highly important to the majority of Muslim consumers in Indonesia, including aspects such as "pork-free, lard-free," nutritional value, authenticity, and dietary needs. To strengthen this trust, transparency plays a crucial role, as knowledge about halal food often only extends to the animal slaughtering process and the use of alcohol without considering the entire logistical process of obtaining ingredients (Karyani et al., 2024). Despite significant technological advancements that have greatly facilitated various human activities, industry players often overlook this aspect, particularly with the increasing popularity of online food delivery services. Ensuring the halalness of the products sold is a frequently overlooked aspect. Labelling a product as halal not only confirms its being free from non-halal ingredients and production in accordance with halal principles, but also guarantees its sustainable

processing according to good and ethical standards. Previous research shows that halal chicken slaughter can produce lower bacterial counts and increase the shelf life of these products, compared to non-halal slaughter methods (Hakim et al., 2020). This is because in halal slaughter, more blood is released, whereas in non-halal methods, more blood is retained in the muscles, causing an increase in the number of bacteria (Nakyinsige et al., 2014).

Furthermore, the importance of a product's halal status has increased in recent years, as has Muslim awareness of halal products (Abdallah et al., 2021). According to a 2016 survey by COMCEC, 96% of Muslim travellers value halal food, 85% value the availability of halal food in their surroundings, and 81% value the absence of alcoholic beverages in restaurants or food outlets. In the context of food and beverages, the Quran and Hadith specify what Muslims can and cannot consume (Henderson, 2016). This refers to a Quranic verse that prohibits the consumption of carrion, blood, swine flesh, animals dedicated to other than Allah, strangled animals, beaten animals, animals fallen to death, gored animals, and animals eaten by beasts of prey, except for those properly slaughtered. These verses now include prohibitions on the use of chemicals, genetically modified foodstuffs, and other hazardous substances deemed impermissible.

The halal concept applies to the form, origin, and processing of food items, encompassing the entire food chain. Islamic law mandates the cleansing of utensils, equipment, and machinery to prevent contamination from haram materials. The Organisation of Islamic Cooperation (OIC), with its 57 member countries, allocates over 50 pages in a report for relevant guidelines (OIC, 2009), with particular emphasis on meat. Prerequisites for halal slaughtering include the severing of the jugular veins, carotid arteries, and windpipes by a razor-sharp blade in a single swipe, without decapitation; the pronouncing of *tasmiyah* (reciting the name of Allah with the phrase '*bismillahi allahu akbar*' on each animal at the time of slaughter); and the draining of all flowing blood from the carcass. MSMEs or restaurants are increasingly selling food products with meat ingredients. However, it cannot be guaranteed whether the meat used has been halal-certified or processed in a halal manner. Moreover, it is not uncommon to find MSMEs claiming their products to be halal without undergoing the official certification process by LPPOM MUI or BPJPH, as they believe they have used halal ingredients. We should prevent such occurrences to ensure halal quality assurance in the food supply chain.

Poultry slaughterhouses play a strategic role in the trade and distribution of poultry products, including ensuring halal quality in the food supply chain. We also expect them to uphold food safety systems during the processing of poultry products, resulting in the production of safe, healthy, intact, and halal products. There are three aspects to consider when ensuring halal slaughtered meat: the slaughterman, the tools used for slaughter, and the slaughter procedures (Gaznur et al., 2020). In the halal certification process, the role of the halal slaughterer (Juleha) is crucial, requiring competence in technical aspects of public health, veterinary medicine, and animal welfare (Dayana et al., 2019). Business actors have not fully understood and paid attention to the significance of halal certification. Failure to raise awareness in the long term will result in losses for the business actors themselves, as consumers will begin to doubt the halal integrity of their products. Over time, consumers will also become more discerning and selective in choosing food products, making it imperative for the government to promote business actors' awareness. Business actors must comprehend that halal certification is crucial and a consumer requirement. They must also recognize that they operate in a region where the majority of the population is Muslim and highly values halal products (Suriyani et al., 2023). This highlights the role of the government in encouraging business actors, particularly poultry slaughterhouses, to obtain halal certification. Additionally, obstacles in the field, such as RPU owners who consider selling non-halal meat as normal, stem from their ignorance of the halal certification process. However, halal certification for RPU is critical because it provides consumers with assurance of halal products, especially given that the majority of Indonesia's population is Muslim.

East Java actively supports the acceleration of halal certification, as evidenced by achievements such as receiving the Anugerah Adinata Syariah award. In 2023, the province achieved 1st place in the Halal Industry category and 2nd place in the Safe and Healthy Halal Culinary Zone category. The following year, in 2024, East Java once again received recognition, securing 4th place in the Special Zone (Safe and Healthy Halal Culinary) category and 3rd place in the Halal Industry category (Jatim.suara.com, 2024). These accomplishments reflect the commitment of the East Java government to promote and implement halal practices in its region. According to the Governor of East Java in Radar Surabaya News, the East Java Provincial Government also continues to push for the

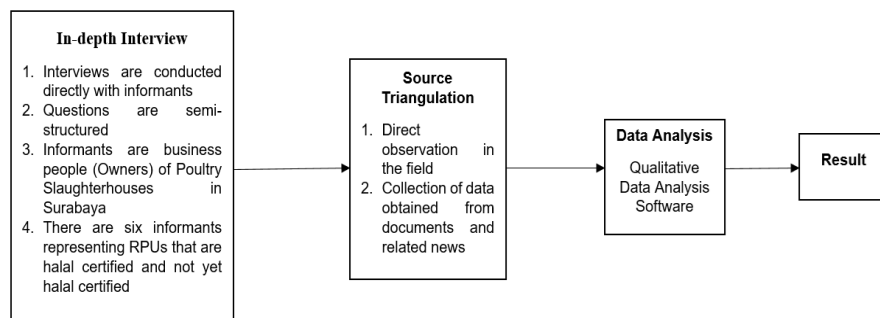


acceleration of halal certification by establishing halal centers (Halal Center). BPJPH (2024) also notes that in East Java there are halal-certified Ruminant Animal Slaughterhouses (RPHR), 44 Halal-certified Poultry Slaughterhouses (RPHU), and 305 Halal Slaughterers (Juleha) with BNSP certification. Additionally, news from 2022-2024 related to the halal ecosystem extensively covers topics such as halal product guarantees, halal slaughter products, halal certificate obligations, halal product processing procedures, poultry slaughterhouses, and halal meat. Based on this data, it is important for us to research and analyze the perceptions and awareness of halal among both halal and non-halal certified poultry slaughterhouse operators.

## METHODOLOGY

The type of research conducted is field research, an approach that allows researchers to directly interact with research subjects in the natural environment, providing a rich context for in-depth observations and more detailed data collection (Sugiyono, 2017). This research uses a qualitative approach with case studies and phenomenology, which is a systematic investigation of social phenomena in the natural environment. This method observes how individuals and groups behave and how organizations function (Teherani et al., 2015). This approach, as explained by Creswell (2014), differentiates itself from traditional quantitative approaches in terms of data collection, analysis, interpretation, and report writing. In the context of sampling, open data collection, text or image analysis, and presenting information through figures and tables, all of these steps are specifically adapted to qualitative methods. Personal interpretation of findings is also an important part of this approach, encouraging a deeper understanding of the phenomenon under study.

Figure 1 explains the process of conducting this research, starting from the qualitative data collection stage through a series of interviews. This process was then continued using the triangulation method, which included direct observation in the field as well as collecting data obtained from related documents and news. Next, the collected data was analyzed using QDAS (Qualitative Data Analysis Software), producing output in the form of descriptive data. Qualitative data was obtained through direct interviews with owners of Poultry Slaughterhouses in Surabaya, both those who have obtained halal certification and those who have not, with the aim of obtaining comprehensive observational data, both from the perspective of interviews and documentaries.



**Figure 1.** Research Implementation Process (Source: Researcher (2024))

The questions asked in our interviews were semi-structured, which means that a predetermined framework of questions was prepared, but also allowed for improvisation and additional questions that arose during the interview process. The interviews were conducted with eight poultry slaughterhouse businesses in Surabaya city, both those with and without halal certification.

In this study, data confidentiality is guaranteed solely for academic purposes. The interviews utilized semi-structured questions to investigate several aspects of business operations. These included the current business environment, criteria for selecting a business location, and business income. For businesses with halal certification, questions addressed the differences experienced before and after obtaining certification. The interviews also gathered information on halal certification processes, consumer awareness regarding halal certification, perspectives on the implementation of mandatory

halal certification regulations, and the financial implications of these regulations imposed by the government. Additionally, the interviews explored the challenges faced by poultry slaughterhouses (RPU) without halal certification and the motivations or reasons for pursuing halal certification (for those RPU that had already obtained it).

The data collection spanned one month, with no personal or identifying information requested from the respondents. technique as its data validity method. Triangulation refers to the process of verifying data from different sources, both in the method of collection and the time of implementation (Sugiyono, 2017). In this study, we used source triangulation to validate the findings from interviews with entrepreneurs, confirming them with practitioners and academics regarding halal certification. We took this action to ensure the accuracy and reliability of the data obtained, and to gain a more comprehensive understanding from various perspectives, thereby strengthening the validity of the research results (Sugiyono, 2017). This research also employed qualitative validity and reliability techniques to assess the accuracy of the measurement results. This was achieved by gathering evidence from diverse sources and utilizing this evidence to construct coherent arguments against the research theme (Creswell, 2014), thereby reinforcing the findings (Yin, 2018). Triangulation, or the use of multiple methods in data collection and analysis, maintains validity and reliability, aiming to strengthen reliability and internal validity (Merriam, 1988). Researchers conduct qualitative reliability testing to ensure consistency of their approach across various research contexts and projects (Creswell, 2014). This study obtained information from various perspectives of Poultry Slaughterhouse (RPU) business actors through participant interviews, which involved respondents with academic and practitioner backgrounds in the field of halal certification. All participants in the triangulation process are considered experts, and they are directly involved in the halal certification process. In addition, we gather information through field observations and data collection from relevant documents and news sources. We used QDAS, specifically NVivo, to analyse the results of interview data, field observations, and news.

## RESULTS

This study aims to examine the perceptions and awareness of business actors regarding halal certification through in-depth interviews. The researcher analyzes themes and trends from news reports published between 2022 and 2024 that highlight the mandatory halal certification phenomenon. Following this, key themes and patterns are identified from the responses of business actors to gain deeper insights into their perspectives on the significance of halal certification. To enhance the findings, the researcher cross-references the interview results with insights from practitioners and academics, offering a broader perspective. By employing this triangulation approach, the study uncovers the level of awareness and understanding of halal certification among business actors, along with its impact on business practices, consumer trust, and the roles played by both the government and halal certification centers.

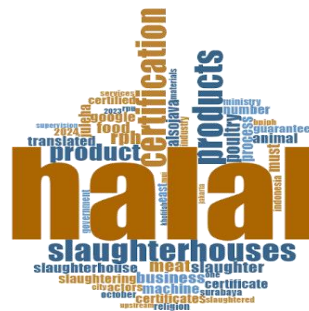
### Word Cloud

Figure 1 shows the results of the word cloud analysis of news circulating on social media from 2022 to 2024, highlighting the frequency of commonly appearing words such as "halal," "certification," "slaughterhouse," "product," "market," and "government." A word cloud is a data visualization that displays words in varying sizes, with the most frequently appearing words shown in the largest size. Firstly, the word "halal" indicates that Indonesia is beginning to pay serious attention to the halal ecosystem. Secondly, the word "certification" highlights that halal certification is a crucial aspect of the halal industry, ensuring that halal products meet Islamic Sharia standards. Thirdly, the term "slaughterhouse" emphasizes the crucial role of halal animal slaughter in the halal industry, requiring the slaughter of animals in accordance with Islamic sharia for halal classification. The word "product" indicates that the halal industry encompasses a wide range of products, including food, beverages, cosmetics, and pharmaceuticals. Fourth, the word "market" indicates that the halal product market is rapidly expanding worldwide, driven by the growing Muslim population and increasing consumer awareness of halal products. Lastly, the word "government" signifies that the government plays a pivotal



role in regulating and supporting the halal industry through various policies, such as halal certification regulations and funding for industry development.

According to the word cloud identification in accessible public news, discussions related to "halal" and "certification" are the most dominant topics. This is because Indonesia is in the process of creating a comprehensive halal ecosystem. Strengthening the halal value chain is one of the strategies in Indonesia's Sharia Economic Masterplan to position the country as a global sharia economic hub. In the food and beverage sector, there is a crucial segment that forms the upstream of the halal value chain in Indonesia, namely the meat supply sector, which has a high risk of non-halal contamination (Hasanah et al., 2024).



**Figure 1.** WordCloud – News (Source: Data Processing Results)

In recent years, interest in the halal sector and halal certification, especially in the food industry, has increased, particularly with the mandatory halal certification requirement that must be fulfilled by October 17, 2024, in accordance with Law No. 33 of 2014 and Government Regulation No. 39 of 2021, which covers three categories of products (Dian Luthviati & Jenvitchuwong, 2021). Food and beverage products are the first. The second category includes raw materials, food additives, and auxiliary materials used in the production of food and beverage products. Third, slaughter products and slaughter services. The government will impose sanctions, ranging from written warnings and administrative fines to product withdrawals from the market, if these three categories of products fail to receive halal certification by the deadline (Charity, 2017). However, many business actors still lack halal certification and are unaware of the government's mandatory halal certification requirement, which they must meet by October 17, 2024.

Interviews with business actors, practitioners, and academics indicate that the most frequently or dominantly appearing words are "halal," "jadi" (become), "untuk" (for), "bisa" (can), and others, as shown in Figure 2. Based on the word cloud analysis, the most dominant word is "halal." This is due to the fact that during the in-depth interview sessions, researchers gathered information on business actors' perceptions and awareness of halal, which practitioners and academics also confirmed. Additionally, these interviews confirmed the certification process, the benefits of obtaining halal certification, and the efforts made by business actors to meet the certification requirements. The results from the word cloud analysis of news, interviews with business actors, and interviews with academics and practitioners show consistency in that the word "halal" is the most dominant. The study's focus on perceptions and awareness of halal certification underscores the centrality of the halal aspect across all the analysed data sources.



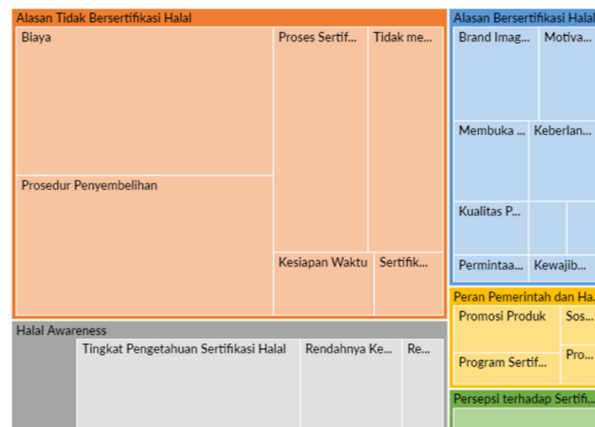


**Figure 2.** Word cloud - Interviews with Business People, Practitioners & Academics (Source: Data Processing Results)

## Node Classification

After analysing the most dominant words from the word cloud, the researcher then created classification nodes from the interview results with practitioners, business actors, and academics. The purpose of these classification nodes is to identify the main themes and patterns emerging from the interviews, as well as gain a deeper understanding of the perceptions and perspectives related to the subject under study. The largest nodes indicate dominant themes that provide significant insights into prevalent or overarching trends, while the smallest nodes may indicate less common or insignificant themes.

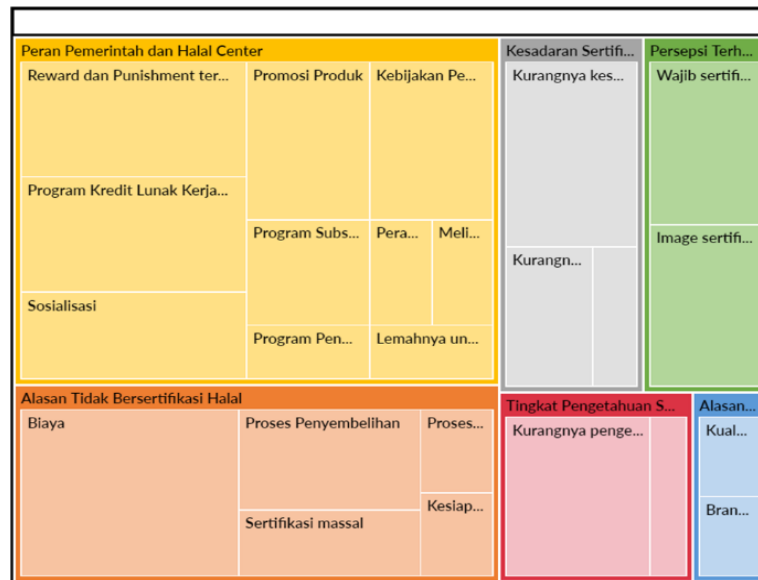
The researcher classified the data into four primary categories. The first category is the perception of halal, which includes the respondents' understanding and definition of halal. Second is awareness of halal, which includes the level of public awareness of the importance of halal and how they seek information about it. This data helps measure the public's understanding of halal. Third, factors hindering halal certification, which highlight the difficulties faced by business actors in obtaining certification, aid in the establishment of policies necessary to facilitate the certification process. Fourth, factors driving halal certification demonstrate business actors' motivations to obtain certification. Businesses aiming to achieve halal certification can use this data when planning. Finally, the government and halal centers play a crucial role in assisting businesses in obtaining halal certification.



**Figure 3.** Node Classification Tree Map - Business Actors (Source: NVivo 14 (2024))

The classification node results indicate the order based on the level of dominance, starting with the factors that hinder business actors from obtaining halal certification. Factors such as costs, complicated procedures, a lack of knowledge, and limited access to halal certification bodies may be the primary challenges. Next, halal awareness becomes a critical point, reflecting the extent to which the public understands and seeks information about the importance of halal. Next, we highlight the factors that drive halal certification, including increased market demand, competitive advantage,

religious obligations, and enhanced consumer trust in products. The role of the government and halal centres is also considered, where business actors expect support in promoting halal-certified products and improving the inclusiveness and accessibility of certification programs. Lastly, the perception of halal among business actors revolves around the mandatory nature of halal certification by October 17, 2024. Many business actors are still unaware of this requirement, leading to a lack of diverse responses regarding their perceptions of halal certification.



**Figure 4.** Node Classification Tree Map - Practitioners and Academics (Source: Nvivo 14 (2024))

Based on the classification node results from practitioners and academics, Figure 4 illustrates that government and halal institutions play a crucial role in promoting halal certification through programs such as outreach and free certification. However, since not all businesses have been reached, issues remain. Additionally, questions about the consequences for businesses that do not meet halal certification requirements have arisen due to the implementation of the law. Furthermore, the obstacles to halal certification include costs, complicated procedures, poor knowledge, and limited access. This indicates that many businesses still face difficulties in obtaining halal certification. According to practitioners and academics, both consumers and businesses are not fully aware of the importance of halal certification. Additionally, many people do not know what is required to obtain halal certification. The decision of businesses to pursue halal certification is also influenced by the scale of the business. Academics and practitioners share opinions on halal certification. The results show that businesses without halal certification create a negative image, which can affect customer perceptions of halal-certified goods. Practitioners and academics did not discuss the factors driving halal certification extensively because the discussion was more focused on companies that are not yet certified and the barriers they face. This indicates a need to delve deeper into their perspectives on the factors that motivate companies to obtain halal certification.

## DISCUSSIONS

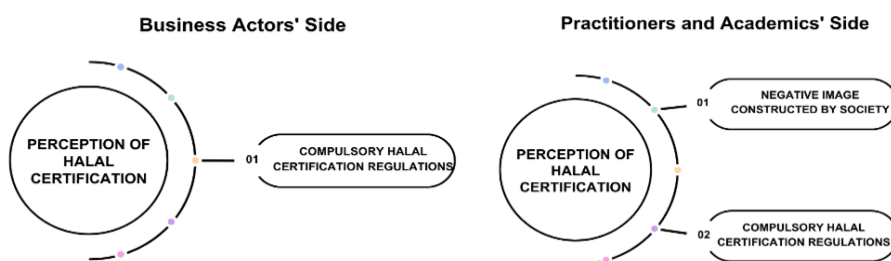
Based on the Classification Node results, the researcher illustrates their findings through a Mind Map. The Mind Map serves as a tool to visualize and organize ideas, concepts, themes, and relationships among elements in this study. By using the Mind Map, the researcher can arrange main ideas and detailed subthemes, aiding in the analysis process and drawing conclusions. The presented Mind Map below encompasses perceptions, halal awareness, as well as the supporting and hindering

factors of halal certification from the perspective of business actors, confirmed by practitioners and academics.

### Perception of Halal Certification

According to Kotler & Keller (2016) perception is a process utilized by individuals to select, organize, and interpret input information with the objective of forming a meaningful understanding of the surrounding world. This process of perception is not solely influenced by physical intuition but also by the interaction between intuition and the environment as well as an individual's internal conditions. The findings from interviews with business operators revealed that the perception regarding halal certification tends to be deficient (see Figure.5). Only one aspect related to the government's obligation for halal certification was expressed, and among all informants interviewed, only three were aware of it. Meanwhile, others were unaware of the mandatory regulations for halal certification set for business operators. Furthermore, some of them completely disregarded halal certification, stating that they conducted their business in accordance with Islamic law. Moreover, no consumers inquired about halal certification, leading some informants to believe it was not an issue if they lacked certification. These findings align with the research by Wahyuni (2015), which found that the majority of Muslim consumers perceived halal certification as insignificant, despite the fact that, as discerning Muslim consumers, one should be cautious when selecting food outside the home to ensure its halal status. Conversely, research by Muawwanah & Makhtum (2022) indicated that business operators held a positive perception of halal certification. They possessed knowledge about halal certification policies and the required registration procedures, viewing halal certification as crucial for the sustainability of their businesses. Business owners' perception of halal certification is still minimal, with the majority not even having a comprehensive understanding of the concept. Only a small portion of business owners who already have halal certification consider it an obligation to comply, as it has been clearly stipulated by Law No. 33 of 2014.

Practitioners and academics support this view, noting that the first response entrepreneurs give when asked about halal certification is "mandatory halal certification according to the government." This suggests that entrepreneurs view certification as a mere government regulation, not a necessary requirement for producing halal and thoyyib products. Furthermore, experts and institutions, particularly the East Java Ministry of Religious Affairs, perceive that the community still holds negative views and uncertainty regarding the obligation to halal certification. This perspective reflects the belief that the halal certification process is not entirely necessary, as it can increase production costs, ultimately leading to price hikes, especially for commodities such as slaughtered chicken. Furthermore, according to a practitioner informant, some entrepreneurs hold unfavorable opinions about halal certification. They assert that halal-certified meat lacks freshness, is more costly, and lacks hygiene, discouraging consumers from buying halal-certified meat. In an economic context, this can lead to food price inflation and reduce people's purchasing power, which is a primary concern in maintaining economic stability and community welfare. Therefore, a comprehensive study is necessary to balance the need for halal certification with its implications for the economy and market prices.



**Figure 5.** Mind Map – Perception of Halal Certification (Source: Researcher (2024))



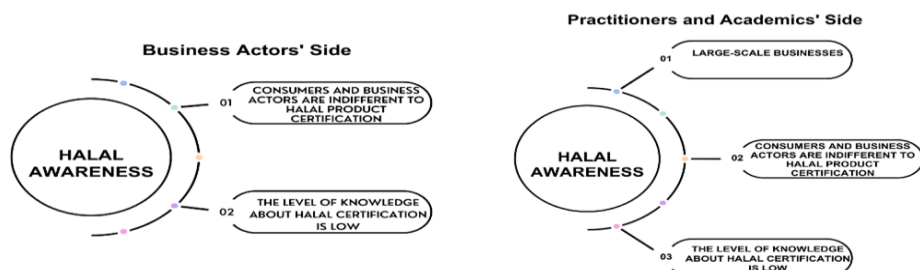
## Halal Awareness

According to Ambali & Bakar (2014) Halal awareness can be defined as an interest in possessing products based on specific experiences or having well-informed knowledge about halal food, beverages, and products. Therefore, halal awareness is the process of disseminating information to enhance a Muslim's understanding of what is permissible to consume and use. The level of awareness varies among individuals. Halal awareness plays a crucial role in shaping consumer purchase intentions, as highlighted by Nurhayati & Hendar (2020). For consumers seeking halal products, the presence of halal certification is of paramount importance. This certification acts as a trust marker, ensuring that the food they purchase adheres to their religious requirements. Most halal consumers exhibit strong trust in halal-labeled products, perceiving them as authentic and reliable.

However, there has been a notable change, especially within the millennial generation, which exhibits greater awareness of the complexities involved in ensuring halal compliance throughout the supply chain. Nasution et al. (2023) highlighted that millennials are becoming more inquisitive about the processes and practices within the supply chain, demanding greater transparency from production to consumption. This shift in consumer behavior is particularly pronounced in Indonesia, where the demand for halal products and services adhering to Islamic principles is on the rise. As discerning consumers, millennials play a significant role in shaping market trends and driving demand for halal-compliant goods (Karoui & Khemakhem, 2019).

Based on this study's findings (see Figure 6), it is clear that halal awareness is still low among both consumers and business operators. Many assume that meat sold and slaughtered according to Islamic principles is automatically halal. Business operators report that consumers have never asked about the halal status of the meat they purchase. The main issue regarding halal certification in Indonesia is the lack of halal awareness and understanding of the halal concept within the community (Kasanah et al., 2022). Many still assume that all products on the market are halal, indicating a lack of comprehensive understanding of the importance of halal certification.

Religious convictions, health-related factors, halal labels and logos, and media exposure can influence halal awareness. However, for businesses that have grown and have customers from the restaurant, hospitality, and healthcare sectors, halal certification becomes essential. Practitioners and academics also support this, noting that business scale is a determining factor for RPU (halal-certified slaughterhouses). When RPUs target sectors such as restaurants, hotels, hospitals, and food manufacturing plants, they tend to pay more attention to halal certification. Conversely, when RPUs sell directly to consumers, they tend to be less concerned about product halalness. Additionally, an individual's level of knowledge or understanding is a critical factor for business operators who do not seek halal certification. Rustandi & Marlina (2022) found that knowledge influences the decision to obtain halal certification. This means that the more they understand the importance of halal certification, the more likely they are to comply with these regulations. Therefore, we need to make strategic efforts through more intensive and comprehensive socialization to enhance awareness and understanding of the importance of halal certification. This approach will not only support the growth of the halal industry but also ensure that products circulating in the market meet recognized halal standards, thus enhancing consumer trust and supporting the overall economic stability of the community.



**Figure 6.** Mind Map – Halal Awareness (Source: Researcher (2024))

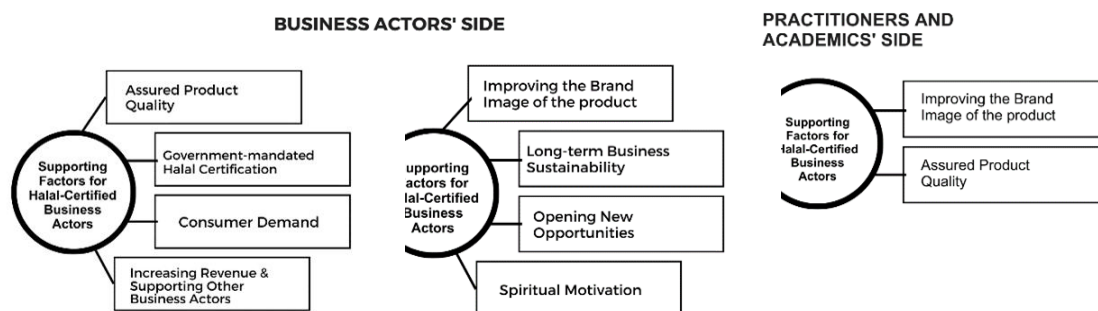


## Supporting actors for Business Actors in Halal Certification

This analysis highlights a variety of supporting factors that serve as valuable assets for business operators. Among these factors, there is an enhancement in brand image, which serves as a strong foundation for expanding market share and strengthening competitive positioning. Brand image refers to the positive or negative assessment of a brand based on consumers' perceptions formed through their experience with the product. Several indicators, such as quality, reliability, usefulness, and the perceived value of the product, can determine the brand image (Triana, 2021). According to Biel, as cited in Fauzy & Rafikasari (2020) Brand image consists of three indicators: product image, user image, and corporate image.

Furthermore, there is also the assurance of long-term business sustainability, which provides stability and certainty for entrepreneurs to plan their business strategies more sustainably. In this context, broader business opportunities emerge, offering space for innovation and the development of new products that can keep up with evolving market trends. Spiritual motivation also plays a crucial role in driving the spirit and dedication of entrepreneurs, providing an extra push to achieve greater success. Zahusa & Ikhsan (2021) research confirms that religiosity positively impacts the decision to obtain halal certification. This means that the higher the level of religiosity of an entrepreneur, the more likely they are to pursue halal certification.

Moreover, a strong assurance of product quality becomes a significant asset for entrepreneurs to gain consumer trust. The government mandates halal certification as a solid foundation to ensure that products meet halal standards, giving consumers confidence in the quality and safety of the products they consume. Additionally, the increasing demand from consumers is a primary driver for revenue growth among business operators, creating the potential for greater business expansion and providing economic benefits not only for the entrepreneurs themselves but also for other players in the food and restaurant sectors who partner within the industry's value chain.



**Figure 7.** Supporting Factors for Halal Certified Business Actors (Source: Researcher (2024))

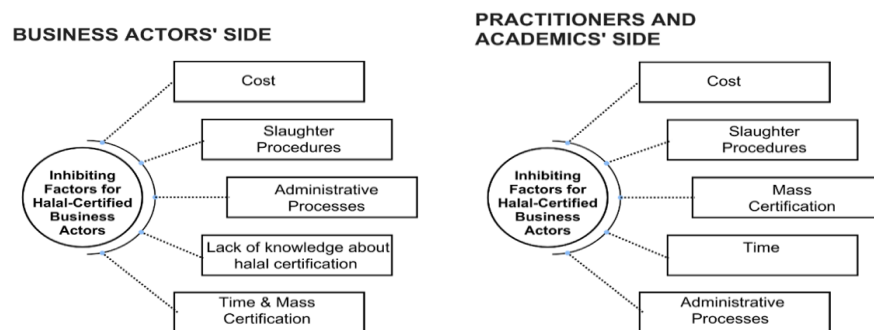
Experts confirm that elements such as a strong brand image and assurance of product quality are key drivers of business success. However, entrepreneurs face several significant challenges in obtaining halal certification. The high costs, the complexity of the slaughtering process, including procedures and locations, and the uneven dissemination of mass certification information are major obstacles. Additionally, the preparation of halal certification documents and the improvement of business infrastructure require considerable time, while complex administration poses a barrier for entrepreneurs who are less familiar with the reporting process. Therefore, a comprehensive understanding of these dynamics is crucial for entrepreneurs, especially within the context of the Sharia economy, which emphasizes adherence to halal principles.

## Factors Inhibiting Halal Certified Business Actors

Not only are there supporting factors, but there are also several hindering factors faced by business owners in the halal certification process. One of the main challenges is the significant cost associated with the certification process, which can put significant financial pressure on small and

medium-sized businesses. According to the findings of research by Nuraliyah et al (2023) and Susetyohadi et al (2021), certification costs have a significant impact on business owners' decisions to obtain halal certification. Challenges faced by business owners include low and unstable incomes, resulting in unsatisfactory profits, which in turn make them reluctant to pursue halal certification. Additionally, inadequate facilities and infrastructure hinder the fulfillment of halal production requirements. Furthermore, compliance with slaughtering procedures poses its own challenges, as it requires significant time and resource investment. Similarly, complex administrative procedures, involving document requirements and other administrative steps, can hinder operational efficiency and result in additional costs.

Lack of knowledge about halal certification obligations is also a significant hindering factor, especially for less educated business owners or those who do not fully understand the legal and financial implications of not complying with halal standards. Furthermore, overly tight time constraints in the certification process can also be a barrier, requiring careful preparation and good organization. Finally, the absence of mass certification for all markets also complicates matters for business owners, as it can create market inequality and lead to feelings of dissatisfaction and social jealousy among them.



**Figure 8.** Inhibiting Factors for Business Actors in Halal Certification (Source: Researcher (2024))

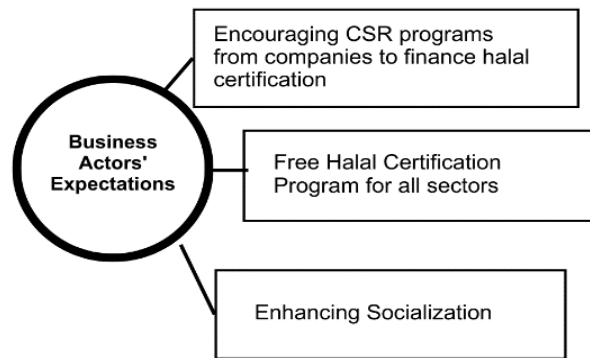
Additionally, experts highlight the challenges faced by the government and halal certification agencies in promoting mandatory halal certification for businesses, especially poultry slaughterhouses (RPU). Experts emphasize that obstacles such as inaccuracies in related laws, including the lack of incentives or strict penalties for business owners, as well as uneven dissemination of information about halal certification obligations, have resulted in low public awareness of the importance of halal certification. This has led some business owners to question the urgency of the process.

On the other hand, the government and halal certification agencies have collaborated to address these challenges. The government has implemented programs like interest-free loans to alleviate the burden of halal certification costs, cross-subsidy schemes to balance costs between large and small businesses, and mentoring programs to assist business owners in managing administrative tasks. Furthermore, businesses recognize that halal certification benefits them by promoting their products and ensuring the quality of their products.

Based on the interview results, RPU business operators expressed their hopes regarding the mandatory halal certification that will come into effect on October 17, 2024, as illustrated in Figure 9. They emphasized the need to address the primary issue of certification costs with appropriate solutions. Notably, the findings highlight the necessity for external financial support for business operators. Funding from corporate CSR programs, free certification programs across all sectors, and enhanced outreach efforts will help encourage more business operators to obtain halal certification, thereby expanding the availability of halal products in the market. Consequently, a better understanding of product halal status and increased awareness will positively contribute to economic growth and boost consumer trust in halal products in Indonesia.

Additionally, the government plays a crucial role in enhancing the promotion and outreach of halal products. Practitioners have indicated that outreach efforts have included inviting business operators to meetings at hotels, visiting business locations directly, and collaborating with relevant

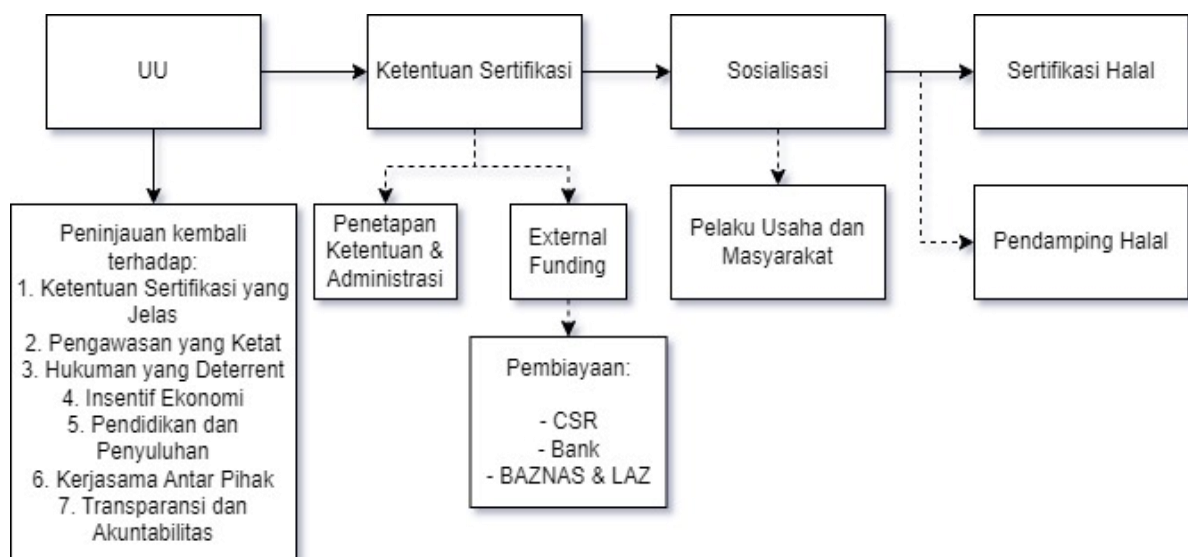
agencies. However, the business operators interviewed reported that they had never received any form of outreach, leaving them unaware of the mandatory halal certification requirements. Therefore, outreach efforts should focus on targeting business operators in major markets to effectively reach a larger number of operators simultaneously. Improving the currently suboptimal outreach is essential to ensuring that both the public and business operators understand and value the importance of halal certification. The government must also ensure that halal products receive adequate promotion to enhance their competitiveness in the market.



**Figure 9.** Business Actors' Hopes (Source: Researcher (2024))

### Model Development as a Step to Address the Issues

Upon reviewing the perceptions, halal awareness, and supporting and inhibiting factors mentioned by business operators as key informants and confirmed by practitioners and academics, the researcher concludes that there are several major issues requiring attention regarding the halal certification program for business operators. These issues include revisiting the existing legislation, reassessing the halal certification requirements, especially in terms of cost and administration, and enhancing socialization efforts. The researcher offers several recommended solutions to help increase the participation rate of business operators in halal certification (see Figure 10).



**Figure 10.** Model Development (Source: Researcher (2024))

Based on the findings of this research, we emphasize the necessity of developing a systematic and efficient model to enhance the effectiveness of the halal certification system in Indonesia. Firstly, a thorough revision of Halal Certification Law Number 33 of 2014 is required, focusing on strengthening aspects such as the enforcement of rewards and penalties for businesses that violate regulations, enhancing supervision, providing economic incentives, intensifying education and outreach efforts, and increasing cross-sector collaboration and transparency within the certification system. Secondly, it is crucial to formulate simpler and more manageable certification regulations and to establish strategic partnerships with external parties such as companies within the framework of corporate social responsibility (CSR), financial institutions, and zakat management organizations like the National Amil Zakat Agency (Baznas) and other similar institutions. Thirdly, comprehensive socialization efforts are necessary to educate all segments of society on the importance of halal certification, emphasizing its significance in ensuring both the health and halal status of consumable products. These efforts will create a strong social pressure on businesses to comply with halal standards, while businesses themselves need to undertake educational initiatives to inform the public about the halal status and safety of their products. Prior to implementing the halal certification process, government bodies and halal certification centers should provide halal advisors to assist businesses with administrative aspects, especially for those newly starting their ventures. Fourth, it is essential to implement universal halal certification for all businesses to ensure that all products manufactured in Indonesia meet the established halal standards. We anticipate this step to boost Indonesian products' competitiveness in the global market and boost consumer trust in Indonesian halal products.

## CONCLUSIONS

The growth of the halal industry in Indonesia, particularly in the food and beverage sector, must be supported by the availability of quality ingredients that are certified halal. This halal certification provides consumers with assurance about the product's halal status. However, understanding and awareness of halal from the perspectives of both businesses and consumers are still relatively low, leading to the government's halal certification program not fully motivating many businesses to adopt it. NVivo 14 analysis of news and interviews with business owners, practitioners, and experts reveals a significant focus on halal and halal certification in recent years, particularly in the food and beverage sector, following the issuance of the mandatory halal regulation on October 17, 2024. Meat from slaughtered animals is a primary component in food production, making halal certification crucial. This research found that understanding and awareness of halal among business owners is minimal, with many unaware of the necessity of halal certification, resulting in no concrete efforts to obtain it. Additionally, consumers rarely inquire about the halal status of products, causing business owners to feel it is not a priority. The primary focus of discussion when researchers confirmed the obstacles to obtaining halal certification were cost and administrative complexity. Halal certification for poultry slaughterhouse businesses (RPU) does not receive financial support from the government and involves multiple complex stages, making it perceived as a costly and challenging process. In addition, business owners expressed a lack of awareness about halal certification. Practitioners acknowledged the uneven distribution of their awareness-raising efforts. Interviews with practitioners and academics identified cost as the primary obstacle to obtaining halal certification. Based on these findings, the study pays special attention to these factors and offers recommendations to address the challenges faced. We hope that the results of this research will serve as a foundation for relevant agencies to enhance awareness about the significance of halal certification, offer financial assistance to businesses seeking halal certification, streamline administrative procedures associated with halal certification, and fortify regulations that oversee the halal industry.

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